

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

**ML OKLAHOMA VENTURE PARTNERS LIMITED
PARTNERSHIP**

CIK: **837227** | IRS No.: **731329487** | State of Incorp.: **OK** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **814-00066** | Film No.: **94528251**

Mailing Address	Business Address
6100 SOUTH YALE	6100 S YALE
ONE WARREN PLACE - SUITE 2019	ONE WARREN PL STE 2019
TULSA OK 74136	TULSA OK 74136
	9184916700

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 Or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 1994

Or

Transition Report Pursuant To Section 13 Or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission file number 0-17198

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

Oklahoma
(State or other jurisdiction of
incorporation or organization)

73-1329487
(I.R.S. Employer
Identification No.)

Meridian Tower, Suite 1060
5100 East Skelly Drive
Tulsa, Oklahoma
(Address of principal executive offices)

74135
(Zip Code)

Registrant's telephone number, including area code: (918) 663-2500

Not applicable

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been

subject to such filing requirements for the past 90 days.

Yes X No

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ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP

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ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
BALANCE SHEETS

March 31, 1994 December 31,
(Unaudited) 1993

ASSETS

Investments - Note 2

Portfolio investments, at fair value (cost \$6,351,527 at March 31, 1994 and \$6,063,931 at December 31, 1993)	\$ 7,730,907	\$ 6,563,579
Short-term investments, at amortized cost	748,631	997,743
Cash and cash equivalents	641,833	880,833
Accrued interest and other receivables	54,934	34,781
Deferred organizational costs, net of accumulated amortization of \$44,140 at March 31, 1994 and \$41,754 at December 31, 1993 - Note 2	3,578	5,964
TOTAL ASSETS	\$ 9,179,883	\$ 8,482,900

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:

Accounts payable	\$ 84,201	\$ 60,264
Due to Management Company - Note 4	50,000	46,704
Due to Independent General Partners - Note 6	12,000	15,000
Total liabilities	146,201	121,968

Partners' Capital:

Managing General Partner	76,543	78,613
Individual General Partners	2,958	3,038
Limited Partners (10,248 Units)	7,574,801	7,779,633
Unallocated net unrealized appreciation of investments - Note 2	1,379,380	499,648
Total partners' capital	9,033,682	8,360,932

TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 9,179,883	\$ 8,482,900
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See notes to financial statements.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
SCHEDULE OF PORTFOLIO INVESTMENTS (UNAUDITED)
MARCH 31, 1994

Company / Position	Initial Investment Date	Cost	Fair Value
Americo Publishing, Inc. 10% Demand Promissory Note	Feb. 1994	\$ 200,000	\$ 200,000
BACE Manufacturing, Inc.* 1,078 shares of Preferred Stock	Feb. 1992	539,000	898,000
C.R. Anthony Company			

275,317 shares of Common Stock	Oct. 1992	600,191	600,191
Warrants to purchase 48,045 shares of Common Stock at \$3.75 per share, expiring 6/3/94		2,175	2,175
CytoDiagnostics, Inc.* (B) (C)			
497,054 shares of Preferred Stock	May 1991	921,305	2,137,332
Warrant to purchase 12,539 shares of Common Stock at \$4.30 per share, expiring 10/18/98		0	0
Data Critical Corp.* (B)			
75,000 shares of Preferred Stock	April 1993	150,000	150,000
8% Promissory Note due 6/30/94		100,000	100,000
Diagnetics, Inc.* (B)			
100,000 shares of Preferred Stock	April 1991	500,000	500,000
10,006 shares of Common Stock		13,028	13,028
Warrant to purchase 25,000 shares of Common Stock at \$5 per share, expiring 4/11/95		1,000	1,000
Warrant to purchase 393,000 shares of Common Stock at \$0.01 per share, expiring 12/31/96		1,000	1,000
Convertible Subordinated Promissory Note due 6/30/94, Prime + 1.75%		200,000	200,000
Eckerd Corporation* (A)			
15,491 shares of Common Stock	July 1992	142,992	257,344
Enerpro International, Inc.			
35,000 shares of Preferred Stock	Aug. 1993	350,000	350,000
Envirogen, Inc. (A)			
150,000 shares of Common Stock	Sept. 1991	525,000	532,500
Warrants to purchase 50,000 shares of Common Stock at \$5.20 per share, expiring 10/13/98		0	37,500
Excel Energy Technologies, Ltd. (B)			
9% Debentures due 10/14/94	Oct. 1993	500,000	500,000
17,336 shares of Common Stock		2,500	2,500
Great Outdoors Publishing, Inc.* (B)			
275,000 shares of Preferred Stock	Aug. 1992	275,000	75,000
8% Demand Promissory Notes		50,000	50,000
Independent Gas Company Holdings, Inc.*			
400 shares of Preferred Stock	June 1993	400,000	400,000
3,336 shares of Common Stock		3,336	3,336

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
SCHEDULE OF PORTFOLIO INVESTMENTS (UNAUDITED) - CONTINUED
MARCH 31, 1994

Company / Position	Initial Investment Date	Cost	Fair Value
QuanTem Laboratories, Inc.* (B) 42,589 shares of Preferred Stock	Jan. 1990	\$ 75,000	\$ 20,000
Silverado Foods, Inc.* (B) 267,144 shares of Preferred Stock 9% Senior Note 9% Convertible Subordinated Note	June 1992	500,000 180,000 20,000	500,000 180,000 20,000
Warrant to purchase 10,000 shares of Common Stock at \$7 per share, expiring 1/19/98		0	0
Sports Tactics International, Inc.* 10,000 shares of Preferred Stock	Mar. 1992	100,000	1
TOTALS		\$ 6,351,527	\$ 7,730,907

(A) Public company

(B) Qualifies as an "Oklahoma business venture" under Oklahoma law.

(C) During the quarter, the Partnership converted its \$100,000 note due from CytoDiagnostics, Inc. and \$3,596 of accrued interest into 24,092 shares of preferred stock of the company. Also, under the terms of an earlier financing, the Partnership received an additional 23,047 preferred shares of the company during the quarter.

* These companies may be deemed affiliated persons of the Partnership as defined in the Investment Company Act of 1940.

See notes to financial statements.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31,

	1994	1993
INVESTMENT INCOME AND EXPENSES		
Income:		
Interest from short-term investments	\$ 10,718	\$ 33,037
Interest and other income from portfolio investments	34,829	32,501
Totals	45,547	65,538
Expenses:		
Management fee - Note 4	50,000	53,776

Professional fees	31,819	30,180
Independent General Partners' fees - Note 6	12,467	12,449
Mailing and printing	7,992	9,986
Amortization of deferred organizational costs - Note 2	2,386	2,386
Custodial fees	1,615	1,289
Miscellaneous	250	-
Totals	106,529	110,066

NET INVESTMENT LOSS	(60,982)	(44,528)
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Net realized loss from investments sold or written-off	(146,000)	-
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NET REALIZED LOSS FROM OPERATIONS (allocable to Partners) - Note 3	(206,982)	(44,528)
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Net change in unrealized appreciation of investments	879,732	(239,062)
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NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 672,750	\$ (283,590)
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See notes to financial statements.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31,

	1994	1993
CASH FLOWS USED FOR OPERATING ACTIVITIES		
Net investment loss	\$ (60,982)	\$ (44,528)
Adjustments to reconcile net investment loss to cash used for operating activities:		
Amortization of deferred organizational costs	2,386	2,386
Increase in payables	24,233	35,067
Decrease in accrued interest on short-term investments	219	4,651
Increase in receivables and other assets	(20,153)	(13,947)
Cash used for operating activities	(54,297)	(16,371)
CASH FLOWS PROVIDED FROM (USED FOR) INVESTING ACTIVITIES		
Purchase of portfolio investments	(433,596)	(641,661)
Net deposits released from escrow	-	70,295
Net return (purchase) of short-term investments	248,893	985,321
Cash provided from (used for) investing activities	(184,703)	413,955
Increase (decrease) in cash and cash equivalents	(239,000)	397,584
Cash and cash equivalents at beginning of period	880,833	524,431

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 641,833 \$ 922,015

See notes to financial statements.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
 STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (UNAUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 1994

	Managing General Partner	Individual General Partners	Limited Partners	Unallocated Net Unrealized Appreciation of Investments	Total
Balance at beginning of period	\$ 78,613	\$ 3,038	\$ 7,779,633	\$ 499,648	\$ 8,360,932
Allocation of net investment loss - Note 3	(610)	(24)	(60,348)	-	(60,982)
Allocation of net realized loss on investments - - - Note 3	(1,460)	(56)	(144,484)	-	(146,000)
Net change in unrealized appreciation of investments	-	-	-	879,732	879,732
Balance at end of period	\$ 76,543	\$ 2,958	\$ 7,574,801 (A)	\$ 1,379,380	\$ 9,033,682

(A) The net asset value per unit of limited partnership interest, including an assumed allocation of net unrealized appreciation or depreciation of investments, was \$872.

See notes to financial statements.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
 NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. Organization and Purpose

ML Oklahoma Venture Partners, Limited Partnership (the "Partnership") was formed on July 15, 1988 under the Revised Uniform Limited Partnership Act of the State of Oklahoma. The Partnership's operations commenced on August

14, 1989. MLOK Co., Limited Partnership, the managing general partner of the Partnership (the "Managing General Partner"), is an Oklahoma limited partnership formed on July 15, 1988, the general partner of which is Merrill Lynch Venture Capital Inc. (the "Management Company"), an indirect subsidiary of Merrill Lynch & Co., Inc.

The Partnership's objective is to achieve long-term capital appreciation by making venture capital investments in new or developing companies, primarily Oklahoma companies, and other special investment situations. The Partnership shall not engage in any other business or activity. The Partnership will terminate on December 31, 1998, subject to the right of the Individual General Partners to extend the term for up to two additional two-year periods.

2. Significant Accounting Policies

Valuation of Investments - Short-term investments are carried at amortized cost which approximates market. Portfolio investments are carried at fair value as determined quarterly by the Managing General Partner under the supervision of the Individual General Partners. The Managing General Partner determines the fair value of its portfolio investments by applying consistent guidelines. The fair value of public securities is adjusted to the average closing public market price for the last five trading days of the quarter less an appropriate discount for sales restrictions, the size of the Partnership's holdings and the public market trading volume. Private securities are carried at cost until significant developments affecting a portfolio investment provide a basis for change in valuation. The fair value of private securities is adjusted 1) to reflect meaningful third-party transactions in the private market or 2) to reflect significant progress or slippage in the development of the company's business such that cost is clearly no longer reflective of fair value. As a venture capital investment fund, the Partnership's portfolio investments involve a high degree of business and financial risk that can result in substantial losses. The Managing General Partner considers such risks in determining the fair value of the Partnership's portfolio investments.

Investment Transactions - Investment transactions are recorded on the accrual method. Portfolio investments are recorded on the trade date, the date the Partnership obtains an enforceable right to demand the securities or payment therefor. Realized gains and losses on investments sold are computed on a specific identification basis.

Income Taxes - No provision for income taxes has been made since all income and losses are allocable to the Partners for inclusion in their respective tax returns.

Statements of Cash Flows - The Partnership considers its interest-bearing cash account to be cash equivalents.

Organizational Costs - Organizational costs of \$47,718 are being amortized over a sixty-month period which commenced August 14, 1989.

3. Allocation of Partnership Profits and Losses

Pursuant to the Partnership Agreement, profits from venture capital investments are allocated to all Partners in proportion to their capital contributions until all Partners have been allocated a 10% Priority Return from liquidated investments. Profits in excess of this amount are allocated 30% to the Managing General Partner and 70% to all Partners in proportion to their capital contributions until the Managing General Partner has been allocated 20% of the total profits from venture capital investments. Thereafter, profits from venture capital investments are allocated 20% to the Managing General Partner and 80% to all Partners in proportion to their capital contributions. Profits from other sources are allocated to all Partners in proportion to their capital contributions.

Losses are allocated to all Partners in proportion to their capital contributions. However, if profits had been previously allocated in the 70-30 or 80-20 ratios as discussed above, then losses will be allocated in the reverse order in which profits were allocated.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

4. Related Party Transactions

The Management Company performs, or arranges for others to perform, the management and administrative services necessary for the operation of the Partnership. The Management Company receives a management fee at an annual rate of 2.5% of the gross capital contributions to the Partnership, reduced by selling commissions and organizational and offering expenses paid by the Partnership, capital distributed and realized losses, with a minimum annual fee of \$200,000. Such fee is determined and paid quarterly.

5. Limitation on Operating Expenses

The Management Company has undertaken to the Partnership that it will reduce its management fee or otherwise reimburse the Partnership in order to limit the annual operating expenses of the Partnership, exclusive of the management fee, to an amount equal to \$203,720.

6. Independent General Partners' Fees

As compensation for services rendered to the Partnership, each of the three Independent General Partners receives \$12,000 annually in quarterly installments, \$1,000 for each meeting of the General Partners attended, \$1,000 for each committee meeting attended (\$500 if a committee meeting is held on the same day as a meeting of the General Partners) and \$500 for meetings held by telephone conference.

7. Interim Financial Statements

In the opinion of MLOK Co., Limited Partnership, the managing general partner of the Partnership, the unaudited financial statements as of March 31, 1994, and for the three month period then ended, reflect all adjustments necessary for the fair presentation of the results of the interim periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

During the quarter ended March 31, 1994, the Partnership invested \$434,000 in portfolio companies; \$200,000 in one new portfolio company and \$234,000 in four existing portfolio companies. From August 14, 1989 (commencement of operations) to March 31, 1994, the Partnership had invested \$8.2 million in 17 portfolio companies. Approximately \$1 million of the original net proceeds of \$9.2 million remains available for investment.

At March 31, 1994, the Partnership held \$1.4 million in cash and short-term investments; \$749,000 in short-term investments with maturities of less than one year and \$642,000 in an interest-bearing cash account. Interest earned on such investments for the quarter ended March 31, 1994 was \$11,000. Interest earned from short-term investments in future periods is subject to fluctuations in short-term interest rates and changes in amounts available for investment in such securities.

Funds needed to cover the Partnership's future investments and operating expenses will be obtained from existing cash reserves, interest and other investment income and proceeds from the future sale of portfolio investments.

Results of Operations

Investment Income and Expenses - For the three months ended March 31, 1994 and 1993, the Partnership had a net investment loss of \$61,000 and \$45,000, respectively. The increase in net investment loss for the 1994 period compared to the 1993 period primarily is due to a decrease in interest earned on the Partnership's short-term investments for the 1994 period. Interest earned on short-term investments for the three months ended March 31, 1994 and 1993, was \$11,000 and \$33,000, respectively. This decrease can be attributed to a decrease in the amount available for investment in short-term securities during the 1994 period. Funds available for investment in short-term securities in the future will decline as additional follow-on investments are made in existing portfolio companies. At March 31, 1994 and 1993, the Partnership had \$1.4 million and \$3.9 million, respectively, invested in short-term securities.

The Management Company performs, or arranges for others to perform, the management and administrative services necessary for the operation of the

Partnership. The Management Company receives a management fee of 2.5% of the gross capital contributions to the Partnership, reduced by selling commissions and organizational and offering expenses paid by the Partnership, capital distributed and realized losses, with a minimum fee of \$200,000 annually. Such fee is determined and paid quarterly. The management fee for the three months ended March 31, 1994 and 1993 was \$50,000 and \$54,000, respectively. To the extent possible, the management fee and other expenses incurred directly by the Partnership are paid with funds provided from operations.

Unrealized Gains and Losses and Changes in Unrealized Appreciation or Depreciation of Portfolio Investments - For the quarter ended March 31, 1994, the Partnership had a \$734,000 unrealized gain, primarily resulting from the upward revaluation of its investment in CytoDiagnostics, Inc. for the period. As a result, net unrealized appreciation of the Partnership's portfolio investments increased by \$734,000 for the three month period ended March 31, 1994.

For the quarter ended March 31, 1993, the Partnership had a \$239,000 unrealized loss resulting from the downward revaluation of its investment in Envirogen, Inc. for the period. As a result, net unrealized appreciation of the Partnership's portfolio investments decreased by \$239,000 for the three month period ended March 31, 1993.

Realized Gains and Losses from Portfolio Investments - During the three months ended March 31, 1994, the Partnership had a \$146,000 net realized loss due to the write off of its remaining investment in Symex Corp. There were no realized gains or losses during the three months ended March 31, 1993.

Net Assets - At March 31, 1994, the Partnership's net assets were \$9 million, an increase of \$673,000 from \$8.4 million at December 31, 1993. This increase resulted from the \$734,000 net unrealized gain from the Partnership's portfolio investments offset by the \$61,000 net investment loss for the quarter.

At March 31, 1993, the Partnership's net assets were \$9.7 million, a decrease of \$284,000 from \$10 million at December 31, 1992. This decrease resulted from the \$239,000 net unrealized loss from the Partnership's portfolio investments and the \$45,000 net investment loss for the quarter.

Gains or losses from investments are allocated to the Partners' capital accounts when realized in accordance with the Partnership Agreement (see Note 3 of Notes to Financial Statements). However, for purposes of calculating the net asset value per unit of limited partnership interest, net unrealized appreciation or depreciation of investments has been included as if the net appreciation or depreciation had been realized and allocated to the Limited Partners in accordance with the Partnership Agreement. Pursuant to such calculation, the net asset value per \$1,000 Unit at March 31, 1994 and December 31, 1993 was \$872 and \$807, respectively.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Partnership is not a party to any material pending legal proceedings.

Item 2. Changes in Securities.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of security holders during the quarter covered by this report.

Item 5. Other Information.

On January 18, 1994, the Partnership purchased an 8% promissory note from Data Critical Corp. for \$100,000. This investment is in addition to the 75,000 shares of preferred stock previously owned by the Partnership.

On January 18, 1994, the Partnership purchased an 8% demand note from Great Outdoors Publishing, Inc. for \$30,000. This investment is in addition to the 275,000 shares of preferred stock and 8% demand note previously owned by the Partnership.

On February 28, 1994, the Partnership purchased a 10% demand note from Americo Publishing, Inc. for \$200,000. Americo, located in Tulsa, Oklahoma, is a publisher of outdoor recreational magazines.

On March 16 and March 31, 1994, the Partnership purchased 9% debentures from Excel Energy Technologies, Ltd. totaling \$100,000. This investment is in addition to the 17,336 shares of common stock and 9% debenture previously owned by the Partnership.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(3) (a) Amended and Restated Certificate of Limited Partnership of the Partnership dated as of November 29, 1988.*

(b) Amended and Restated Agreement of Limited

Partnership of the Partnership dated as of
November 29, 1988.*

(c) Amended and Restated Agreement of Limited
Partnership of the Partnership dated as of August
14, 1989.**

(10) Management Agreement dated as of November
29, 1988 between the Partnership and the
Management Company.*

(28) (a) Prospectus of the Partnership dated December
1, 1988 filed with the Securities and Exchange
Commission pursuant to Rule 497 (b) under the
Securities Act of 1933, as supplemented by a
supplement dated April 25, 1989 filed pursuant to
Rule 497 (d) under the Securities Act of 1933.***

(b) No reports on Form 8-K have been filed during the
quarter for which this report is filed.

* Incorporated by reference to the Partnership's Annual Report on Form
10-K for the fiscal year ended December 31, 1988 filed with the
Securities and Exchange Commission on April 3, 1989.

** Incorporated by reference to the Partnership's Quarterly Report on
Form 10-Q for the quarter ended September 30, 1989 filed with the
Securities and Exchange Commission on November 14, 1989.

*** Incorporated by reference to the Partnership's Quarterly Report on
Form 10-Q for the quarter ended March 31, 1989 filed with the
Securities and Exchange Commission on May 15, 1989.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the
registrant has duly caused this report to be signed on its behalf by the
undersigned thereunto duly authorized.

ML OKLAHOMA VENTURE PARTNERS, LIMITED PARTNERSHIP

By: MLOK Co., Limited Partnership
its Managing General Partner

By: Merrill Lynch Venture Capital Inc.
its General Partner

By: /s/ Kevin K. Albert
Kevin K. Albert
President
(Principal Executive Officer)

By: /s/ Joseph W. Sullivan
Joseph W. Sullivan
Treasurer
(Principal Financial and Accounting Officer)

Date: May 13, 1994

Exhibit Index

Exhibits	Page
(3) (a) Amended and Restated Certificate of Limited Partnership of the Partnership dated as of November 29, 1988.*	
(3) (b) Amended and Restated Agreement of Limited Partnership of the Partnership dated as of November 29, 1988.*	
(3) (c) Amended and Restated Agreement of Limited Partnership of the Partnership dated as of August 14, 1989.**	
(10) Management Agreement dated as of November 29, 1988 between the Partnership and the Management Company.*	
(28) (a) Prospectus of the Partnership dated December 1, 1988 filed with the Securities and Exchange Commission pursuant to Rule 497(b) under the Securities Act of 1933, as supplemented by a supplement dated April 25, 1989 filed pursuant to Rule 497(d) under the Securities Act of 1933.***	

* Incorporated by reference to the Partnership's Annual Report on Form

10-K for the fiscal year ended December 31, 1988 filed with the Securities and Exchange Commission on April 3, 1989.

** Incorporated by reference to the Partnership's Quarterly Report on Form 10-Q for the quarter ended September 30, 1989 filed with the Securities and Exchange Commission on November 14, 1989.

*** Incorporated by reference to the Partnership's Quarterly Report on Form 10-Q for the quarter ended March 31, 1989 filed with the Securities and Exchange Commission on May 15, 1989.