

Buy-Sell Agreement

Recall the stock distribution we organized the business with in 1972: Clyde 25%; Derry 25%; Baclesse 12.5%; Wunderlich 12.5%; Stiles 12.5% and Murphy 12.5%. Three years later, I wanted some sort of an agreement whereby stock owned by any of the shareholders would not go to their estates in the event of their deaths or withdrawal but instead would could be repurchased by the company or the remaining shareholders; we needed some sort of an agreed-upon orderly procedure. Candidly I'd worried about these eventualities for a year or more. First, unlike the others, Derry and I had much at risk. Second, we were beginning to see this business might make it. And, third, three of these shareholders were older. But Jack Murphy's death in July, 1975 set off exactly what we didn't want to have happen.

After Jack's death the remaining shareholders made an offer to Jack's widow, Lela, to buy back his shares. She agreed, but changed her mind after consulting her lawyer. His advice ([Missing PDF](#)) was surely sound. Further, if she could become a director, she'd earn monthly director's fees and it looked like the value of the business would only rise. She became a good board member, but what would become of her stock upon her death? Would it go to her nieces and nephews?

Derry brought up the subject at the August, 1976 meeting saying he didn't know what form this should take, but that something needed to be in writing in the case of the death of a shareholder. George Stiles recommended his Kansas City lawyers, Gene Sands or Rex Fowler with the firm of Dietrich, David, Dicus, Rowlands and Schmitt. I went to Kansas City to meet them and they came to our board meeting the next month to discuss the first draft. Buell's lawyer offered suggested changes; Lela's attorney suggested she not sign any agreement. But at the December meeting--and upon a motion by Lela Murphy--a final document was presented, agreed to and signed. ([Missing PDF](#)).

The document served us well. Over the next nine years it provided the orderly transfer of ownership for four existing shareholders.

May 1, 2008