

Welcome To *Crossroad Transactions' 12th*



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Business Growth Consultants



A DIVISION OF
OLD NATIONAL BANK



2025 GETTING THE DEAL DONE CONFERENCE

CROSSROAD TRANSACTIONS
3815 RIVER CROSSING PKWY
INDIANAPOLIS, IN 46240-7315
CROSSROADTRANSACTIONS.COM

Today's Agenda



- 7:30-8:15 Buffet Breakfast and Networking
- 8:15-8:30 Welcome - Jeff Smith
- 8:30-9:30 Panel Discussion led by Todd Hacker - **Crossroad Transactions**
John Randall – **Live Oak Bank**
Eddie Arauco – **Stock Yards Bank & Trust**
Brian Wahl – **Business Growth Consultants**
Wade Distler – **1834 Advisors (a division of Old National Bank)**
- 9:30-9:45 Networking Break
- 9:45-11:00 Featured speaker, Dr. Matthew Will

Crossroad Transactions

- 19 Years Serving Clients Locally and Nationally
- Specialty of buy-side services for High-End Individuals and Strategic Buyers in the lower middle market
- Focused sell-side services for Strategic and PE deals



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LiveOakBank®

*John
Randall*

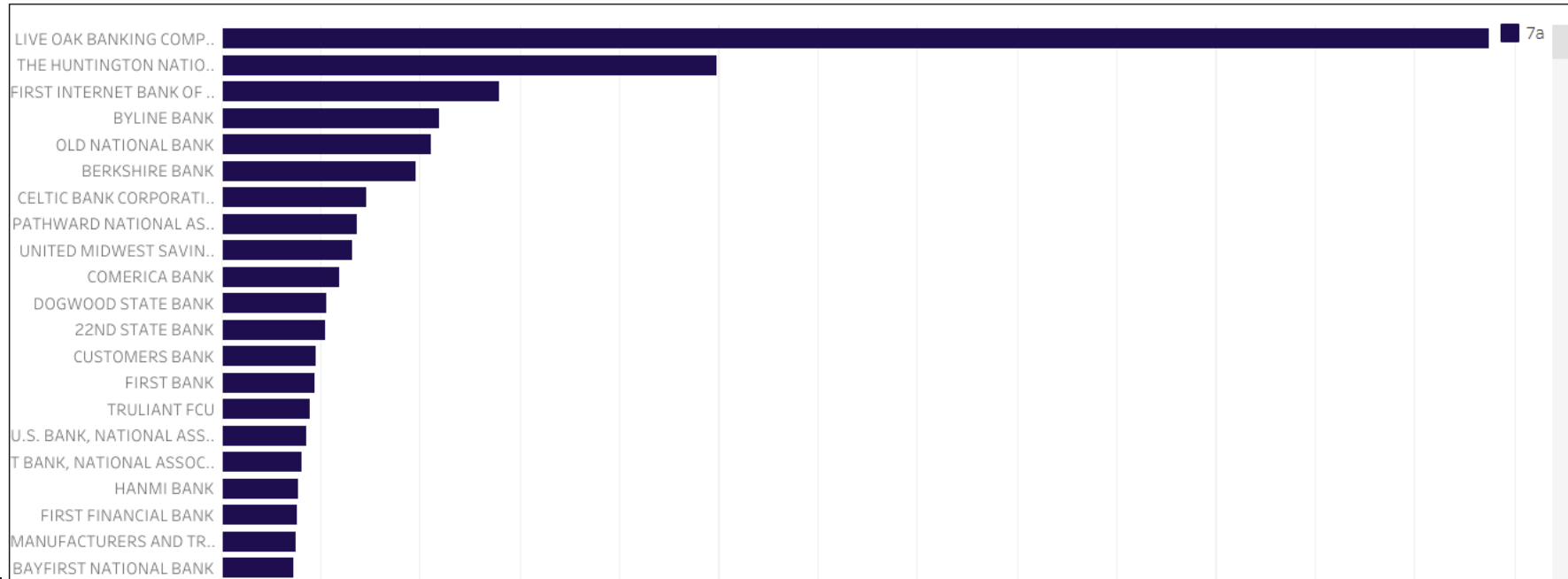
2024 FY SBA 7(a) Funded Change of Ownership Transactions



(Excludes 25 year loans)

BANK DETAIL

Program	Gross Approval Bin	Prime Rate Spread	Term Bin	Naics Category	Naics Description	Approval Fiscal Year	Business Age	Franchise Name	Loan Status
7a	(All)	(All)	(Multipl...	(All)	(All)	2024	change of ownership	(All)	(All)



SOP 50-10.8 – Goes Live June 1st, 2025

- Equity Back to 10% for Startups and Complete Changes of Ownership
- Collateral will be Required on Small Loans Again
- Hazard Insurance Required on loans greater than \$50,000
- Guarantee Fees Back on Loans < \$1,000,000
- Support for Manufacturing and Restoration of Jobs
- Red Tape Hotline to Enhance Service & Reduce Administrative Burden

SOP Updates

- Program is Not Designed to Finance Passive Businesses
- Products Sold Must be Legal under **FEDERAL**, State and Local Laws
- 100% ownership by US Citizens or Lawful Permanent Residents
 - 6 Month Lookback Rule Applies
- Franchise Registry is Back
 - Franchisor must be listed to be eligible
- Credit Elsewhere Test is Back
 - Can't have funds available to pay cash for the transaction and be SBA Eligible
- Small Business Scoring Service Standards are Increasing From a Score of 155 to 165

Partial Changes of Ownership

- Operating Company and any individuals acquiring or gaining ownership must be co-borrowers on the new loan regardless of % ownership being gained.
- All remaining owners in a partial change of ownership are subject to the requirements for guaranties, except that:
 - Any selling owner (one who receives loan proceeds in exchange for selling part of their ownership) who remains as a direct or indirect owner and owns less than 20% of the business post-sale must provide a guaranty for the full loan amount for a period of 2 years after loan disbursement

Complete Changes of Ownership

- At a minimum, SBA requires an equity injection of at least 10 percent of the total project costs
 - ***Seller debt may not be considered as part of the equity injection unless it is on full standby for the life of the SBA loan and it does not exceed half of the SBA-required equity injection***

Complete Change of Ownership - Business Expansion

- When an existing business starts or acquires a business that is in the same **6 digit** NAICS code with identical ownership and in the same geographic area as the acquiring entity and they are Co-Borrowers, SBA considers this to be a business expansion, and SBA will not require a minimum equity injection
- “Same geographic area” means the acquiring entity is located within a reasonable distance of the subject business, allowing management to exercise similar daily control over both locations

Complete Partner Buyout

- If the 7(a) loan will finance more than 90% of the purchase price of a partner buyout, the following must be met:
 - The remaining owner(s) must certify that they have been actively participating in the business operation and held the same or an increasing ownership interest in the business for at least the past 24 months
 - The business balance sheets for the most recent completed fiscal year and current quarter must reflect a debt-to-worth ratio of no greater than 9:1 prior to the change in ownership

Source of Equity Injection

- The following may be considered equity injection:
 - Standby Agreements:
 - **Only debt that is on full standby (no payments of principal or interest for the term of the 7(a) loan) may be considered as equity for SBA's purposes**
 - **The standby debt may accrue interest and may be added to the standby debt and amortized after the 7(a) loan is paid in full**
 - Standby Creditor must subordinate any lien rights in collateral securing the loan to Lender

Source of Equity Injection

- Cash that is not borrowed, whether on the business's balance sheet or from other sources
- Cash that comes from a personal loan where repayment can be demonstrated to come from a source other than the cash flow of the business (the salary paid to the owner by the business does not qualify)
- Grants that do not have repayment or claw back provisions during the life of the 7(a) loan
- Prepaid expenses that the Lender has verified by obtaining paid invoices, canceled checks, or bank statements

Collateral

○ Collateral shortfall:

- If there is a collateral shortfall (not “fully secured”) on the SBA-guaranteed loan the Lender must take available equity in the personal real estate (residential and investment property including other commercial real estate ***that is solely owned by any direct and/or indirect owners*** of 20% or more of the Applicant and guarantors except Supplemental Guarantors
- When an individual alone or together with his or her spouse or minor children owns 20% or more of the Applicant, the Lender must consider taking as collateral a lien on personal real estate (including commercial and investment properties not occupied by the Applicant) that is owned individually by the Applicant owner, or jointly owned by the individual and his or her spouse or minor children
- Real estate transferred by the owner of the Applicant to the non-owning spouse or minor children within 6 months of the date of the application will not be exempt from consideration as available collateral



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Stock Yards
Bank & Trust®

Eddie
Arauco

Commercial Banking Interest Rates, Tariffs and Uncertainty

Stock Yards
Bank & Trust[®]
MEMBER FDIC



Stock Yards Bank & Trust Overview



- Started in 1904
- 60+ locations throughout Kentucky
- 6 locations in both Indianapolis (2003) and Cincinnati (2007)
- \$9 Billion in assets, with \$8 Billion in AUM
- Commercial, business, private, WM and ICRE

Interest Rates – Effects on Banking

Recent History

- Five Year US Treasury remained less than 2.50% going back to 2008 until July of 2022
- By July of 2022, Five Year UST closed above 4%
- Prime increased from 3.50% in 2022 to 8.50% by July 2023

Today – Where are interest rates going?

- Nobody knows!
- December of 2024 – Trump said “I don’t” in reference to wanting to cut Powell’s term short
- April of 2025 – Trump posted “Powell’s termination cannot come fast enough!”

Overall Effects – all still having an impact

- Pressure on ICRE values, lease rates, liquidity of properties
- Quick rise of rates put immense pressure on banks profitability
- Quick rise of rates put immense pressure on bank liquidity, ability to lend
- Loan maturity risk for both the bank and borrower
- Pressure on consumer spending
- Leveraged transactions experience cash flow issues
- Most assets decrease in value, especially cash flow valued assets such as ICRE and companies



Tariffs – Where is this going?

“If you have it figured out, you are wrong.”

Clay Stinnett – CFO,
Stock Yards Bank and Trust

NEAR TERM EFFECTS

- Supply chain disruption
- Construction budgets will be volatile
- Smaller companies will be disproportionately affected
- Contract pricing issues due to inflation
- Pressure on economic growth
- Time will kill



Uncertainty

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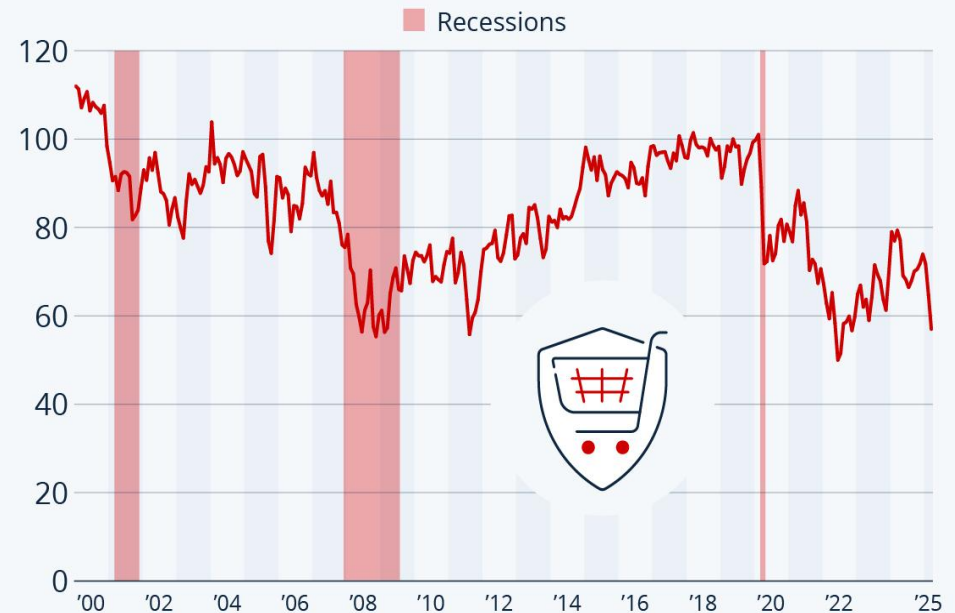




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Consumer Confidence Plummets to Lowest Level Since 2022

Monthly Index of Consumer Sentiment in the United States



Source: University of Michigan Surveys of Consumers



statista

How will commercial banks react?

- Monitor vendor and customer relationships
- Pay closer attention to equity / balance sheets
- Review construction contracts for pricing liability
- Understand purchasing power of customer

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Stock Yards
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Business Growth Consultants

*Brian
Wahl*



Business Growth Consultants

Business Growth Events

that could lead to incentive opportunities:

- **M&A Transactions**
- **Expansions**
- **Relocations**
- **Organic growth**



Business Growth Consultants

Benefits to the Deal:

BUY SIDE - For the buyer / buy-side broker, there could be:

- Incentives for existing jobs and future new jobs
- Incentives for personal and/or real property investment
- Energy usage incentives

SELL SIDE - For the seller/ sell-side broker, incentives savings could:

- Boost market value of the business
- Be used as a marketing tool to potential buyers



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Parting Message:

- **M&A transactions can be a great “business growth event” to pursue incentive opportunities.**
- **Exploring incentives in M&A transactions benefits all parties involved, as these savings can enhance the market value of the deal.**



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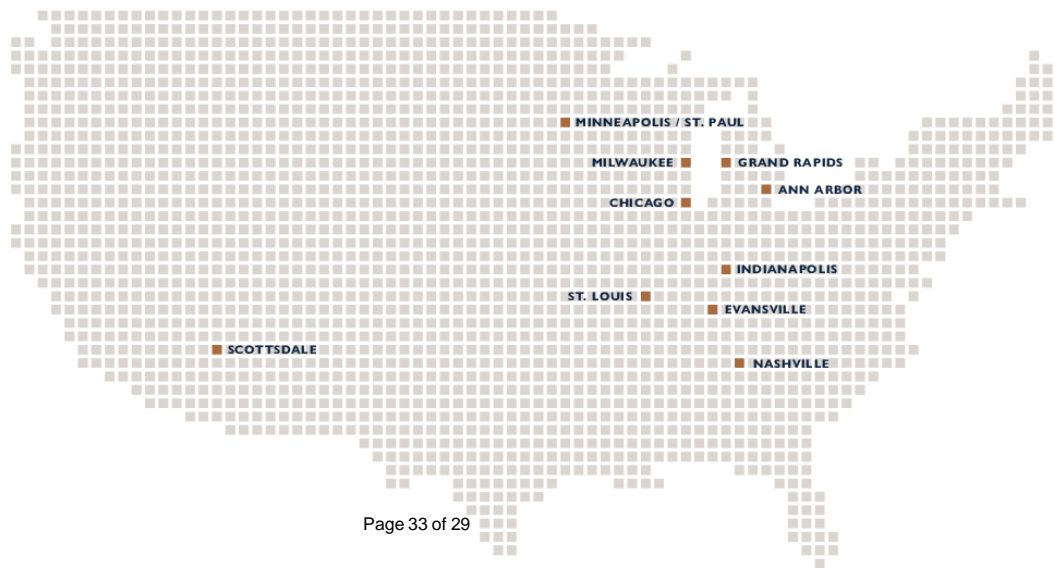
*Wade
Distler*



A DIVISION OF
OLD NATIONAL BANK

1834 was formed on the promise of building stable, enduring wealth management and investment advisory relationships with individuals and institutions. The name honors the storied legacy of our parent company, Old National, that was founded in 1834.

- ~100 team members throughout the Midwest, Nashville, and Scottsdale



Deep history of service, strength and stability

- Top 30 U.S. bank, founded in 1834
- ~\$53 billion in assets
- ~\$30 billion in assets under management in Wealth Management

Comprehensive financial services

- Personal Banking, Commercial Banking and Wealth Management

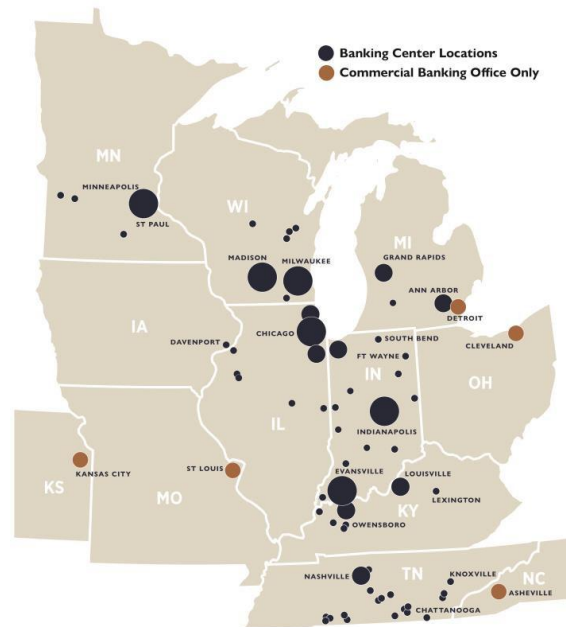
Community-focused

- 57,000 team member volunteer hours annually (2023)
- \$12 million in grants and sponsorships (2023)

Convenient locations throughout the Midwest

- Headquarters: Evansville, IN and Chicago, IL
- More than 250 banking centers

Old National Bank Locations



100 DISABILITY EQUALITY INDEX

Transition vs Sale

Transitioning your Business

Questions driving outcomes

- Timeline
- Exit Strategy
- Communication
- Planning Considerations

Selling your Business

Reasons

- Liquidity Needs
- Relationship Friction
- Differing Vision of the Business

Succession Plan

- Delegation of responsibility
- Key management
- Advisory team

Selling to

- ESOP
- Individual
- PE
- Strategic Buyer

Planning Considerations

- **The Right Team**
 - **Wealth Advisor/CPA/Attorney**
- **Pre-Buyout Considerations**
 - **Financial, legal and governance perspective**
- **Determining Fair Value**
- **Estate Planning**
- **Tax Consequences**
 - **Fed/State/Local**
- **Tax Planning**
 - **Irrevocable Trust – gift vs sale**
 - **GRAT**
 - **Annual Gifting**
- **Financial Planning**
 - **Deploy capital from sale to replicate value from business**

Featured Speaker

*Dr. Matt
Will*

April 24, 2025



Presented to



Tariffs and Trade Wars

Presented
by
Dr. Matthew Will

Overview

- Comparative Advantage
- Tariffs 101
- Trade Wars
- Solutions
- Q&A

Introductions



Dr. Matthew Will
Associate Professor of Finance
Director of External Relations

WARNING!



Comparative Advantage



Should Luka
cut his own
grass or get in
shape?

Comparative Advantage

Resources to Produce	1 Bicycle	1 Vaccine
USA	8	10
Mexico	5	20

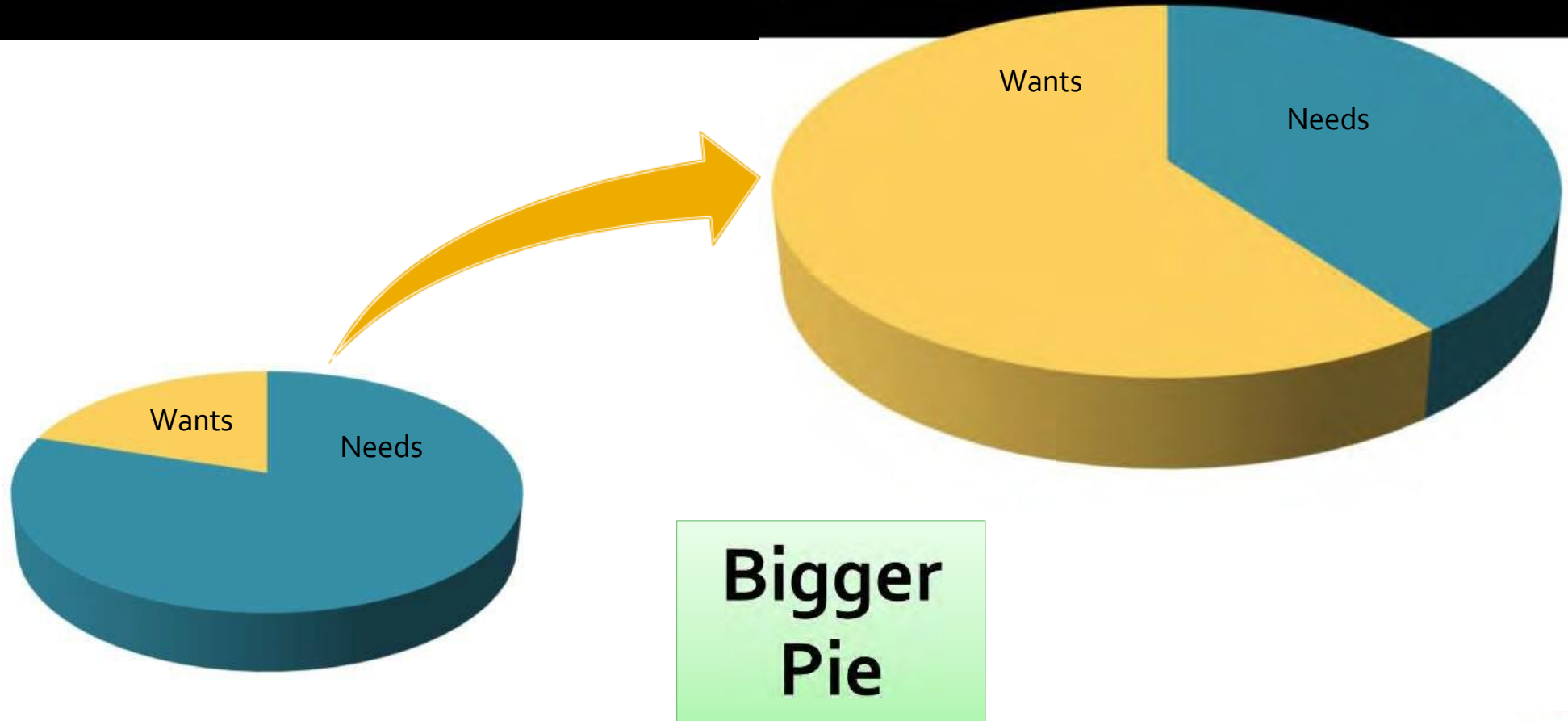
Total Cost (w/trade) = 15

Total Cost (No trade) = 18

Trade
Specialization
&
Comparative
Advantage

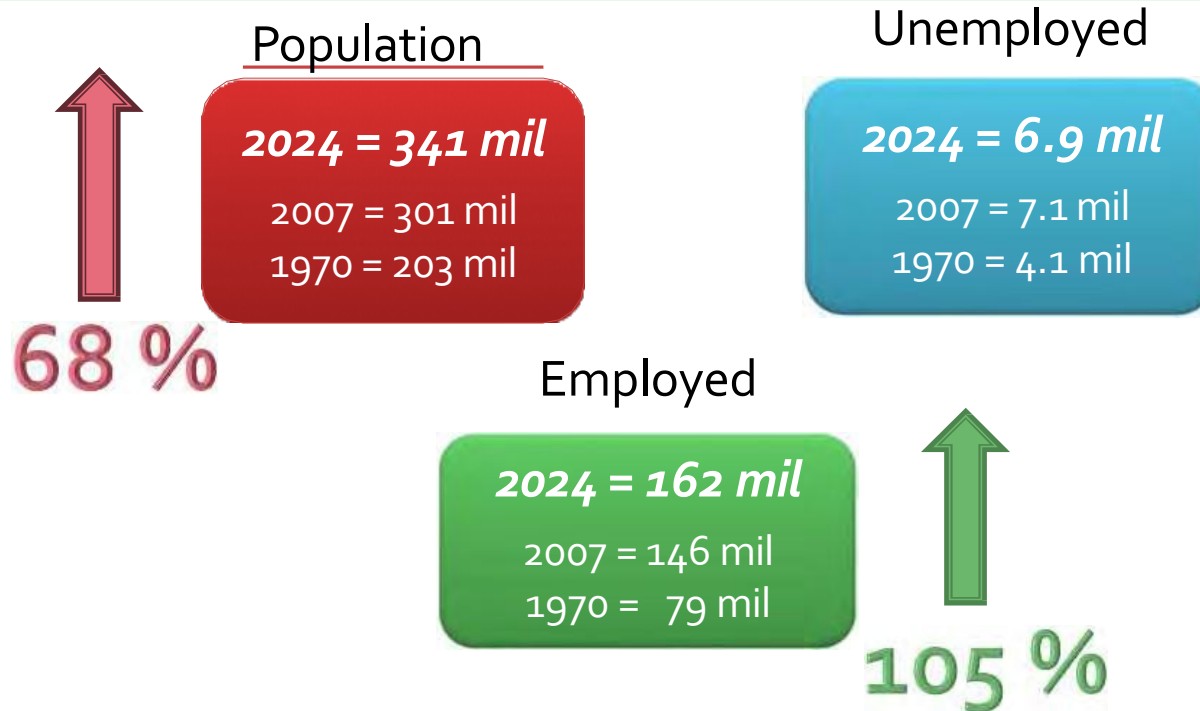


Comparative Advantage



Comparative Advantage

We Must Grow The Economic Pie



Comparative Advantage vs. Tariffs

ECONOMY

Treasury Secretary Bessent says the American dream is not about 'access to cheap goods'

PUBLISHED THU, MAR 6 2025 2:08 PM EST UPDATED THU, MAR 6 2025 2:38 PM EST



Jeff Cox
@JEFF.COX.7528
@JEFFCOXCNBCOM

WATCH LIVE

KEY POINTS

- Treasury Secretary Scott Bessent on Thursday offered a full-throated defense of the White House's position on tariffs, insisting that, "Access to cheap goods is not the essence of the American dream."
- In a speech delivered to a crowd of leading economists, Bessent indicated that Trump is willing to take strong measures to achieve his trade goals.

Wrong!

"Self Actualization" ... is a luxury if you can't pay your rent

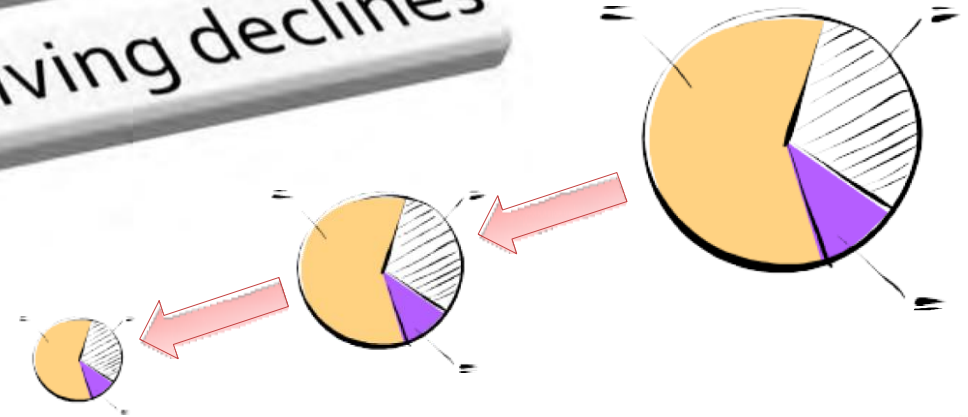
"Winning" ... is not legit if the govt. subsidizes you

"Welfare" ... comes in many forms (student loans, protectionism, subsidies, etc.)

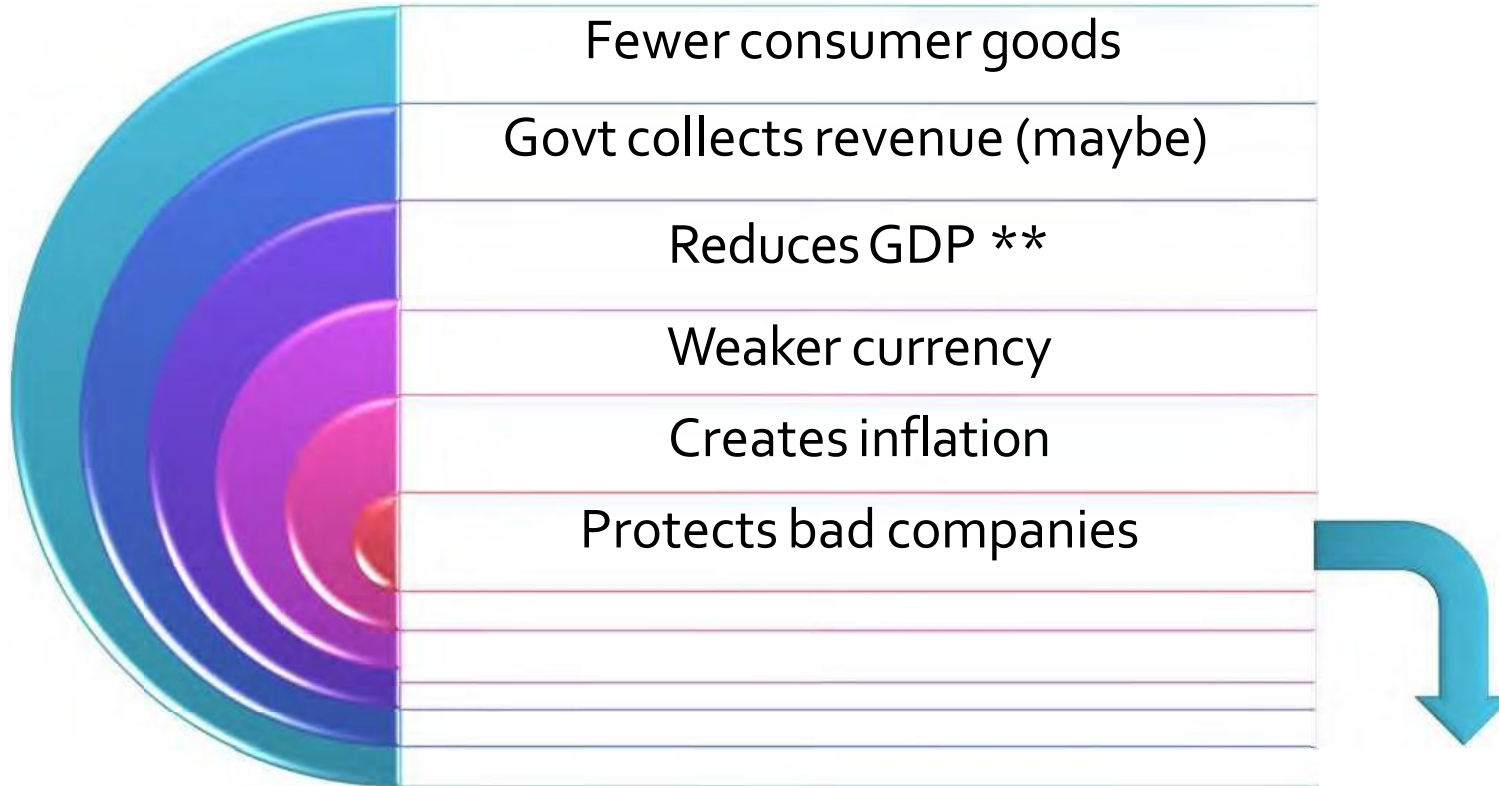
Tariffs 101: Economic Impact

**Smaller
Pie**

- Paid by importer (i.e. VAT)
- Imports cost more
- Less discretionary income
- Standard of living declines



Tariffs 101: Unintended Consequences



Tariffs 101: Whirlpool Market Share %

Washing
Machines %

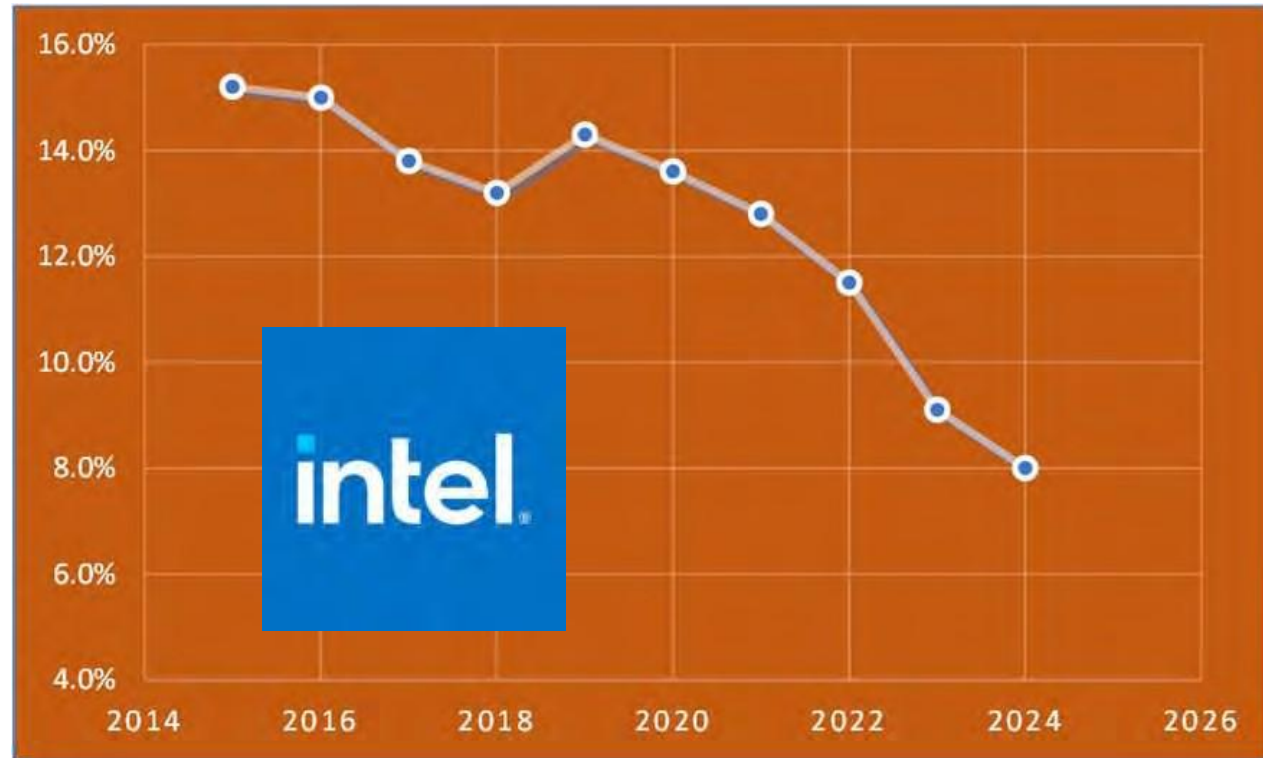
2018
20%-50%
tariff
implemented



Tariffs 101: Intel (highly subsidized for years)

Semiconductor Market Share

Q4 2024
\$17 bil loss
15,000 layoffs



Tariffs 101: Weaker Currency

2/3/25

	10) Spot	11) Forward	12) Fixing	
				
	USD	EUR	JPY	GBP
SEK	11.067	11.447	.07152	13.778
NOK	11.341	11.731	.07330	14.120
HKD	7.7927	8.0608	.05036	9.7019
NZD	1.7764	1.8375	.01148	2.2115
AUD	1.6059	1.6612	.01038	1.9994
CAD	1.4428	1.4924	.00932	1.7963
CHF	.91032	.94163	.00588	1.1333
GBP	.80322	.83085	.00519	
JPY	154.73	160.05		192.64
EUR	.96674		.00625	1.2036
USD		1.0344	.00646	1.2450

S. Korea

13% ↓

Euro

9% ↓



Japan

8% ↓

Mex

3.4% ↓

4/17/25

	10) Spot	11) Forward	12) Fixing	
				
	USD	EUR	JPY	GBP
SEK	9.6276	10.942	.06759	12.772
NOK	10.480	11.911	.07358	13.903
HKD	7.7639	8.8239	.05451	10.300
NZD	1.6743	1.9029	.01175	2.2212
AUD	1.5649	1.7786	.01099	2.0761
CAD	1.3841	1.5731	.00972	1.8362
CHF	.81960	.93150	.00575	1.0873
GBP	.75378	.85670	.00529	
JPY	142.43	161.88		188.96
EUR	.87987		.00618	1.1673
USD		1.1365	.00702	1.3266

Tariffs 101: Tariffs as a ...

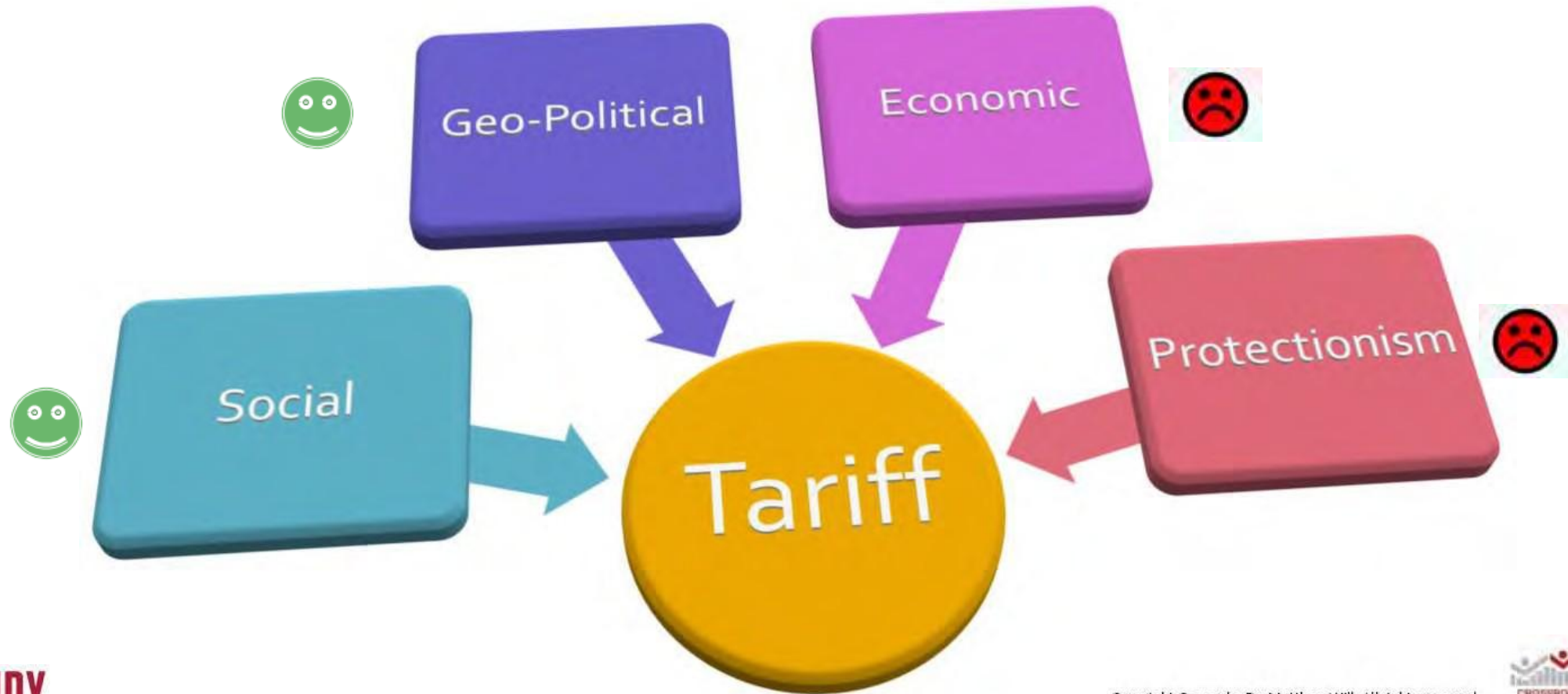


Trump 47



Trump 45

Tariffs 101: Trump's approach



Tariffs 101: Trump's approach



Canada
Mexico

- Social
- Immigration / Fentanyl



China

- Geo-Political
- Taiwan / Trade / IP / Drugs



Europe

- Economic
- Subsidies / Reciprocal



World

- Protect USA companies from competition

Tariffs 101: Tariffs as a Hammer



Social



*Geo-
Political*



Economic



Protectionism

The Trade War: Canada Tariffs on US

Pre-Trade War

Poultry = 200%

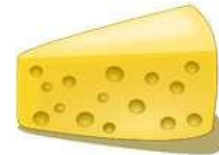
Cheese = 245%

Eggs = 163%

Cars = 6.1%

Textiles = 18%

Fabrics = 12%



77.8% of US Imports
Tariff = 0.0%

Lumber = 0%



Dumping?

US Tariff on Canadian Lumber

14.54% ... March
+25.00% ... April
+14.54% ... future
54.08% ... Total

The Trade War: Mexico Tariffs on US

USMCA COMPLIANT GOODS

- 0% tariff
- 80% of all trade is compliant

- Compliance definition
 - Quantity
 - % of USA parts
 - Verification
 - etc.



Pre-Trade War

NON-COMPLIANT GOODS

- Varies
- 5-50%
 - Steel
 - Aluminum



New customs
duties in early
2024

The Trade War: Canada / Mexico

International Emergency Economic Powers Act (IEEPA)

White House:

National emergency to stop the flow of drugs and illegal immigrants into the USA

2/1/25

25% on all goods
10% on energy

The Trade War: Canada / Mexico

Retaliation

- 25% on \$21 billion
- 25% on \$86 bil in 21 days
- Ontario (Doug Ford)
 - 25% on electricity (MI, MN, NY)
 - April 2: Shut off electricity
- Alberta (Danielle Smith)
 - None
 - 87% of export to USA



- Nothing
- Maybe later

The Trade War: Canada / Mexico

Steel and Aluminum Response

Canada

Ontario (Doug Ford)

- *Reverses all retaliation*

Agreement

- *USA will not raise metals tariff to 50%*
- *Commerce Secretary Howard Lutnick meeting*

March

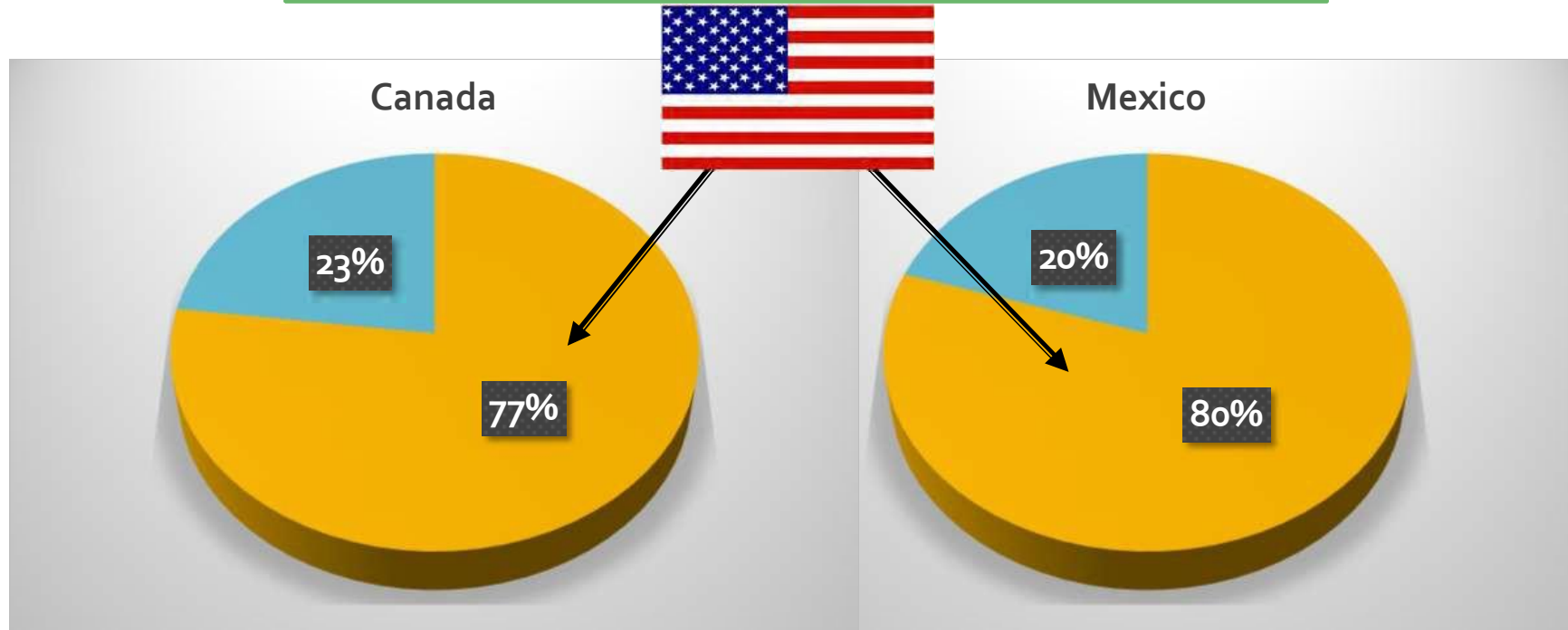
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Mexico

None

The Trade War: Canada / Mexico

Exports to USA vs. Rest of World

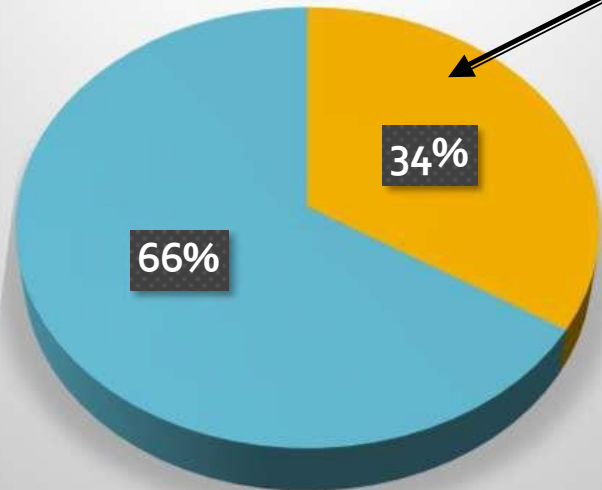


The Trade War: Canada / Mexico

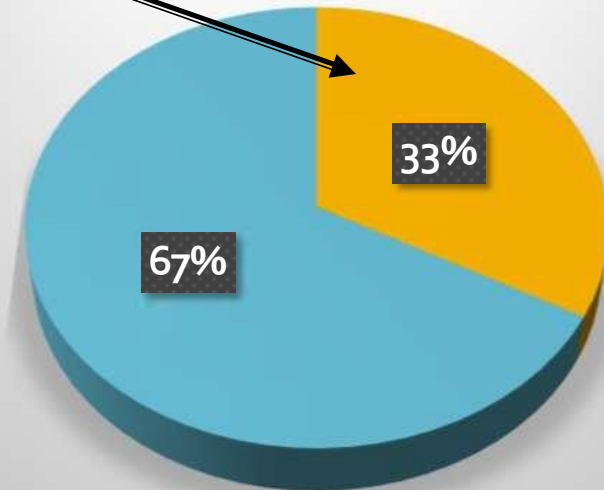
US Portion of Country GDP



Canada



Mexico



The Trade War: China

USA

- Existing “Trump 45” tariffs
 - 10% on all goods from China
- New “Trump 47” tariffs
 - +10% on all goods from China

Stop Fentanyl

National Security

CHINA RETALIATION

- Highly targeted
- 10-15% agricultural products
- No sell products
 - Skydio drones
 - Other



The Trade War: China – Status Report

USA

- 145% on all China Goods
- 245% tariff threat
- National security review



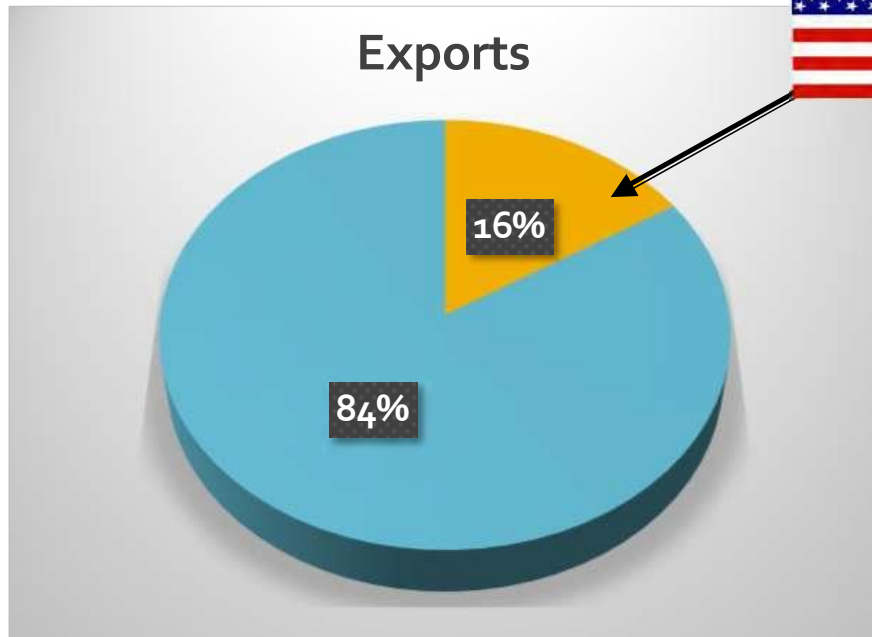
CHINA RESPONSE

- 125% on all USA Goods
- Ban specific exports
- Ban Boeing
- Postal stop

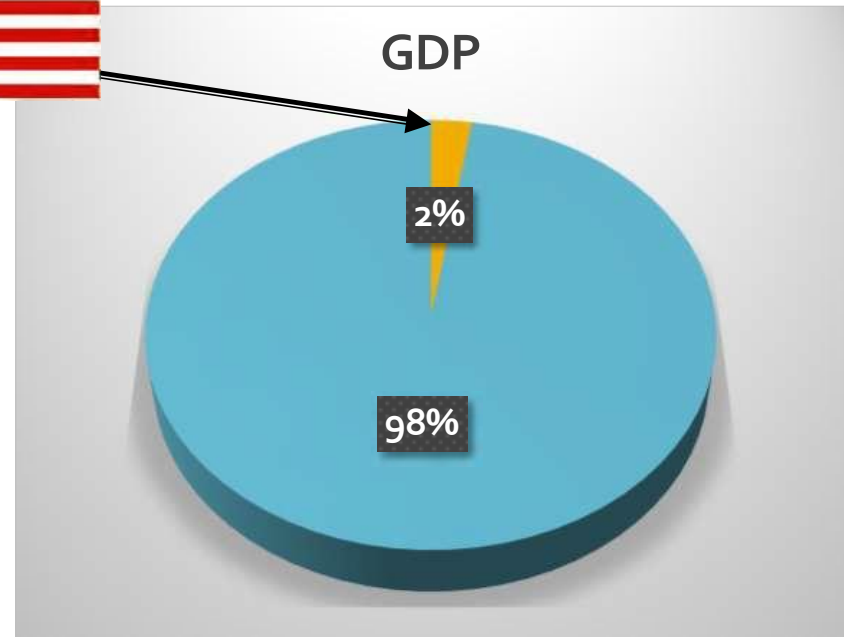


The Trade War: China

Exports to
USA vs. Rest of World

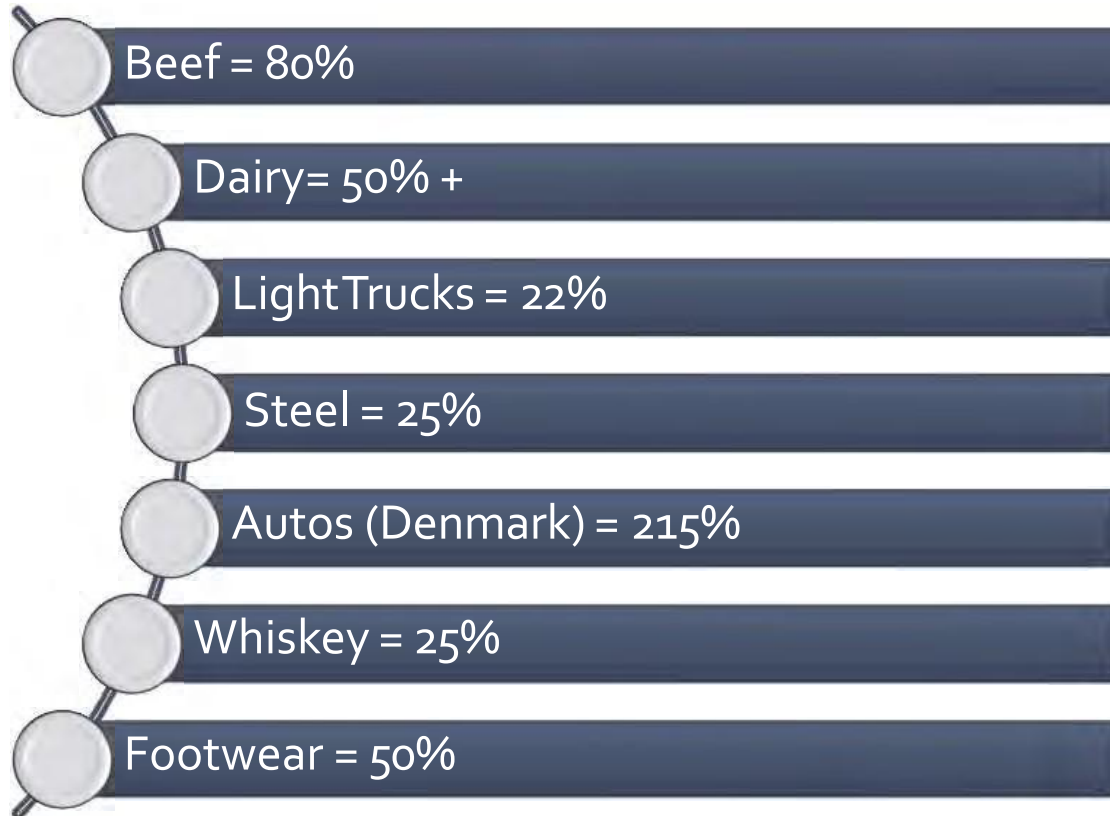


Portion of China GDP
USA vs. Rest of World



Europe: Tariffs on US Imports

Pre-
Trade War



The Trade War: EU

EU Response: Steel and Aluminum



- *Details TBD* 🤔
- *\$28 billion value*
- *Whiskey / Bourbon*
- *Boats*
- *Motorcycles*

Political Considerations

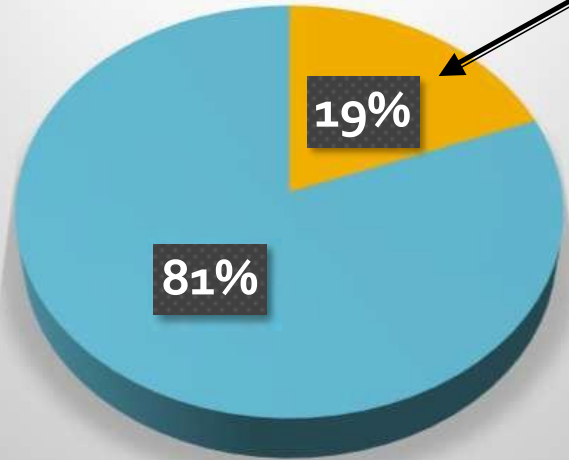
The Trade War: EU

EU Exports to
USA vs. Rest of World

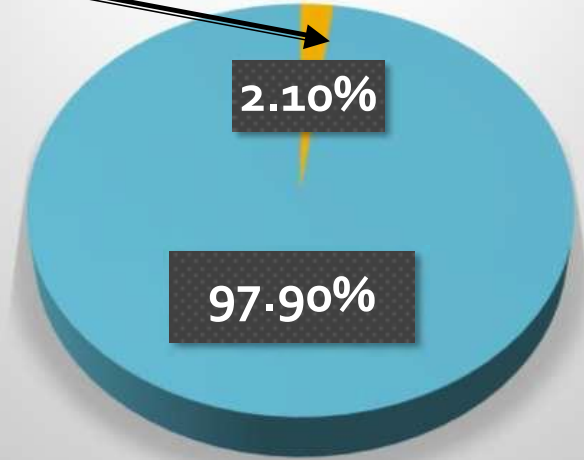
Portion of EU GDP
USA vs. Rest of World



Exports

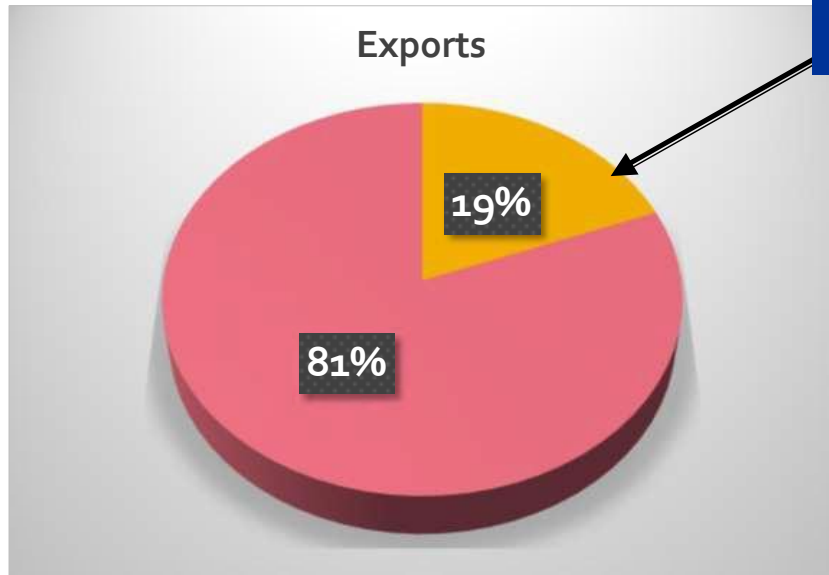


GDP

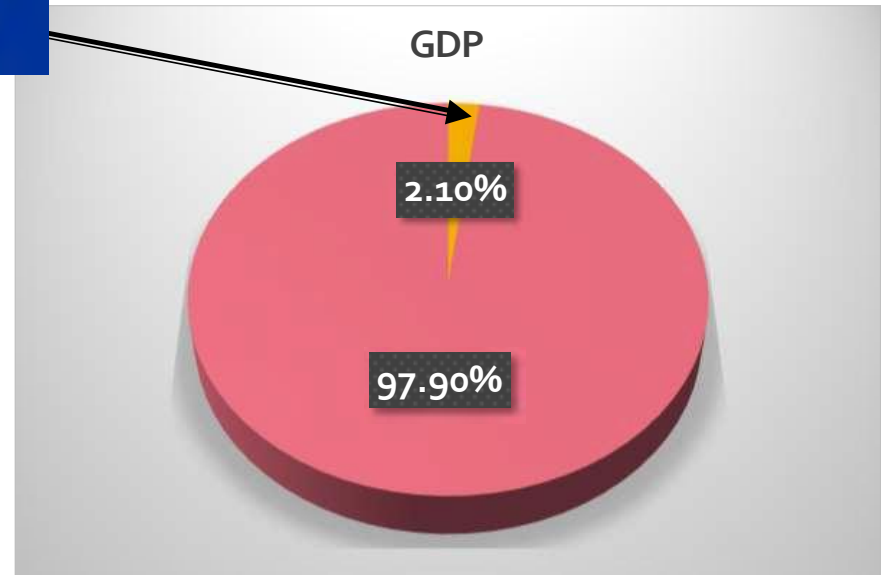


The Trade War: EU

USA Exports to
EU vs. Rest of World



Portion of USA GDP
EU vs. Rest of World



The Trade War: World War Begins April 2

Section 232 of the Trade Expansion Act of 1962

- White House
 - Domestic industry protection
 - National Security
- Tariff
 - Steel and Aluminum
 - 25% all global imports
 - No exemptions
 - 50% on Canada if retaliation



The Trade War: Not-Tariffs (Trade Deficits)

Country	Trump Tariffs Alleged	Trump Response	Actual Tariff *
Mexico	34%	17%	16.0%
China	67%	34%	29.0%
European Union	39%	19%	23.0%
Canada	15%	10%	4.8%
Japan	46%	23%	1.0%
Vietnam	90%	45%	2.5%
Korea, South	50%	25%	0.0%

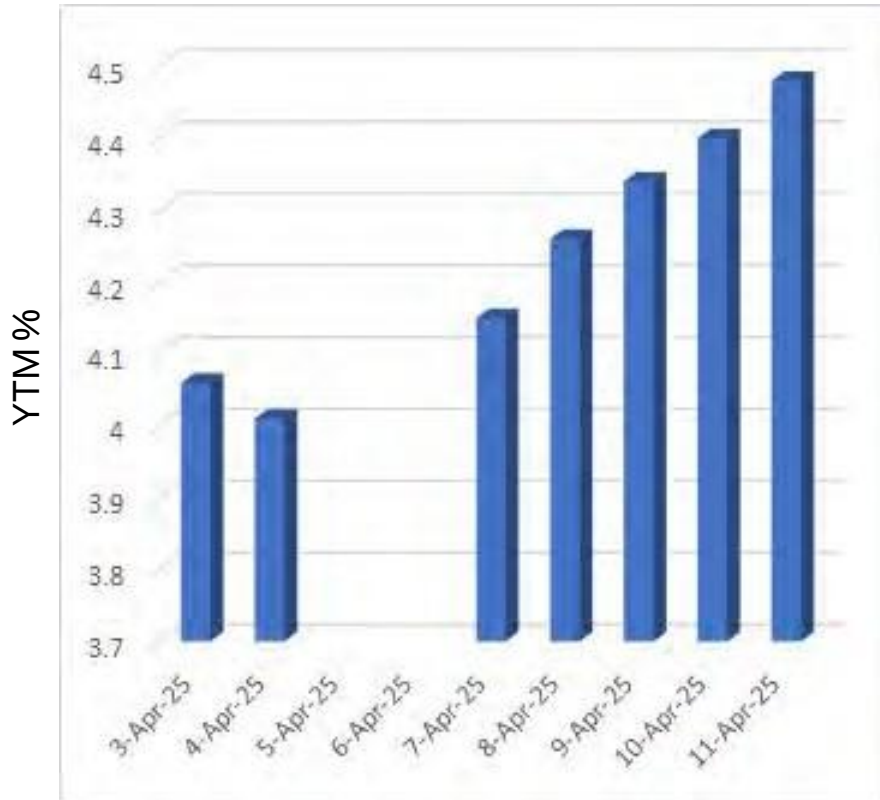
* tariff+custom duties+country specific VAT

Actual Formula

$$US\ 2024\ Deficit = \frac{US\ 2024\ Imports}{(Customs\ Basis)}$$

April 2

The Trade War: US 10 Yr Treasury YTM



China Implied
Threat

Dump \$800 bil
Of US treasuries

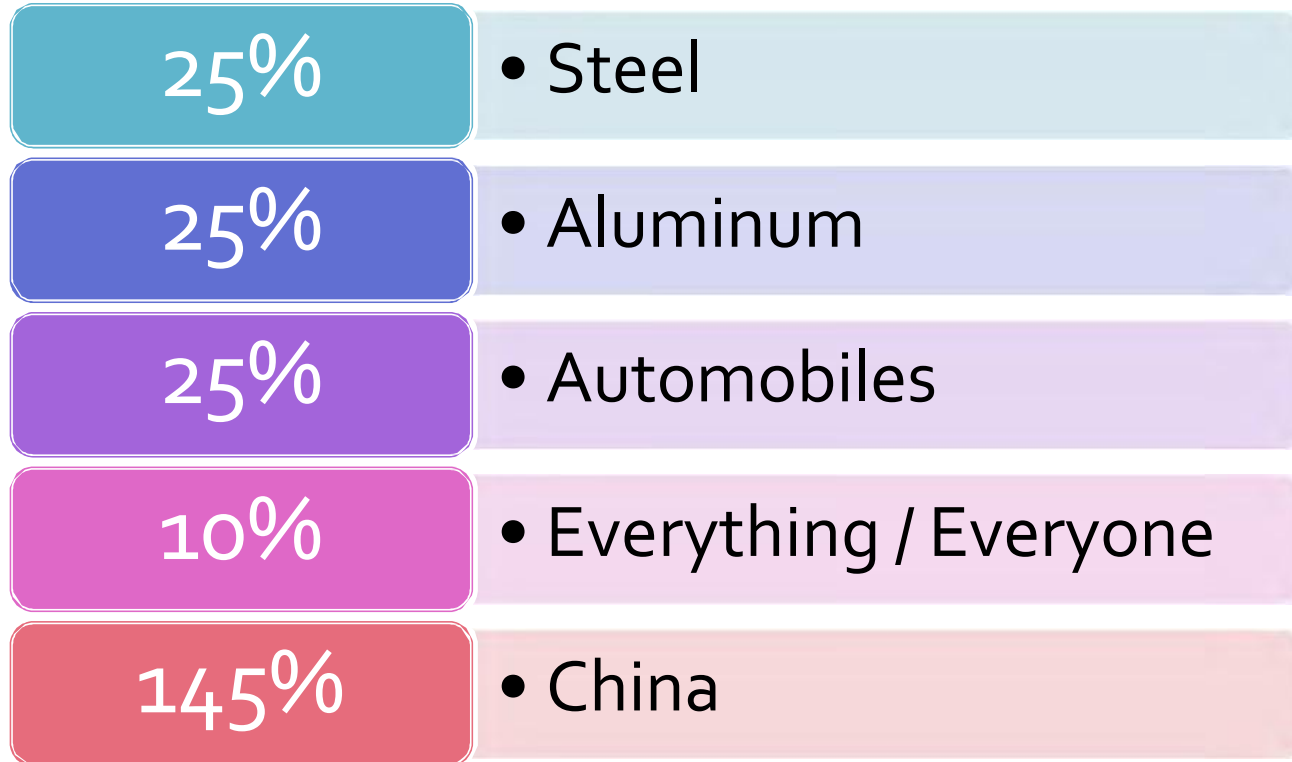
The Trade War: Market Loss (S&P 500)

5 Day loss = 12%

5 Day loss = \$5.4 trillion

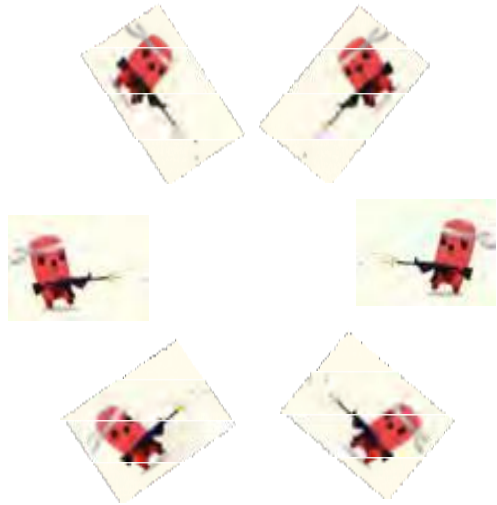


The Trade War: NOT-Pause



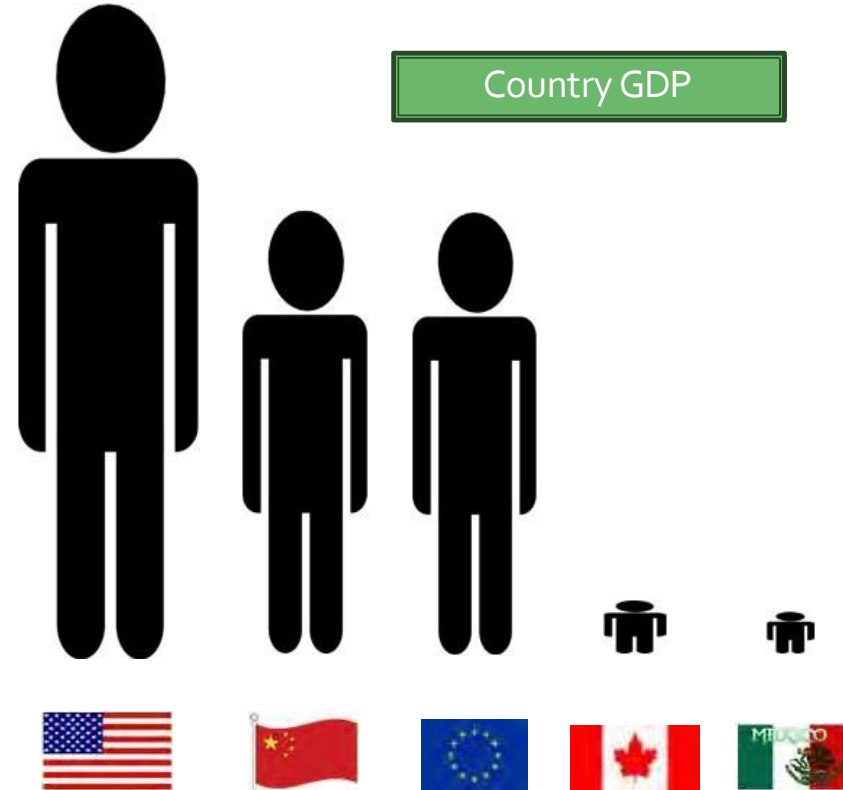
The Trade War: The GDP Boxing Match

Circular firing squad



In a war,
everybody loses

Country GDP



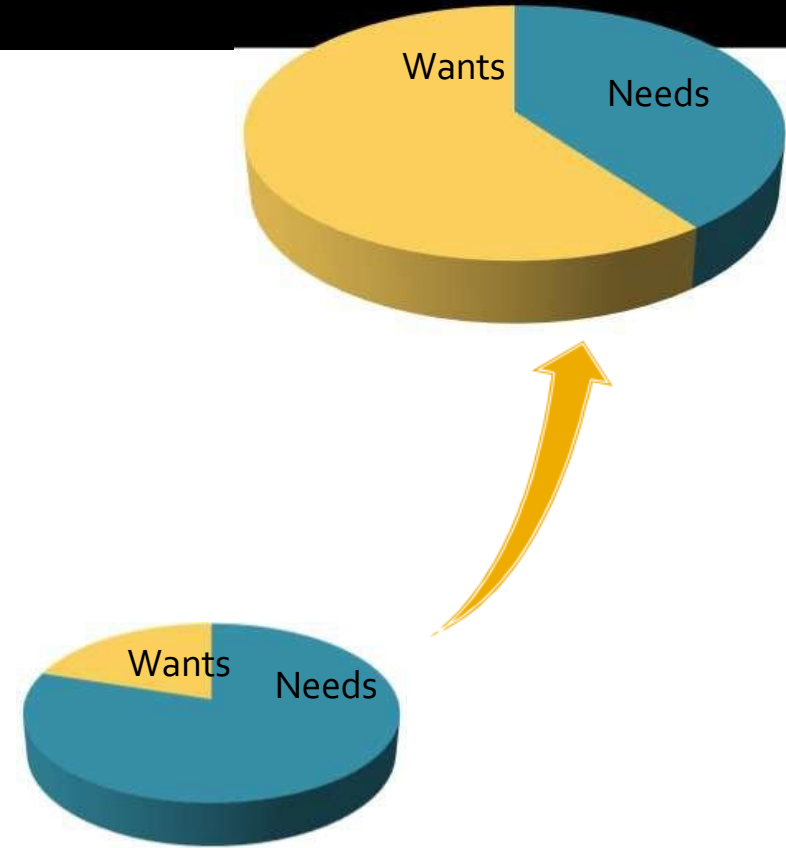
Solutions: Bigger Economic Pie

Free trade

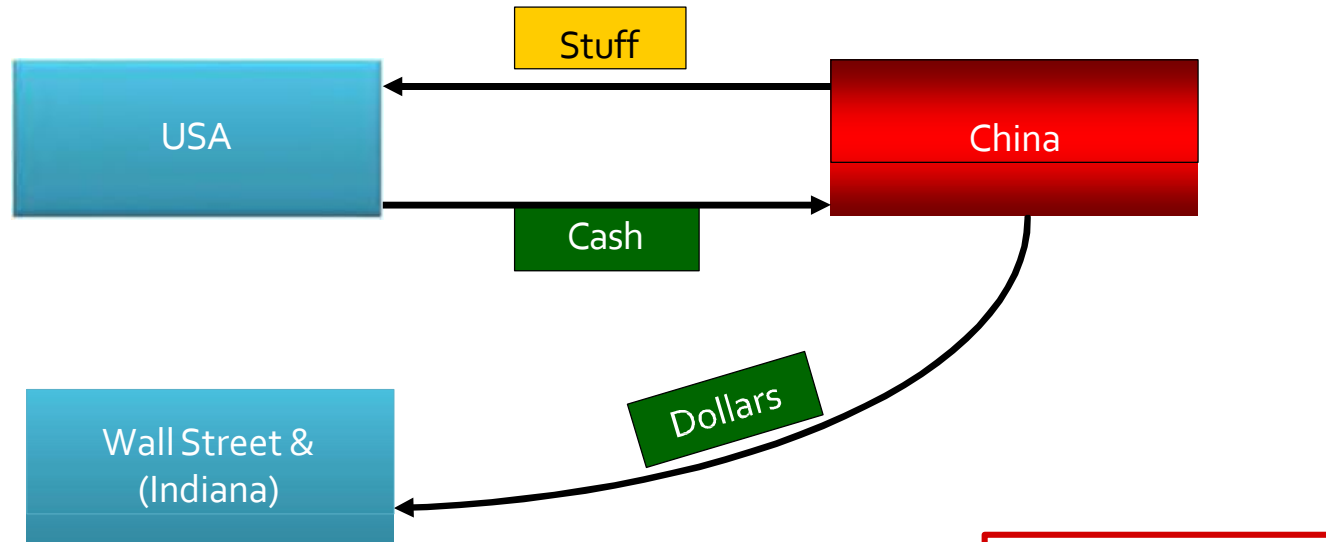
Strong dollar

Smaller government

Lower inflation



Solutions: Free Trade



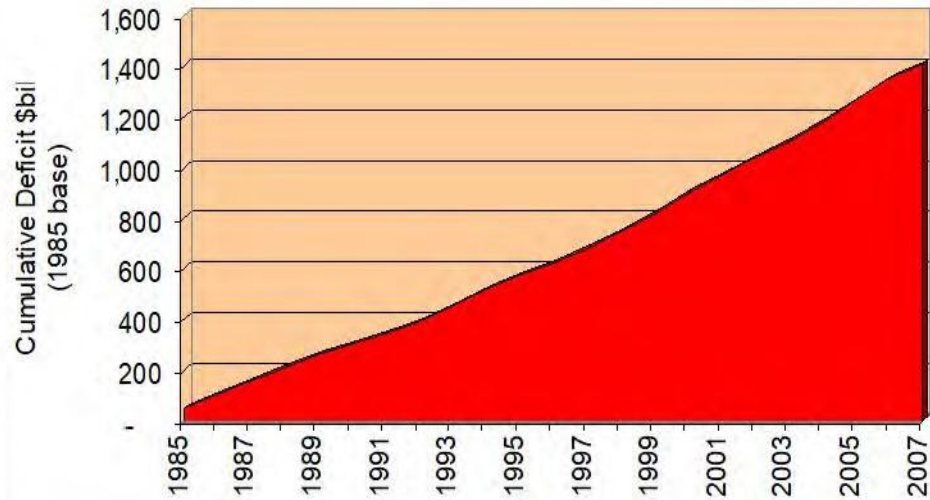
Wall Street invests this money, which...

1. creates more jobs, which...
2. grows the economy, which...
3. strengthens the dollars, which...
4. starts the cycle again

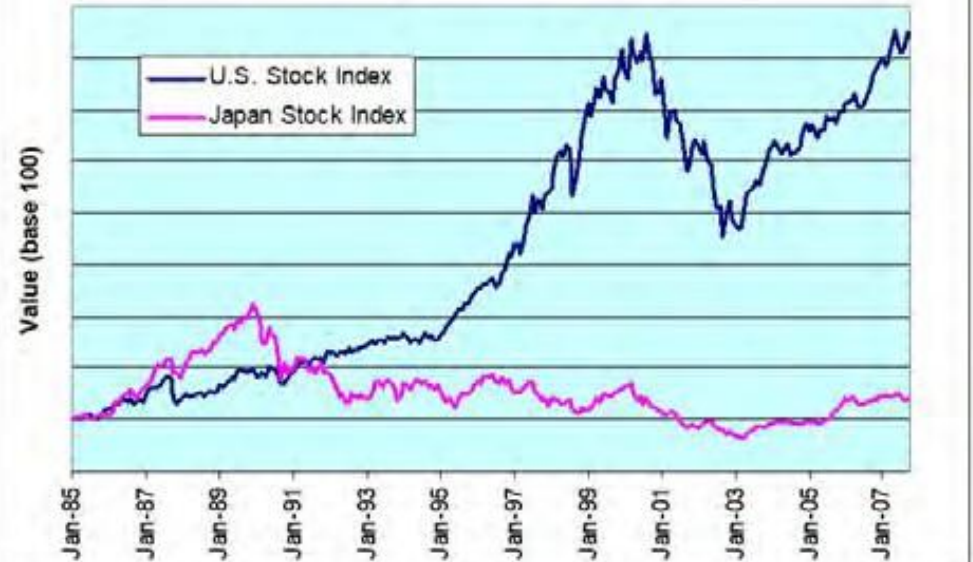
KEY
Strong Dollar

Solutions: Free Trade

US vs. Japan Trade Deficit

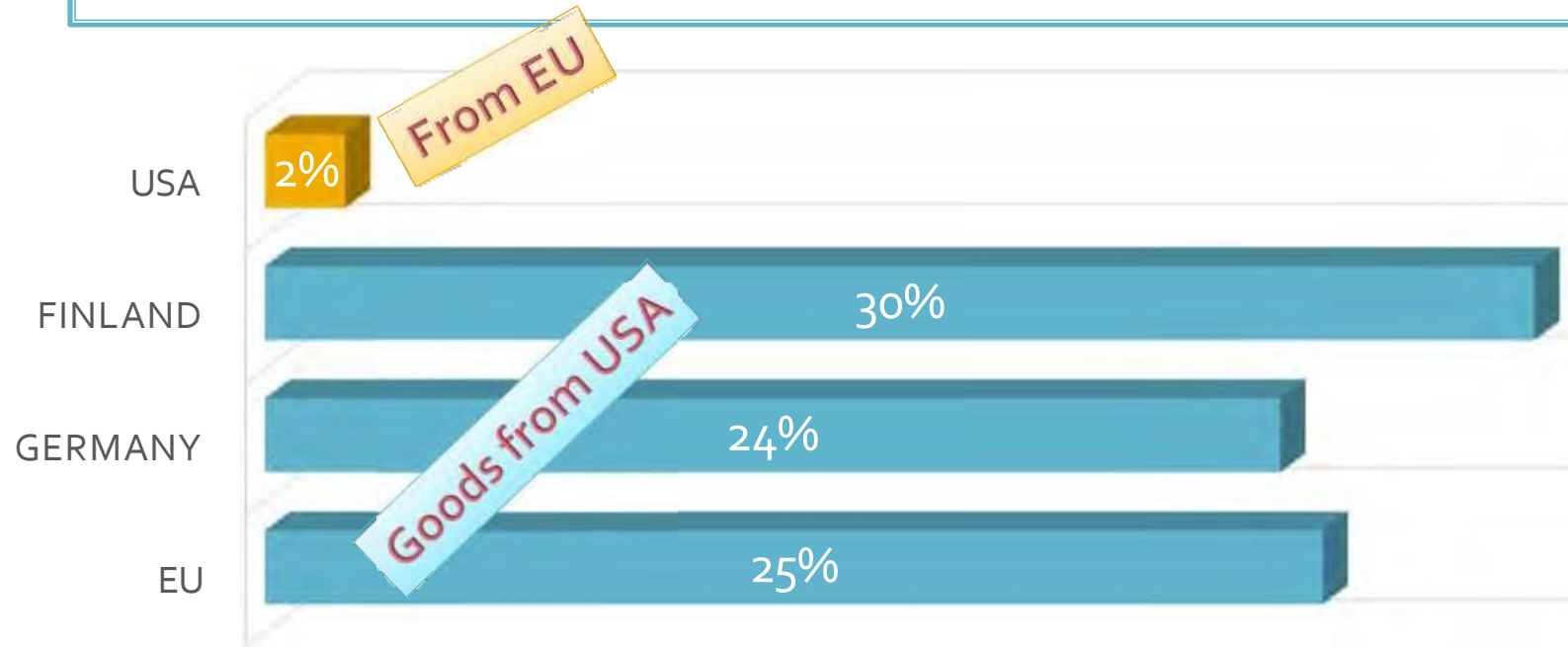


Stock Market Values

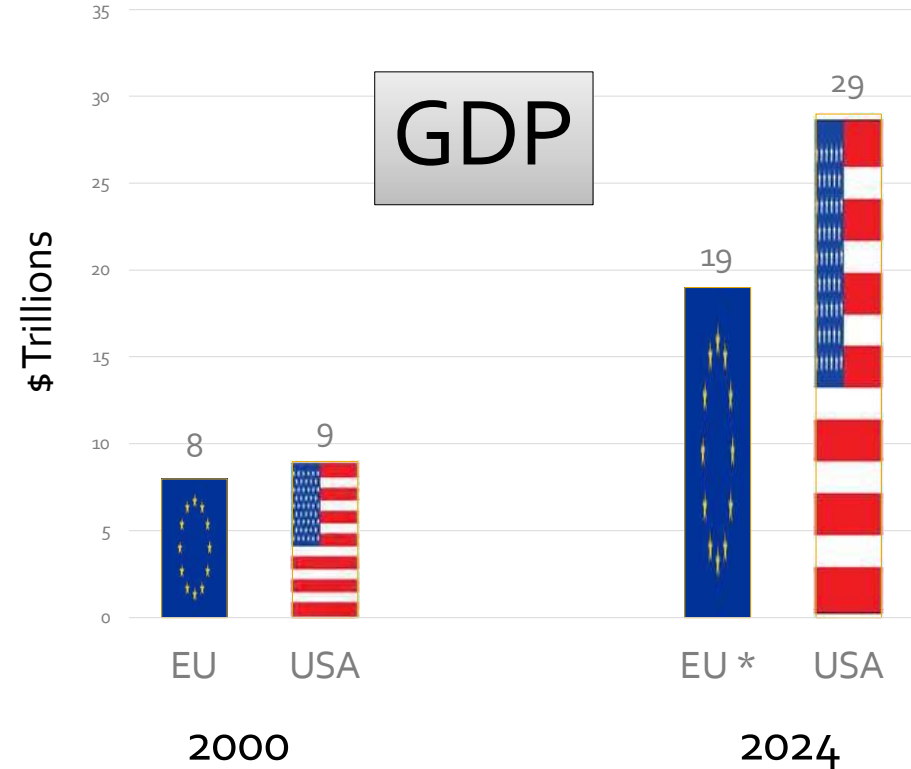
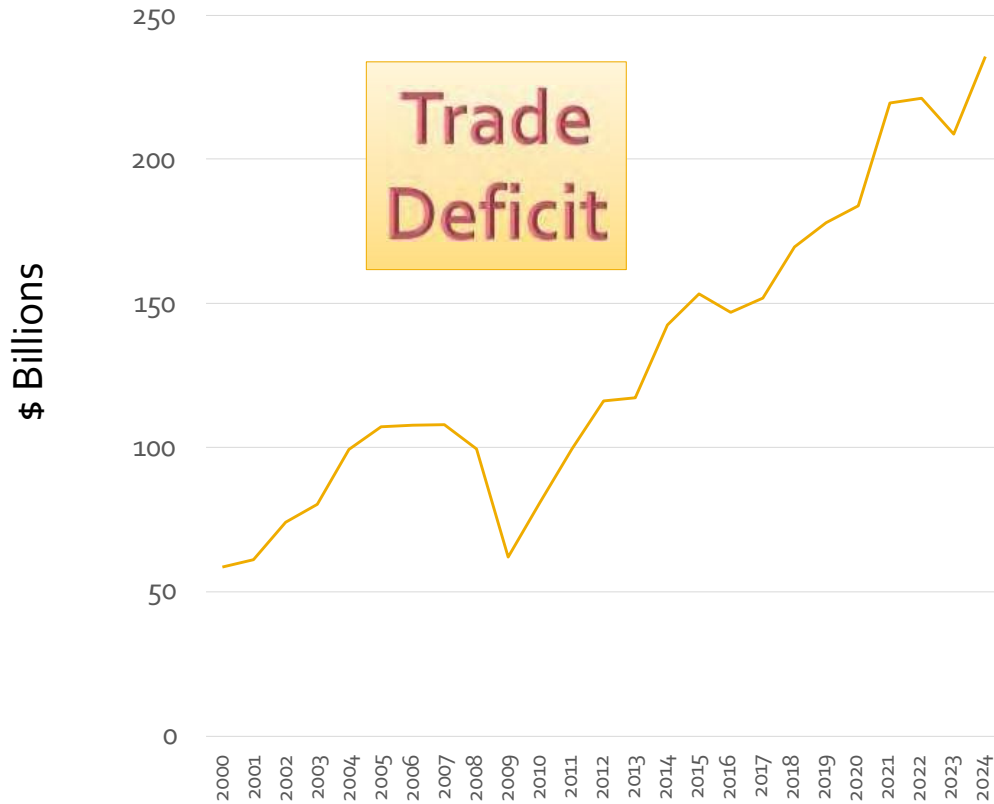


Solutions: Free Trade

Total Tariffs + Customs + Taxes



Solutions: Free Trade

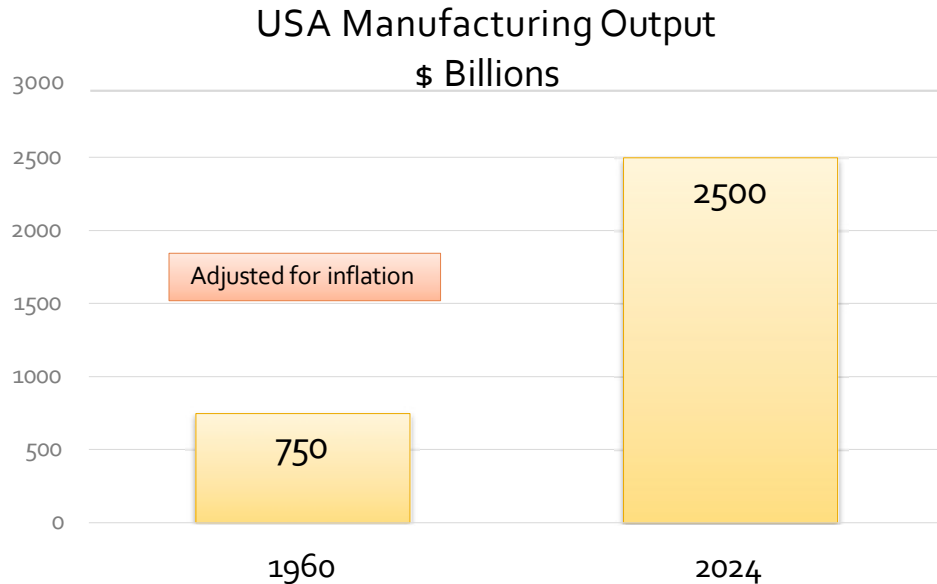


* + 13 more countries

Solutions: Free Trade

False

“The USA is losing manufacturing and jobs”



- Employment growth 2000-2024
 - USA + 24%
 - EU + 19%
- Unemployment Rate 2024
 - USA 4.1%
 - EU 5.9%
- USATotal Employment
 - 1970 = 78.6 million
 - 2025 = 163.5 million

Solutions: Free Trade and Quality of Life



Average size of home residence



880 sf



2164 sf



1000 sf

% of detached single family homes

40%

70%

35%

Latvia = 65% ... highest in EU

Solutions: Free Trade and Quality of Life



Public transportation as primary mode

17 %

3 %

20 %

% of car ownership

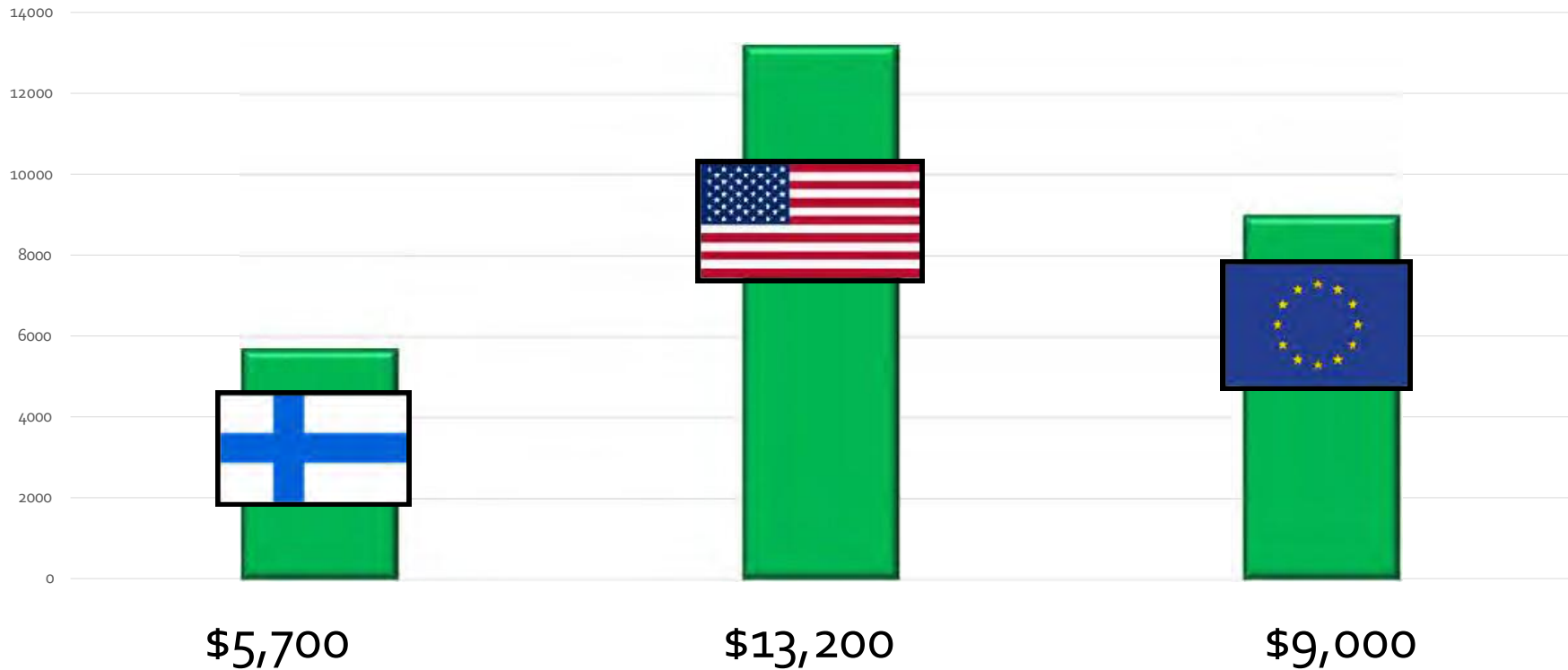
65 %

92 %

88 %

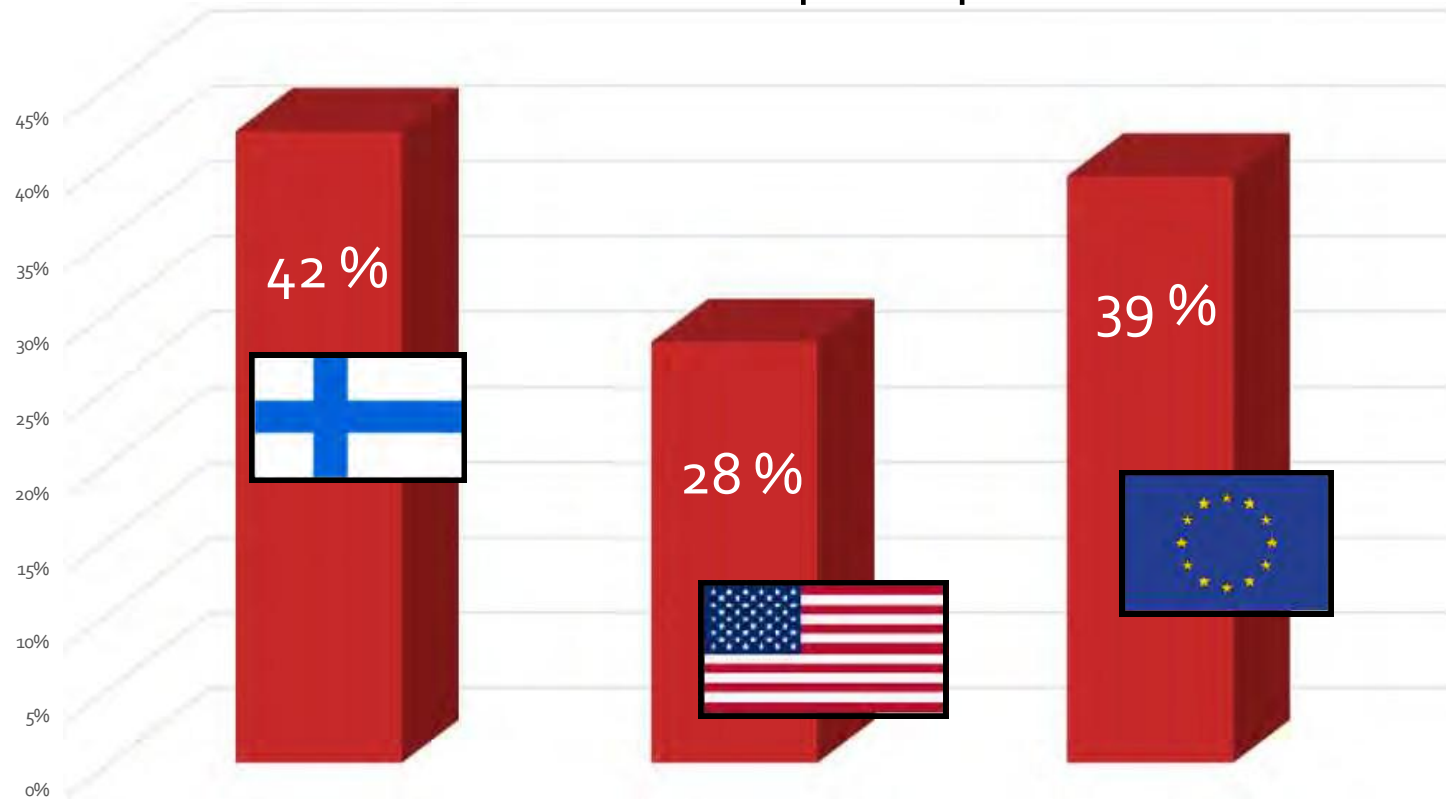
Solutions: Free Trade and Quality of Life

Consumer Goods Consumption Per Capita

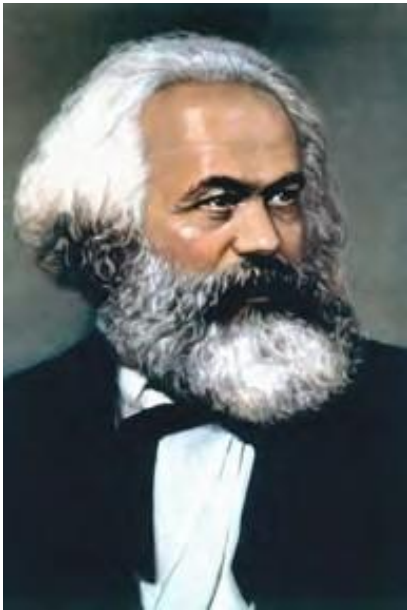


Solutions: Free Trade and Quality of Life

Tax Burden per Capita (non-VAT)



Solutions: Capitalism NOT Socialism



“Capitalism, Socialism, and
Democracy”

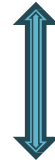
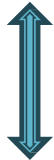
By
Joseph Schumpeter

“Das Kapital”

By
Karl Marx



Solutions: Strategic Partners NOT Big Govt



NIPPON STEEL

Solutions: The DOGE & Policy



- Carrots, not sticks
 - Tax incentives
 - Deregulation
 - Friendly labor laws
 - Consumer focuses



Why no Democrat
Judge Injunctions?

Wrap Up & Questions

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Thank you for coming!

*Getting the
Deal Done
Conference*



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