

Small Private Company

Ownership Stock Repurchase & Succession Plan

Levelized Sinking Fund Study

July 2019



Small Private Company Emerging Stock Repurchase Liability

# of Shares	Outstanding Share Allocation	Value
300,000	Principals – equally (currently 6)	\$ 2,772,000

Terms of Stock Redemption Agreement

Redemption Price: Last 3 years average company valuation times the number of shares.

Redemption Terms: Redemption price amortized over 10 years at price (as of effective date), except for DEATH (lump sum). Corporation may pre-pay (lump sum) at its option. Unpaid balance shall accrue at prime rate.

Redemption Times:

<i>Death:</i>	Lump Sum
<i>After Age 55:</i>	Employee may request the corporation to redeem shares at Redemption Price and Terms.
<i>After Age 59 1/2:</i>	Corporation shall have right to redeem shares at Redemption Price and Terms.
<i>After Age 62:</i>	Corporation obligated to redeem shares at Redemption Price and Terms.
<i>Employment Termination:</i>	Corporation shall have right to redeem at Redemption Price and Terms.

Forfeiture: Termination of employment for ANY reason shall cause forfeiture of non-vested shares.

Current Stock Price: \$9.24

Projected Appreciation: 5%

Assumed Prime Rate: 5%

Redemption Effective Dates: Exec. 2 at Age 65; all others at Age 62

Small Private Company Stock Repurchase Analysis 5% Growth Assumption 50,000 Shares Each

Participant:	Exec. 1	Exec. 2	Exec. 3	Exec. 4	Exec. 5	Exec. 6
Current Age:	48	53	42	38	39	39
Date Of Birth:	06/09/1969	03/18/1964	02/14/1975	10/20/1979	11/05/1978	12/20/1978
Retirement Age:	62	65	62	62	62	62
# of Shares:	50,000	50,000	50,000	50,000	50,000	50,000

Liability	Year	Share Valuations						
0	1	2017	462,000	462,000	462,000	462,000	462,000	462,000
0	2	2018	485,100	485,100	485,100	485,100	485,100	485,100
0	3	2019	509,355	509,355	509,355	509,355	509,355	509,355
0	4	2020	534,823	534,823	534,823	534,823	534,823	534,823
0	5	2021	561,564	561,564	561,564	561,564	561,564	561,564
0	6	2022	589,642	589,642	589,642	589,642	589,642	589,642
0	7	2023	619,124	619,124	619,124	619,124	619,124	619,124
0	8	2024	650,080	650,080	650,080	650,080	650,080	650,080
0	9	2025	682,584	682,584	682,584	682,584	682,584	682,584
0	10	2026	716,714	716,714	716,714	716,714	716,714	716,714
0	11	2027	752,549	752,549	752,549	752,549	752,549	752,549
790,177	12	2028	790,177	790,177	790,177	790,177	790,177	790,177
0	13	2029	829,686	0	829,686	829,686	829,686	829,686
0	14	2030	871,170	0	871,170	871,170	871,170	871,170
0	15	2031	914,728	0	914,728	914,728	914,728	914,728
0	16	2032	960,465	0	960,465	960,465	960,465	960,465
1,008,488	17	2033	1,008,488	0	1,008,488	1,008,488	1,008,488	1,008,488
0	18	2034	0	0	1,058,912	1,058,912	1,058,912	1,058,912
0	19	2035	0	0	1,111,858	1,111,858	1,111,858	1,111,858
1,167,451	20	2036	0	0	1,167,451	1,167,451	1,167,451	1,167,451
0	21	2037	0	0	0	1,225,824	1,225,824	1,225,824
0	22	2038	0	0	0	1,287,115	1,287,115	1,287,115
2,702,941	23	2039	0	0	0	1,351,470	1,351,470	1,351,470
1,419,044	24	2040	0	0	0	1,419,044	0	0
0	25	2041	0	0	0	0	0	0
0	26	2042	0	0	0	0	0	0
0	27	2043	0	0	0	0	0	0
0	28	2044	0	0	0	0	0	0
0	29	2045	0	0	0	0	0	0
0	30	2046	0	0	0	0	0	0

Year of Retirement is calculated utilizing actual age as of January 1 of current plan year.

**Small Private Company
Annual Stock Repurchase
Liability By Year
50,000 Shares Each**

Year	Lump-Sum Payout	10 Year Pay-Out Option						Total
		Exec. 1	Exec. 2	Exec. 3	Exec. 4	Exec. 5	Exec. 6	
1 2017	0	0	0	0	0	0	0	0
2 2018	0	0	0	0	0	0	0	0
3 2019	0	0	0	0	0	0	0	0
4 2020	0	0	0	0	0	0	0	0
5 2021	0	0	0	0	0	0	0	0
6 2022	0	0	0	0	0	0	0	0
7 2023	0	0	0	0	0	0	0	0
8 2024	0	0	0	0	0	0	0	0
9 2025	0	0	0	0	0	0	0	0
10 2026	0	0	0	0	0	0	0	0
11 2027	0	0	0	0	0	0	0	0
12 2028	790,177	0	97,458	0	0	0	0	97,458
13 2029	0	0	97,458	0	0	0	0	97,458
14 2030	0	0	97,458	0	0	0	0	97,458
15 2031	0	0	97,458	0	0	0	0	97,458
16 2032	0	0	97,458	0	0	0	0	97,458
17 2033	1,008,488	124,384	97,458	0	0	0	0	221,842
18 2034	0	124,384	97,458	0	0	0	0	221,842
19 2035	0	124,384	97,458	0	0	0	0	221,842
20 2036	1,167,451	124,384	97,458	143,990	0	0	0	365,832
21 2037	0	124,384	97,458	143,990	0	0	0	365,832
22 2038	0	124,384	0	143,990	0	0	0	268,374
23 2039	2,702,940	124,384	0	143,990	0	166,687	166,687	601,748
24 2040	1,419,044	124,384	0	143,990	175,022	166,687	166,687	776,770
25 2041	0	124,384	0	143,990	175,022	166,687	166,687	776,770
26 2042	0	124,384	0	143,990	175,022	166,687	166,687	776,770
27 2043	0	0	0	143,990	175,022	166,687	166,687	652,386
28 2044	0	0	0	143,990	175,022	166,687	166,687	652,386
29 2045	0	0	0	143,990	175,022	166,687	166,687	652,386
30 2046	0	0	0	0	175,022	166,687	166,687	508,396
31 2047	0	0	0	0	175,022	166,687	166,687	508,396
32 2048	0	0	0	0	175,022	166,687	166,687	508,396
33 2049	0	0	0	0	175,022	0	0	175,022
TOTAL	7,088,100	1,243,840	974,580	1,439,900	1,750,220	1,666,870	1,666,870	8,742,280

Small Private Company Levelized Cash Flows Over Ownership Cycle

Taxable Sinking Fund 6% Gross / 30% Blended Tax / 4.2% Net Rate

	<u>Deposit</u>	<u>Repurchase</u>	<u>Net Deposit</u>	<u>Interest</u>	<u>Account Balance</u>	<u>Death Benefit</u>
1	179,470	0	179,470	7,538	187,008	187,008
2	179,470	0	179,470	15,392	381,870	381,870
3	179,470	0	179,470	23,576	584,916	584,916
4	179,470	0	179,470	32,104	796,490	796,490
5	179,470	0	179,470	40,990	1,016,951	1,016,951
6	179,470	0	179,470	50,250	1,246,670	1,246,670
7	179,470	0	179,470	59,898	1,486,038	1,486,038
8	179,470	0	179,470	69,951	1,735,460	1,735,460
9	179,470	0	179,470	80,427	1,995,357	1,995,357
10	179,470	0	179,470	91,343	2,266,169	2,266,169
11	179,470	0	179,470	102,717	2,548,356	2,548,356
12	179,470	(97,458)	82,012	110,475	2,740,844	2,740,844
13	179,470	(97,458)	82,012	118,560	2,941,416	2,941,416
14	179,470	(97,458)	82,012	126,984	3,150,411	3,150,411
15	179,470	(97,458)	82,012	135,762	3,368,185	3,368,185
16	179,470	(97,458)	82,012	144,908	3,595,106	3,595,106
17	179,470	(221,842)	-42,372	149,215	3,701,948	3,701,948
18	179,470	(221,842)	-42,372	153,702	3,813,279	3,813,279
19	179,470	(221,842)	-42,372	158,378	3,929,285	3,929,285
20	179,470	(365,832)	-186,362	157,203	3,900,125	3,900,125
21	179,470	(365,832)	-186,362	155,978	3,869,741	3,869,741
22	179,470	(268,374)	-88,904	158,795	3,939,633	3,939,633
23	179,470	(601,748)	-422,278	147,729	3,665,084	3,665,084
24	179,470	(776,770)	-597,300	128,847	3,196,630	3,196,630
25	179,470	(776,770)	-597,300	109,172	2,708,502	2,708,502
26	179,470	(776,770)	-597,300	88,670	2,199,873	2,199,873
27	179,470	(652,386)	-472,916	72,532	1,799,489	1,799,489
28	179,470	(652,386)	-472,916	55,716	1,382,289	1,382,289
29	179,470	(652,386)	-472,916	38,194	947,567	947,567
30	179,470	(508,396)	-328,926	25,983	644,624	644,624
31	179,470	(508,396)	-328,926	13,259	328,957	328,957
32	179,470	(508,396)	-328,926	1	32	32
33	179,470	(175,022)	0	188	4,668	4,668

Small Private Company Levelized Cash Flows Over Ownership Cycle

Taxed Advantaged Sinking Fund 6% Crediting Rate / Net Funding

	<u>Deposit</u>	<u>Repurchase</u>	<u>Net Deposits</u>	<u>Account Balance</u>	<u>Death Benefit</u>
1	179,470	0	179,470	188,225	4,251,494
2	179,470	0	179,470	382,867	4,446,136
3	179,470	0	179,470	582,536	4,645,805
4	179,470	0	179,470	787,766	4,851,035
5	179,470	0	179,470	1,001,745	5,065,014
6	179,470	0	179,470	1,218,887	5,282,156
7	179,470	0	179,470	1,448,632	5,511,901
8	179,470	0	179,470	1,686,274	5,749,543
9	179,470	0	179,470	1,933,626	5,996,895
10	179,470	0	179,470	2,191,337	6,254,606
11	179,470	0	179,470	2,481,209	6,544,478
12	179,470	(97,458)	82,012	2,685,400	6,748,669
13	179,470	(97,458)	82,012	2,899,860	6,963,129
14	179,470	(97,458)	82,012	3,125,047	7,188,316
15	179,470	(97,458)	82,012	3,361,432	7,424,701
16	179,470	(97,458)	82,012	3,613,124	7,676,393
17	179,470	(221,842)	-42,372	3,768,782	4,836,208
18	179,470	(221,842)	-42,372	3,932,970	4,978,425
19	179,470	(221,842)	-42,372	4,106,221	5,123,804
20	179,470	(365,832)	-186,362	4,135,612	5,117,658
21	179,470	(365,832)	-186,362	4,170,054	5,109,609
22	179,470	(268,374)	-88,904	4,308,539	5,247,307
23	179,470	(601,748)	-422,278	4,099,437	5,032,008
24	179,470	(776,770)	-597,300	3,688,244	4,607,922
25	179,470	(776,770)	-597,300	3,249,043	4,149,379
26	179,470	(776,770)	-597,300	2,780,035	3,654,725
27	179,470	(652,386)	-472,916	2,412,325	3,195,749
28	179,470	(652,386)	-472,916	2,020,430	2,703,704
29	179,470	(652,386)	-472,916	1,602,876	2,177,605
30	179,470	(508,396)	-328,926	1,311,197	1,769,940
31	179,470	(508,396)	-328,926	1,026,235	1,361,957
32	179,470	(508,396)	-328,926	722,893	1,066,212
33	179,470	(175,022)	0	748,248	1,099,285

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