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**First Merchants
Bank**



Retention Strategies

By Jennifer Griffith

The Ohio Bankers League (OBL) recently hosted bankers from across Ohio to convene on topics that affect our industry. The tireless efforts of the OBL are incredible and we couldn't move forward as an industry without its support.

The experts at the OBL built an engaging agenda that addressed the regulatory requirements affecting our industry, as well as best practices for customer service and career development for bankers. I was honored to be invited to discuss employee retention strategies with a panel of peers making an impact in their local communities.

Our discussion was led by Brian Rhonemus (www.rhonemusgroup.com) and opened with the startling statistic that on Indeed, today there are 18,000 open job positions in banking in the state of Ohio. This causes several problems. First, it means that recruiter calls are at an all-time high, which stresses retention strategy; and second, it means that we aren't attracting professionals to the industry, which causes stress on recruitment efforts.

So what are we doing internally to combat the problem? Leadership and Training 101. Consistently, the first tool out of the tool box in our industry is to hire a full-time trainer. Don't underestimate the power of an effective training program that invests in your team. Think of training as your greatest succession tool. According to Rhonemus Consulting, 42% of employees feel job satisfaction hinges on development opportunities. With a strong training program, you'll be investing in your people, creating space for open communication and providing meaningful programs. A quality program will shine the light on rising stars and identify high performers seeking advancement in your company.

Consider a management curriculum separate from your leadership classes, and always populate your classrooms with cross-functional teammates. Achievement awards (monetary and non-monetary) will help punctuate the importance of completing the coursework. Lifelong learning is likely an attribute you admire, so consider making it a permanent function in your organization.

Another consistent theme was to revisit the company benefits package. Benefits used to be synonymous with retirement packages and insurance plans. Today it's a commitment to respect your team's whole life—not just when they retire or are out ill, but what are you offering in support today? Do you address flexible work hours and flexible work space? How about energy-saving recognition for teammates that bike to work or rideshare with others in your business park? Do you offer a fitness plan? My niece joined a company that offers \$500 in athletic shoes annually to encourage their team to get outside and get active. How about parenting polices and bereavement policies? Has your handbook been updated to remove judgement on outdated family structures? Is your tuition reimbursement policy generous? Do you cover volunteer hours or do you create volunteer gateways? Do you match charitable contributions? Consider sharing ideas with a peer group and encourage innovative ways to build champions. Genuine pride and appreciation are the most powerful retention tools. We'd love to learn more about your approach to employee recruitment, retention, investment and advancement. Raising human capital may be the greatest investment of them all.

If you have a program you'd like to share, please call me. I'd love to hear more.

-Jennifer

Jennifer Griffith is the Ohio Regional President of First Merchants Bank. If you'd like to learn more about retention strategies, please feel free to contact her directly at 614.583.2050 or by email at jgriffith@firstmerchants.com.



Ohio Fall Seminar

First Merchants Bank hosts Roy Hall from The Driven Foundation

On October 3 we hosted a Fall Seminar for clients and employees at OSU 4H Center.

Roy Hall spoke on Servant Leadership and the importance of giving back and giving more. Roy played college football with Ohio State and was drafted by the Indianapolis Colts in 2007. Now Roy focuses on his foundation, The Driven Foundation. Through outreach programs, Roy uses his platform to assist in solving various community challenges. It was an inspiring morning.



Pictured from left to right: Christy Kessler, Josh Riley, Scott McAnaul, Evan Nicholson, Roy Hall, Chris Turner, Beth Maisenbacher and Aimee Gilliland

Ohio Banking Centers

Cristo Rey Students join the Ohio Region

We have four new Cristo Rey students working at First Merchants Bank this year. They work in our Olentangy office as Junior Commercial Administrators.

Cristo Rey High School is unique because of their work study program. The work study program funds the students' education.

Their duties include sorting incoming mail, scanning, researching and reception duties.

Students:

Deja Church – Freshman

Gianna Federico – Sophomore

Isela Ochoa – Junior

Edward Amoako – Senior



Pictured from left to right: Chris Turner, Gianna Federico, Isela Ochoa, Edward Amoako, Deja Church, Jacqueline Walls and Becky Bond



Associate Spotlight First Merchants Bank




First Merchants
Bank

Expert
Team

First Merchants Bank's signature approach to mortgage lending is a strong collaborative effort, with each team member providing exceptional depth of knowledge, commitment and skill. First Merchants' responsive banking experts have an advantage as they deliver their full product portfolio. The team has years of experience in the central Ohio market, and they care deeply about their community and clients.

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"I think being local helps with connectivity," explains Gary McNutt, vice president of mortgage banking at First Merchants. "Our local team is connected to the community in many ways, which provides for a strong network of stakeholders, including local home builders and developers."

Also setting the First Merchants team apart is its powerful dedication to high performance levels. "To me, one of our benefits is our sense of urgency," says Rod Lake, who recently retired as First Merchants' mortgage sales manager, after a 45-year banking career. "Everybody understands that time is money."

The bank's growing mortgage team transitioned leadership over the summer as Lake retired from overseeing the group. He handpicked McNutt, a high-level bank manager, to succeed him. Lake had been looking for top-tier talent to maintain the team's growth-oriented



culture, and he found it in McNutt. McNutt was not only the perfect fit, but his appointment quickly generated excitement for the future of First Merchants' mortgage team. "I think having Gary lead the team is fantastic. He can take us to the next level," says Lake.

Strength of Big, Service of Small

First Merchants has been serving Columbus since 2003. The bank combines strong commercial, mortgage and consumer products to support its community. The mortgage line of business offers a full array of products, including conventional financing, jumbo mortgages, construction loans, FHA, VA, Fannie Mae and Freddie Mac.

First Merchants' Ohio Region is led by Jennifer Griffith, who was appointed regional president in 2008. Griffith is focused on delivering financial solutions to businesses, families and partners in the community.

The Ohio team, which is 150 employees strong, is empowered to make local decisions, which differentiates First Merchants in the marketplace. "The bank's tagline 'The strength of big, the service of small,' represents a key driver of our success," says Griffith. "We are a team of highly knowledgeable and responsive professional bankers, focused on delivering solutions for our clients." First Merchants Bank combines the resources of a large bank, offering broad financial services with product delivery by local bankers who are known and trusted in their own communities.

"What makes us different is that we are focused on whole bank solutions," says McNutt. "Our team partners with private wealth advisory, commercial, investment real estate, business banking and retail strategies. With the whole bank solution, we have multiple ways to lend and multiple opportunities to make an affirmative decision for a borrower."

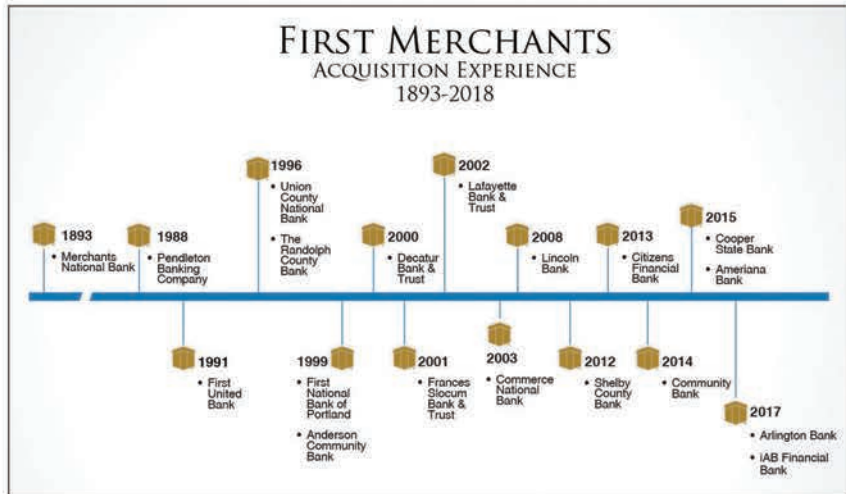
"Being a portfolio lender gives us the ability to be flexible. We are able to listen to our applicants' needs, and respond with solutions for both the secondary market and our portfolio," says Greg Valentino, a mortgage team member.

Local Edge

First Merchants Bank's mortgage lenders bring years of Columbus market experience to every project. Team members have worked on multiple projects with builders throughout central Ohio. They have a good understanding of different builders' products, building strategies and vision.

In 2016, First Merchants acquired The Arlington Bank and punctuated its commitment to home ownership. With the

First Merchants Bank uses a strongly collaborative approach to deliver an outstanding level of customer service, and its experienced and knowledgeable local team is now led by longtime BIA member, Gary McNutt.



acquisition, First Merchants added local underwriting and processing. The expertise, culture and chemistry of the established local team was a top priority for First Merchants to maintain. Since the team is local, they know central Ohio's building community and neighborhoods in a way that a banker out of market can't. "We are here and able to meet with folks face to face and move a construction draw process along quickly and seamlessly," says McNutt.

Says Chris Adams, a mortgage team member: "First Merchants is a community bank with experienced, in-house decision making, utilizing local appraisal companies, and a very strong single close construction program. We pride ourselves on working closely with the builder and borrower to provide excellent services throughout the entire construction process."

"We're able to make the lion's share of our decisions locally and that's important because there is a context to the community and there's a deeper tie to our customers," says McNutt. Strongly committed to central Ohio, the whole First Merchants Bank team is given regular time off to volunteer in the community.

"Having all the underwriters, processors and loan officers under the same roof strengthens the team atmosphere. We all work together to accomplish the same common goal, to help as many of our customers as possible achieve their dream of homeownership," says Valentino. "It is not uncommon to see a loan officer, processor and underwriter sitting in the same office, discussing how we are going to structure a loan to benefit our customer in the best way. Having all the loan officers

working in the same building is a big benefit because we are able to bounce ideas off of each other on a daily basis," he observes.

A Bright Future

With his strong background in mortgage lending and title company management, McNutt was a solid choice. After a mentor steered him toward title insurance work, McNutt served as vice president and manager in the new homes division at TransOhio Title Agency, before moving up to become president of Stewart Title Agency of Columbus, a position he held for a dozen years. First Merchants is proud to welcome McNutt to the team.

Since his earliest experiences 25 years ago working with builders on closings and construction draws, McNutt has been deeply involved in the home building community. "That was my first opportunity to work closely with builders and have a better lens into how they work and what their expectations are in terms of customer service," he says. McNutt has been an active BIA member for 25 years and has served on the BIA board.

Griffith is confident the future is bright. "The expertise and combined experience of the local team is delivering valuable solutions to builders, developers and homeowners," she says. ●



Community Day

First Merchants Community Day at Gracehaven

First Merchants Bank had a Community Day at Gracehaven on October 25. Gracehaven is a faith-based non-profit organization serving any minor under the age of 18 who has been sexually exploited.

Three of our employees transformed a dingy, cluttered, disheveled, chaotic three-car garage into a shopping area of clothing, shoes and a “boutique” where the girls can purchase items with their “currency.” The girls earn buttons for their good behavior, that is defined by being helpful, kind, and respectful, following the house rules and doing their chores without complaining.

We received a letter from Gracehaven that stated: “Your colleagues were lovely and very understanding of the population we serve. It turned out three of the girls stayed home from school and we all had lunch together. One young girl, who just came to us last night, was very helpful as a consultant! It’s hard to express the gratitude I feel for you and your colleagues. It’s heartwarming and encouraging to know that organizations and individuals have a heart for helping in this important ministry. Thank you so much.”

Employees also donated gift cards, toiletries, tablets and personal care items to Gracehaven.



Pictured: Nicole Kauffman, Pamela Adams and Sally Schwab



Community Day

National Church Residences Community Day

Four employees participated in a Community Day at National Church Residences on Nov 8. National Church Residences provides quality senior housing in affordable, caring communities.

Our employees painted the poles in the garage so that they are more visible for the residents.



Pictured left to right: Marigene Dolven, Mike Curran, Christy Kessler and Gabrielle Dent

Community Day

Kyle Miller Memorial 5K

On Sunday, September 23, the fifth and final Kyle Miller Get Wild for Wildlife 5K was held at Hilliard Municipal Park. Pam Miller, Corporate Senior Credit Officer, along with friends and family, organized the race in memory of Pam's son, Kyle. First Merchants employees Sally Schwab, Susan Adams, Anna Blankenship, Jennifer Griffith, Martin Brady, Tracy Wait, Marigene Dolven, Deborah Vazquez and Scott McAnaul assisted with credit card transactions, silent auction and raffle ticket sales and with directions on the race course. This year's race, along with a golf scramble, raised \$43,000, bringing the total raised to \$209,000. Proceeds from the 5K fund an endowed scholarship at Otterbein University, as well as support for the Ohio Wildlife Center. Fourteen Otterbein students have been awarded scholarships, which have assisted with expenses for internships including studying panda bears in China, green tree frogs in Panama, monkeys in Africa and at zoos in the U.S. Ohio Wildlife Center donations have been used to purchase fishing equipment and to stock their ponds and build decking to allow kids to learn fishing at summer camps. Pam wishes to thank First Merchants and so many individual people for their support throughout the last five years.



Pictured: Pam Miller, Craig Miller, Andy Hundley, and Ashlin Hundley



FOR THE GO-GETTERS

First Merchants has all the financial banking tools to make your life as efficient as possible.
For more information, please call 800.205.3464 or check us out at [FirstMerchants.com](https://www.FirstMerchants.com).

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Senior Housing Sector

By Mike Curran

The senior housing sector has recently come under scrutiny for the challenges it faces with occupancy and expense control; however, the ever-increasing aging population continues to generate a favorable outlook on this sector. The Baby Boomer Generation is aging and they

need a place where they can be cared for and call home. Lucky for you, a senior housing facility is being built in a neighborhood near you. With the first wave of the Baby Boomers now hitting age 72, and with 10,000 a day turning 65, the senior housing sector will continue to perform, not just in the coming years, but the next decade. The 65 and older population will total 75.5 million people by 2030. These growth numbers, however, do not hide the challenges currently facing the industry.

The industry is experiencing challenges from an operational perspective with lower occupancy numbers and expense control. During 2017, the number of new senior housing units opening grew to over 30,000, resulting in the highest level of inventory growth ever seen in the industry. As a result, occupancy trended down slightly from 89.0% to 88.6% during 2017. During 2018, growth has been somewhat tempered, with 28,000 new senior housing units coming on line, while the construction pipeline for 2019 and 2020 delivery has decreased. With all these units coming on line, expense control has become a challenge as labor costs continue to increase. The Bureau of Labor Statistics reported healthcare occupations added more jobs than any other occupational group. Employment of healthcare occupations is projected to grow 18% from 2016 to 2026, which is much faster than the average for all occupations, adding 2.3 million jobs. With

low unemployment, the tight labor pool will increase tenant demands for new amenities. The demand for amenities will allow seniors to feel less institutionalized and more at home, while they maintain as independent of a lifestyle as possible.

The senior housing sector continues to experience positive trends in the capital markets arena. Among real estate investors and capital providers, senior housing remains the star for its continued stability and favorable long-term outlook. According to data from National Investment Center for Senior Housing & Care, senior housing transactions totaling \$2.6 billion closed in the first quarter of 2018, and private buyers accounted for \$1.3 billion of those transactions. This is the 19th consecutive quarter of more than \$1 billion closed by private buyers. No matter the challenges facing the senior housing sector, there is and will be continued demand as our parents and grandparents continue to age.

Mike Curran is a Relationship Manager for First Merchants Bank in Ohio. If you would like to connect with him, please call 614.583.2059 or email mcurran@firstmerchants.com.



Good to Great

By Mike Kramer

As we approach the end of the year, it is a common time for us to look back on the successes and challenges we had during the year and reflect on how we can improve our business for the following season. To

borrow from Jim Collins, how can we go from “Good to Great?”

Business owners are charged with creating the vision of the company and driving the technical aspects of the operation, but they can’t be an expert in all areas. Where can they go to help fill those voids and drive the business into becoming a great operation? Consider forming a board of advisors.

A board can be intimidating to a business owner but, when done right, it can bring new perspectives to the operation and provide additional strength to counteract any weaknesses the owner might have. Consider these advantages:

Individual strengths: An ideal board will consist of members who have wide-ranging skills and experiences. This knowledge base diversity can be leveraged in many different areas of a business to provide guidance. When the right mix of board members are selected, they can provide specific skills that a business owner and management team may be lacking.

Challenging thinking: Business owners are notorious for their optimistic philosophies toward their businesses. While this is certainly a trait that keeps an owner motivated, the right advisory board can challenge the owner to think clearly and objectively.

Creative ideas: When owners are overwhelmed just trying to operate their businesses day in and day out, they often lack the time or experiences to see beyond their daily routines. Board members can bring a new

perspective regarding untapped opportunities and innovative solutions that can propel a small business to a higher level of profitability.

Networking: Board members can use their connections for possible funding sources, finding strategic partners, knowing vendors, or connecting owners with subject matter experts. Leveraging the connections of board members can increase the visibility of a business to other members of a community.

Sounding board: Sometimes a business owner does not have a specific problem or situation that needs to be addressed, but just needs a sounding board of “think tank partners” to kick around the pros and cons of doing something “this way or that way.” Sometimes hearing other points of view can steer an owner in the direction needed to create future growth.

Personal Development: Business owners understandably know the technical aspects of their businesses, but frequently can lack experience in management, communications, or interpersonal relationships. Advisory board members with a wealth of diversified experience can serve as mentors for a business owner’s personal development.

When done right, an advisory board can broaden the foundational knowledge of a business and help propel it to the next level of success.

Before embarking to create an advisory board, seek out others that have been successful in this area to gain best practices. There are a number of individuals and organizations that can be a valuable resource to help develop the board. You’re not alone in this journey. Seek out the best advisors and they will help propel you into greatness. We wish you a prosperous 2019!

Mike Kramer is a Relationship Manager for First Merchants Bank in Ohio. If you would like to connect with him, please call 614.583.2141 or email mkramer@firstmerchants.com.



Working Capital Lines of Credit

By Morgan Lewis

Working Capital Lines of Credit: What they are, what they're not, and why you may need one. In the Practice Finance space, we like to encourage all of our clients to consider a working capital line of credit. In

our experience, prudent business owners would rather have a line of credit and not need it, than be faced with a cash shortfall when payables and receivables don't line up. If used correctly, working capital lines of credit can be an invaluable asset to a business.

What they are: One of the primary causes of confusion with working capital lines of credit is a misunderstanding of the term "working capital." Technically, working capital is an accounting equation that is used to determine operating liquidity. The equation, (current assets - current liabilities), provides insight on how well a business can meet its operating needs with cash and cash equivalents on hand.

Working capital lines of credit are designed to balance out the ebbs and flows of the cash flow cycle. They provide short-term interest-only financing to cover a working capital deficit, and principal can be paid back when the business has excess working capital.

What they're not: Working capital lines of credit are for short term debt, and therefore should not be used to purchase assets with a long-term useful life. Large pieces of equipment and assets that should be capitalized should not be put on a line of credit. Instead, ask your banker about a term loan for these fixed asset purchases.

In Banking, we often see what we refer to as "evergreen" lines of credit. This means that a line of credit is fully drawn and the borrower continues to make interest-only payments without making payments to

principal. Often, lines become evergreen when they are used improperly. Over time, the borrower will pay more on evergreen lines of credit, because they will continue to pay interest on the entire outstanding balance.

Why you need one: The great thing about working capital lines of credit, is that there are minimal fees if the line is not being utilized. While some borrowers extend and then pay down their lines of credit every month, other borrowers prefer to have the line open as a safety net. If you have payables and receivables, inventory, or cyclical revenues, ask your banker how a working capital line of credit could help your business.

Morgan Lewis is a Relationship Manager for First Merchants Bank in Ohio. If you would like to connect with her, please call 513.794.7450 or email mlewis@firstmerchants.com.

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Graceland: 5090 N. High Street – 614.408.0480
Grandview: 1460 Grandview Avenue – 614.408.0250
Karl Road: 1616 E. Dublin–Granville Road – 614.408.0410
Olentangy: 3650 Olentangy River Road – 614.583.2200
Reynoldsburg: 6950 E. Main Street – 614.408.0375
Sawmill: 5811 Sawmill Road – 614.408.0274
Upper Arlington: 2130 Tremont Center – 614.486.9000
Upper Arlington: 4621 Reed Road – 614.486.9000



Congratulations, graduates! By: Nicole Kauffman

“Leaders are dreamers. Leaders are idealists. Leaders are possibility thinkers.” —Jim Kouzes and Barry Posner, The Leadership Challenge

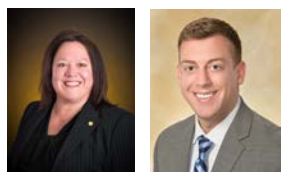
Nine members of the First Merchants Leadership Challenge class in Ohio, led by Learning and Development Specialist, Jeff Curts, have graduated from their nine month commitment to becoming better leaders. The Leadership Challenge was created by Jim Kouzes and Barry Posner to be a global commitment to liberate the leader in everyone. In order to complete the class and journey, the members had to create and present a project centered on leadership that would benefit First Merchants as a whole.

The group comprised of Greg Valentino, Marina Smith, Scott McCurdy, and Nicole Kauffman focused on the book *Endurance: Shackleton’s Incredible Voyage* and how the inspiring vision and leadership of Ernest Shackleton could be used to foster leadership within First Merchants.

The group comprised of Justin Baker, Beth Maisenbacher, Jon Meister, Josh Howell, and Scott McAnaul presented on the annual Gold Shield Awards and how we can make the awards more inclusive across the footprint and how that could lead to better employee engagement.



Lisa Higginbotham - Private Banker | Dan Schwegman - Wealth Advisor



First Merchants Private Wealth Advisors is proud to announce Lisa Higginbotham and Dan Schwegman as two new members to the First Merchants team in the Columbus Ohio market. Lisa, who is a private banker, has spent twenty years in the banking industry, mostly as a personal banker. Dan, a wealth advisor, has spent his career in wealth management. Together, Lisa and Dan, along with their partners, will deliver the full suite of solutions offered by First Merchants Private Wealth Advisors. These services include private banking and personal lending, investment management, trust and estate services, financial planning, and retirement plan services. Lisa and Dan look forward to their bright futures with First Merchants Private Wealth Advisors and to serving the greater Columbus market.