

Focus Sheet: Buy-Sell Agreements

Group A: Sosha, Chandler, Alexis, Shane

Group B: Jake, Sierra, Ryan

Group C: Ted, Nicole, Peter

Group D: Alexzandra, Alan, Michael, Daniel

All Groups:

- **What are the purposes of a buy-sell agreement?** Why would either, or both, Bev and Carl want to enter into a Buy-Sell Agreement?
 - **Management & Control Issues:**
 - How does a Buy-Sell agreement assist the participants with regard to issues of management & control?
 - **Financial Issues:**
 - How does a Buy-Sell agreement assist the parties in dealing with death, disability or retirement of one of the participants?
- What are the statutory defaults in the absence of an agreement?

1. Group A:

- **Triggering Events:**
 - What are the events that might “trigger” the implementation of the obligation (or privilege) to sell and/or buy the interest of the other party?
 - Which events should trigger a mandatory buyout?
 - Which events should trigger optional buyouts

2. Group B:

- **Financing Issues:**
 - How do(es) the *buyer(s)* come up with the cash to buy out the *sellers*?
 - What are some possible ways of financing the buyout?

3. Group C:

- **Procedures to be followed:**
 - Once the trigger has occurred, what are the procedures that the parties must follow to complete the sale?
 - Entity Buyouts
 - Cross-Owner Buyouts
 - Hybrids

4. Group D:

- **Valuation issues:**

- What is the price to be paid by the buyer(s) to the seller(s)? How is the price to be determined? What procedures are to be followed. Make sure that there are some objective standards that can be used to facilitate the determination of the price.