



BankNotes

Third Quarter News

The Arlington Bank

First Merchants Corporation successfully completed its legal merger with The Arlington Bank.

Don't Fear Changes in Manufacturing

Explaining the state of factory jobs in America is no easy feat.

First Merchants Hikes to Hocking Hills to Help BBBS

Giving back to Big Brothers Big Sisters at Camp Oty'Okwa in Hocking Hills.

First Senior Class Graduates from Cristo Rey

47 seniors graduated from Cristo Rey Columbus High School on June 11.



THE STRENGTH OF BIG THE SERVICE OF SMALL



The Arlington Bank

By Jennifer Griffith

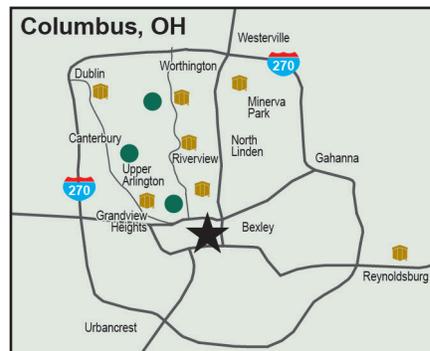
This quarter, First Merchants Corporation successfully completed its legal merger with The Arlington Bank. With the addition of The Arlington Bank, we now serve our customers through over 100 banking centers and five

regional sales markets. The full integration of The Arlington Bank, including, but not limited to, a brand change to First Merchants Bank, new products and the introduction of First Merchants Private Wealth Advisors, is expected to be completed during the third quarter of this year.

For nearly twenty years, the associates and management team of The Arlington Bank have been driven to be the bank of choice in the Upper Arlington and Grandview communities. We are extremely excited to work with this exceptional team of community bankers, and look forward to building

Arlington Bank, stated, “We look forward to being a part of First Merchants and working with Mike Rechin and his team to bring the best of both organizations to the Upper Arlington and Grandview markets. We have a deep-rooted commitment to community banking by providing personalized financial service solutions to retail and mortgage customers.”

The people make the difference and we’re excited to join forces with Tom Westfall, President of The Arlington Bank, and his management team. They have played a pivotal role in providing real estate financing and retail banking solutions while producing high



KEY	
	Current FMB locations
	Will Soon Become FMB locations

levels of performance. We are extremely proud to partner with our new teammates.

For our First Merchants clientele, you may now use any Arlington Bank ATM, but the branch locations will not be available to complete transactions until after the full integration, expected during the third quarter.

Columbus, Ohio is one of the fastest growing markets in the country and we’re excited to be growing with it. If you have any questions or comments, please don’t hesitate to call me or ask your First Merchants Relationship Manager. 🏠

great relationships together. The core values of both companies share a commitment to local decision-making, personal service, long-term relationships and community involvement.

James R. DeRoberts, Chairman and CEO of The

Jennifer Griffith is the Ohio Regional President of First Merchants Bank. If you have any questions or comments about The Arlington Bank transition, please feel free to contact Jennifer directly at 614.583.2050 or by email at jgriffith@firstmerchants.com.



Don't Fear Changes in Manufacturing

By Mike Hicks

tell us what we need to know about American factories and workers. To tell that story, maybe it is good to re-tell the story of American farms. This is a good time of year to do so.

It is well into growing season across the Midwest. In just a few weeks fields of corn and beans will turn a mellow gold, and soon men in combines will labor through the day and night to gather crops. Still, all is not good here. There have been terrible job losses on farms, more than 10 million since the record year. It is sad to look at India, China and Mexico that have millions and millions of farm workers. It is a huge problem and all those lost jobs have left many towns and cities devastated. We have to take a very hard look at this problem. This sounds familiar, but it is only half of the story.

This will be a big harvest in the Midwest. There will be much food, maybe the largest ever in America with millions of bushels of corn, beans and vegetables. That is good, since we have an extra 250 million mouths to feed since peak farm employment. And, from the looks of it they are better fed than ever. In fact, by almost every measure this season may be the largest agriculture crop in history. So what, you might ask, happened to all those farm jobs?

Well, someone thought it'd be a fine idea to hook a car engine to a plow. That worked so good, he did the same thing to all the other farm tools that horses

Explaining the state of factory jobs in America is no easy feat. We know there are job losses, 5.5 million since its peak, and that we can buy products from China and Mexico in nearly every retail store nowadays. These things are real, true and clear to see. But they do not

and mules used to pull around. When you add that clever idea to crop rotation, pesticides and better seed hybrids, well then that farm really takes off. No need to keep Junior around to make the farm work. There is precious little need for blacksmiths, bridle makers, or folks to dress a millstone. Those were once high paying, skilled jobs. They didn't go overseas, they simply went away.

Now, the story about manufacturing is much the same. Most of those 5.5 million manufacturing jobs that we have lost since the late 1970s have simply evaporated due to a more productive workforce. Some indeed,



have been lost to China, Mexico and those dastardly Canadians. However, here the agricultural example still works.

In the century since peak farm employment, the U.S. has added more than a million new jobs. We are currently at peak employment. These new jobs have come in occupations not imagined a hundred years ago. Likewise with lost manufacturing jobs. For every ten manufacturing jobs lost, we've gained 14 new jobs in logistics alone, and almost 50 million other private sector jobs. Many of these jobs indirectly support manufacturing production, which is near its record peak.

Manufacturing is important to the Midwest, and manufacturing employment has been a key part



of the local economy throughout Ohio and Indiana. As manufacturing sits at near record production levels, employment continues to change. It is becoming more technical, and each individual more important to the overall production process. It is ironic that at a time when manufacturing is increasing capital intensive, that each individual worker matters more, not less to the profitability of the factory. The end result is that there will be wages and benefits for those workers who are skilled enough to continue to work in the factory of the future. 🏠

Michael J. Hicks, PhD, is the Director at the Center for Business and Economic Research at Ball State University. Dr. Hicks' views do not necessarily reflect the opinion of First Merchants Bank and First Merchants Corporation.



Positive Pay - It's Your Money, Protect It!

By Jennifer Wehrly

Have you recently experienced electronic fraud? First Merchants Bank is excited to announce we have added Automated Clearing House (ACH) Positive Pay as a bundled product along with our current Check Positive Pay product.

According to the 2017 AFP Payments Fraud and Control Survey, 60% of organizations reconcile daily to identify and return unauthorized ACH debits. 50% block all ACH debits, except those with ACH debit filter and/or ACH Positive Pay.

ACH Positive Pay helps protect your business against unauthorized or fraudulent electronic transactions. This service allows you to filter or pay ACH debit transactions and provides the peace of mind that only



authorized debits will be paid from your accounts.

There are many benefits for utilizing this service, with a few noted below:

- Saves you time, money and worry involved in dealing with unauthorized or fraudulent transactions
- Add, edit and delete rules for incoming ACH debit transactions by Originator
- Check Positive Pay and ACH Positive Pay Exceptions are decisioned in the module

It's not **IF**, it's **WHEN** a fraudulent transaction will occur. If you are interested in protecting your business against unauthorized or fraudulent electronic transactions, which occur every single day, please contact us to get your money protected now! 🏠

Jennifer Wehrly is Treasury Management Officer, Team Lead at First Merchants Bank. If you are interested in ACH Positive Pay for your account, please contact Jennifer at 614.583.2121 or jwehrly@firstmerchants.com.



Is Brick and Mortar Retail on Life Support?

By Ted Trabue

From rural malls to Main Street in a big city, the status of shopping centers is under attack. There have been nine retail bankruptcies announced in the first half of 2017. This is as many as in the entire year of 2016. JCPenney, RadioShack, Macy's and Sears have

announced over 100 store closings each. Sears is going as far as issuing an “on-going concern” statement. A major recession could cause such closings, but GDP has been increasing for eight straight years and retail sales overall have been increasing over the same period – albeit at a snail’s pace. So what is going on?

Generally, there are three main reasons cited for the current retail troubles – online shopping, over development and changing consumer desires.

The simple explanation is that Amazon is cannibalizing



traditional stores. Between 2010 and 2016, Amazon sales have increased from around \$16 billion to approximately \$80 billion. To put it in perspective, total annual sales for Sears is around \$22 billion – so Amazon has grown by almost three Sears’ companies in six years. Amazon is of course not the only reason for retail troubles. Online sales have increased by double digits for many years. First

attacking music, media, and book stores, and now, with easy return policies and store apps, more traditional clothing and even appliance stores. A sub-sector of online shopping includes mobile shopping, which is growing at a percentage ever faster than online retail itself – going from approximately 2% several years ago to 20% today.

From the mid-1970s through 2000, retail space grew faster than the population. It is estimated that there exists 23.5 square feet of retail space for each man, woman and child in the US, almost 50% more than our nearest competitor – Canada with around 16 square feet per capita – and several times the world average. Of the 1,200 malls in America, it is estimated that 300 must close their doors to realign supply with demand.

While harder to quantify, it appears that millennials value “experience” over material items. Clothing sales are down almost 20% since 2000, while restaurant sales, hotels and airlines sales are booming. During 2016, for the first time ever, Americans spent more money in bars and restaurants than they did at grocery stores.

These are only some of the causes. Out-dated brands, poor management, technology changes, poor purchasing, changing and shifting demographics, the effects of the latest recession, poor store design and any number of other factors affect the consumer. Changes in consumer expectations are inevitable – anyone want to go to the drive-in movies tonight? 🏠

Ted Trabue is a Relationship Manager at First Merchants Bank. If you are interested in discussing this article further, please contact Ted at 614.408.0271 or ttrabue@firstmerchants.com.



Ohio Banking Centers

Banking Center Highlight: Graceland

If you haven't taken the time to stop by one of our banking centers, Graceland would love to meet you! Located at 5090 N High Street, our Graceland banking center is just south of Worthington. The Graceland location was acquired in 2009. Before the bank, the building was the first Howard Johnsons Restaurant from 1950–1969. It then became Ground Round Restaurant in 1969–2001 and lastly, it was The Melting Pot fondue restaurant from 2001–2007. Worthington was one of the Midwest's first planned communities, blending commerce, residential life, education and faith.

Lezlie Garcia, Banking Center Manager, has been in the banking industry for 22 years. She has held positions as teller, business development officer, and branch manager. She relocated to Columbus from Northwest Ohio in 2006, when her husband returned from Iraq. In between her banking career, she worked for 6.5 years as a military contractor supporting Ohio Army National Guard families. Lezlie has been with First Merchants Bank for 3 years, and she resides in Lewis Center with her husband and her two college-age children. She loves animals, especially her dogs, Sophie and Abby, along with one cat and two sugar gliders.

Some fun facts about our Grandview team: Jeri Jones, Banking Center Customer Service Manager was a rock singer in her past and is an avid football fan. Wade Beachy, Customer Service Representative loves sports and completed his student teaching in China. Ali

Lehmenkuler, Service Associate loves to sleep and has an artistic ability with make-up. Ashley Lajko, Service Associate loves to bake and play the piano. Madison Kingery, PT Service Associate studies at Ohio State University and would like to own a dog someday.

The Graceland banking center is involved in Worthington and the surrounding community. They are a member of the Worthington Chamber where Lezlie is actively involved, holding a Board of Trustee position, and holds several chair positions for upcoming events. 🏠

If you'd like to talk to Lezlie Garcia, Banking Center Manager further please give her a call at 614.408.0485 or by email at lgarcia@firstmerchants.com.



FMB Graceland banking center used to be the first Howard Johnsons restaurant



Graceland team pictured above from left to right: Jeri Jones, Ali Lehmenkuler, Lezlie Garcia, Ashley Lajko, Wade Beachy and Madison Kingery



First Merchants Serves

First Merchants Hikes to Hocking Hills to Help Big Brothers Big Sisters

On Friday, June 16, a team of FMB Ohio employees traveled to Camp Oty'Okwa, a Big Brothers Big Sisters campground in Hocking Hills, to volunteer their time for the day. This group included Brittany Lang, Jody Shonk and Brittany Rambacher. It could not have been a more beautiful day to help out at camp!

The group was able to fill their day with a maintenance project at the campground since there was no camp in session when they were there. This included removing screens from double hung windows and cleaning the inside and outside of the windows and doors of the main cabin. The main cabin is the largest of all the buildings on the campground and is where the children eat their meals and have activities. It has around 100 windows and doors to let natural light fill the space. The group took a break while cleaning and ate lunch at a local pizza shop. After they finished cleaning the windows and doors, the group went on a hike with the camp counselor to see Split Rock.

Camp Oty'Okwa is a privately-owned and preserved 700-acre gem in Hocking Hills. This beautiful camp is owned and operated by Big Brothers Big Sisters of Central Ohio. Hundreds of children benefit from its summer camp programs each year, and its year-round facilities are available to community and school groups. Camp Oty'Okwa has been in existence since 1942. 🏠



Pictured above: Brittany Lang–Barchalk, Jody Shonk and Brittany Rambaucher



What is the CFPB?

By **Walter Kropp**

The Consumer Financial Protection Bureau (CFPB) is an agency of the United States government responsible for consumer protection in the financial sector which includes banks, credit unions, securities firms, payday

lenders, debt collectors and other financial companies operating in the United States. The agency opened in 2011 as a result of the Dodd–Frank Wall Street Reform and Consumer Protection Act sponsored by Senator Christopher Dodd and Representative Barney Frank in response to the late–2000s recession and financial crisis. Richard Cordray from Ohio has been in charge of the agency since 2012.

Simplistically, the CFPB oversees Wall Street, stops banks from gambling with depositors money, regulates risky derivatives, puts some form of structure to hedge funds, oversees credit rating agencies, regulates credit

government overreach because it is allowed to make policies outside of the formal rule making process, has done an excellent job of restricting credit, and has no accountability to Congress or the public for its budget or actions. It currently has a staff in excess of 1,600 and funding of \$606 million annually.

This inordinate control over consumer finance is constraining credit and may be harming the economy. There have been calls to curtail the CFPB's unconstrained powers over the last couple of years. Up until last year, the President of the United States could not remove “without cause” the head of the CFPB.

Republicans have long sought to eliminate or drastically reform the CFPB, and in conjunction with President Trump, may be able to eliminate or drastically revise this controversial agency. This would give Congress the opportunity to free consumers and small businesses from the CFPB's regulatory impositions. Stay tuned, but I am sure there will be more wrangling over this agency in the months and years to come. 🏠



Walter Kropp is a Relationship Manager at First Merchants Bank. If you'd like to discuss more about the CFPB with Walter, call him at 614.408.0240 or email him at wkropp@firstmerchants.com. Walter Kropp's views do not necessarily reflect the opinion of First Merchants Bank and First Merchants Corporation.

cards, loans and mortgages, increases supervision of insurance companies and gives the government's accountability office new powers.

Many would say that the CFPB is a perfect example of



Maintaining a Profitable Dental Practice

By Mike Mantor

contribute to the ultimate success and profitability of a dental office. Sometimes it is a case of low production. If in fact production efforts do need to be increased, this can be accomplished in a variety of ways. But too often, practitioners focus primarily on their gross production, while ignoring the percentage of overhead. From an expense standpoint, there are four major areas that have the most significant impact on a practice's overhead. These are rent (or mortgage), staffing (payroll), lab and supplies.

On a national average, dental offices run at 75% overhead. This means a practice producing \$1MM in revenue would take home \$250,000 in net income. However, a well-managed office can net closer to 40% income while only having 60% overhead. This would capture an addition \$150,000 in net income, bringing their take home pay from \$250,000–400,000. Most expenses can be reduced by thoughtful planning, strategic execution and implementing a strict

Interest rates, construction cost, insurance premiums, and cost of goods are all on the rise. In today's environment, running a profitable business is more difficult than ever. This is especially true for running a dental office. Revenues and expenses both equally

budget. This enables a practice owner to stay on top of expenses that are siphoning hard earned income from the bottom line.

Typically, rent is around 5–7% of overall expenses. In most cases, owning versus leasing space is a far better option when considering the tax advantages associated with ownership. Deducting items like interest expense, amortization and depreciation most often outweighs expensing the monthly rent payments as an operating item. If you are in a lease situation, renegotiating your lease terms can add a great deal to your bottom line.

Staffing can also be an issue. Maximizing your staffing efforts is critical to sustain a profitable practice. For example, hiring on an EFTA (Expanded Function Dental Assistant) enables a practitioner to have more free time to produce more dentistry. Most offices outsource complex procedures to a specialist. This can add up to a great deal of income being left of the table. Alternatively, bringing on a specialist part-time as a 1099 employee may be an option. This allows you to not only capture a percentage of income that individual is producing, but additionally eliminates the possibility of your patient being captured by a direct competitor.

Lab expenses typically hover around 10% of overhead unless the office has technology in-house (Cerec or E4D). Purchasing technology that can aid in the overall patient experience can both bolster production and reduce the amount of your lab expense. Supplies generally run between 5–7%. In an extremely competitive market, this can be accomplished with strategic planning and a strong relationship with your dental supplier.

Lastly and most importantly, like the old saying goes, "timing is everything." This can be true of career





opportunities, a good stock tip, or meeting your future spouse. However, this is especially true when discussing one's retirement. In many cases, retirement is prompted based on health reasons. Years of poor posture has caught up to your back and/or shoulders, and working a full week isn't possible anymore. So gradually, you begin slowly scaling back your schedule. Not only is there a lot of dentistry being left on the table, but more importantly, your production starts to suffer. Decreased production prior to retirement will be costly. Ultimately, you will only realize a fraction of the potential sale price had you kept your eye on the prize and maximized your production efforts while minimizing expenses.

One way to combat this is to be proactive by bringing on an associate at least three years prior to you exiting the practice. This will not only allow you to maintain production, but will provide you the opportunity to increase production. Secondly, you will have an ability to mentor this individual and teach them the management aspect of business, not just "drilling and filling." Most importantly, it allows your associate to develop a strong personal relationship with your patient base, minimizing typical attrition associated with one's retirement. 🏠

Mike Mantor is a Relationship Manager with First Merchants Practice Solutions in Ohio. If you'd like to discuss maintaining a profitable dental practice, call him at 513.794.7457 or email him at mengle@firstmerchants.com.



Private Wealth Advisors

By David Brechbuhl

It is summer! The kids are out of school and you are enjoying the sunshine. As you prepare for August to send your children and grandchildren back to school, we are always brought back to the realities of life. Whether your life is working hard to provide for your family and building a nest egg, or whether you are enjoying the fruits of your hard work in retirement, First Merchants Private Wealth Advisors can help. We partner with you, to help you achieve a secure financial future.

First Merchants Private Wealth Advisors surrounds each of our clients with a team of financial professionals to deliver powerful local resources, a comprehensive and coordinated approach, and our standard of excellence to you. Our investment team stands ready to build a tailored portfolio for you to meet your current and future needs. Our trust advisors assist clients with administration of their accounts, provide estate planning and tax strategies, including 529 college savings contributions or assisting with charitable giving. Our private bankers design customized solutions for all of your lending needs. If you have thoughts about home improvements or adding a pool, a home equity line or portfolio line of credit may be just the answer.

If you are a business owner or manager, our retirement plan services team can review your current 401(k) or retirement plan situation and offer options or a second opinion. First Merchants Private Wealth Advisors can offer solutions to meet the needs of your organization and employees.

As you and your family start to plan for the coming school year, know that First Merchants Private Wealth Advisors is ready to partner with you on your goals,



desires, needs and wants, and present appropriate solutions tailored to your personal situation.

Please feel free to contact your current First Merchants partner for an introduction to our private wealth team. Have a great summer, enjoy your family, and create great memories. Continued success to all. 🏠

David Brechbuhl is the Director of Client Development for First Merchants Private Wealth Advisors. If you'd like to discuss our private wealth services, call him at 317.844.2399 or email him at dbrechbuhl@firstmerchants.com.



Children and Debt

By Graham Montigny

One very important lesson we all need to learn as we grow up is how to manage our debts, pay our bills on time and eventually pay them off in full. My mother taught me how to do this while I was still very young.

Here is the way that she did it. When I absolutely just had to have that Hot Wheels toy car at the check-out line, located exactly at six-year old eye level, to not make a scene, my mother would finance it for me. Terms were at the Bank of Mom and Dad interest rate of 0%, so pretty generous. But only if I could pay for one half of the toy with my saved allowance money. She wanted a big down payment! And she would only finance one loan at a time so you learned to not “ask” for a new toy until the prior one was paid off.

When we got home after the big purchase my mother would get out a piece of paper and write on it “I OWE MOM \$1.25, date of: x/x/xx, for toy car” and make me sign my name on it. My first promissory note. She would then tape that promissory note to the refrigerator and it stayed there until the loan was paid in full. Payment requirements were that at least half of

the weekly allowance I earned from chores had to go to pay off the toy car debt. Since my allowance was paid every Friday when my father got home from work, she was right there, with her hand out expecting her part of my allowance for payment on the debt. She was a tough loan collector, but it sure taught me to pay on time. She would mark the date and amount of each payment and kept a running payment ledger of the balance on the promissory note until it was paid to zero.

This promissory note and payment ledger stayed on prominent display, taped to the refrigerator, for everyone who entered the house to see. There was no doubt about where you stood on the debt, but on the big day when it was finally paid to a zero balance my mom would pull the piece of paper off the refrigerator, and write PAID IN FULL with a red magic marker and give it back to me. I knew I could then “finance” another toy if I just HAD to. 🏠

Graham Montigny is a Mortgage Consultant NMLS#195412 for First Merchants Bank. If you'd like to discuss financial literacy with him, call him at 614.583.2151 or email him at gmontigny@firstmerchants.com.

Save the Date!

What: Fall Seminar featuring Gene Marks: Your Growth & Opportunities – The Latest Political, Technological, Economic and Management Trends That Will Dominate Your Business Through the Next 2 Years

Where: Ohio Farm Bureau 4-H Center

When: Thursday, October 26 from 8:00 – 10:00 a.m.

What You Will Learn: Gene Marks helps business owners, executives and managers understand the political, economic and technological trends that will affect their companies so they can make profitable decisions.



First Merchants Bank

3650 Olentangy River Road, Suite 100
Columbus, Ohio 43214

BankNotes

Visit One of Our Convenient Locations

- Clintonville:** 3245 N. High Street – 614.408.0470
- Graceland:** 5090 N. High Street – 614.408.0480
- Grandview:** 1669 W. 5th 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



FMB Clients – You Can Now Use Any Arlington Bank ATM!

Branch locations will not be available to complete transactions until after the full integration, expected during the third quarter.

- Tremont Center:** 2130 Tremont Center – 614.486.9000
- Grandview:** 1460 Grandview Avenue – 614.486.0700
- Reed Road:** 4621 Reed Road – 614.486.9600

Cristo Rey Columbus High School

First Senior Class Graduates from Cristo Rey High School

On Sunday, June 11, 47 seniors graduated from Cristo Rey Columbus High School as the first graduating class. All of the seniors have been accepted to at least one college and most to multiple schools. Many of these students will be the first in their families to attend college. Cristo Rey students have been awarded over \$1 million in academic scholarships.

Cristo Rey Professional Work Study Program students that worked at FMB and graduated include: Gabe Aggrey, Fabiola Benitez, Barrington Mwaura and Jae'vel Jones. Jennifer Griffith, Jessica Gliha and Martin Brady from FMB showed their support by attending the graduation.

Cristo Rey High School is a Catholic, college-preparatory high school with a Professional Work Study Program empowering young men and women of all faiths, from economically challenged families, to graduate from college and achieve a lifetime of success. Cristo Rey Columbus targets under-served youth in central Ohio. 



Pictured left to right: Jennifer Griffith, Jae'vel Jones, Barrington Mwaura and Jessica Gliha