

LEWIS & CLARK
BANK



THE COMPASS

NEWSLETTER

SUMMER 2015

BREAKING GROUND ON A NEW CORPORATE HEADQUARTERS!

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PARTNERS FOR

MADE IN THE U.S.A.

CLIENT SPOTLIGHT

GG Mac Building and Design

Mark McKinley works hard to build projects that add real value to his adopted high desert Oregon home. Like many people who move to Bend for its unique set of charms, Mark is busy making his own mark on the town with his small business, GG Mac Building and Design.

“I won’t do a project that isn’t aesthetically pleasing; nor one that doesn’t make a difference in our neighborhood—there are plenty of those around and we don’t need to contribute to something that isn’t sustainable,” Mark says.

“Our projects will look great 100 years from now,” he adds.

Mark likes to be a catalyst for those looking to better themselves. He is building a business, raising a family, coaching lacrosse, advising fellow entrepreneurs, and conjuring up incredible building designs. Mark needs a bank that is ready to back his plans today, and he has this relationship thanks to the help of Lewis & Clark Bank.

“Lewis & Clark Bank was a true partner in our last two projects,” Mark says. “I

“My clients depend on me to be honest with them so I need my banker to be honest and up front with me. Timing and communication are crucial in my line of business...”

– Mark McKinley

haven't experienced that feeling since my grandpa used to take me to the bank with him many years ago.”

Mark relies on our lending team's experience and drive, and counts on them to approach his business needs from all angles. “My clients depend on me to be honest with them so I need my banker to be honest and up front with me. Timing and communication are crucial

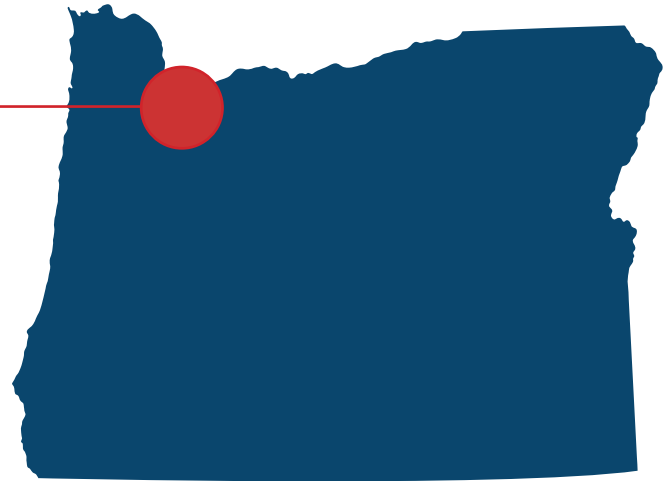
in my line of business, and thankfully, Lewis & Clark Bank is always there for me with the answers I need, even if they're not the answers I want.”

Paperwork and other distractions can get in the way of real progress in the building trades. By partnering with Lewis & Clark Bank, Mark is free to follow his passion for design and construction, and can effectively focus on

growing GG Mac Building & Design into the company of his dreams.

To learn more about GG Mac Building and Design, visit ggmacbuildinganddesign.com.





EVENT REVIEW

The Real Estate Factor

Right now the Portland Metropolitan Area is in the midst of a boom on many economic fronts. People are moving here like never before and industries in technology, creative services, and sportswear are thriving. Is this all sustainable? Coincidentally, the real estate market has recovered and performing above expectations. With the recession still fresh in everyone's mind what does this mean to investors and property owners?

On June 2, 2015 over 100 people joined Lewis & Clark Bank at the Real Estate Factor, evening of professional insight into the local real estate market. This is the second real estate focused event of its kind from Lewis & Clark Bank. The last Real Estate Factor was in 2012.

Mark Hepner, Principal at Portland Residential Appraisals, was the evening's first speaker and he shared his insights on the housing market - particularly "infill" which has been a popular strategy for home owners in the city that can split their lots. Mark examined seasonality pricing statistics for different neighborhoods in the metro area. Surprising to many, North Portland has consistently outperformed the rest of the metro area over the past seven years.

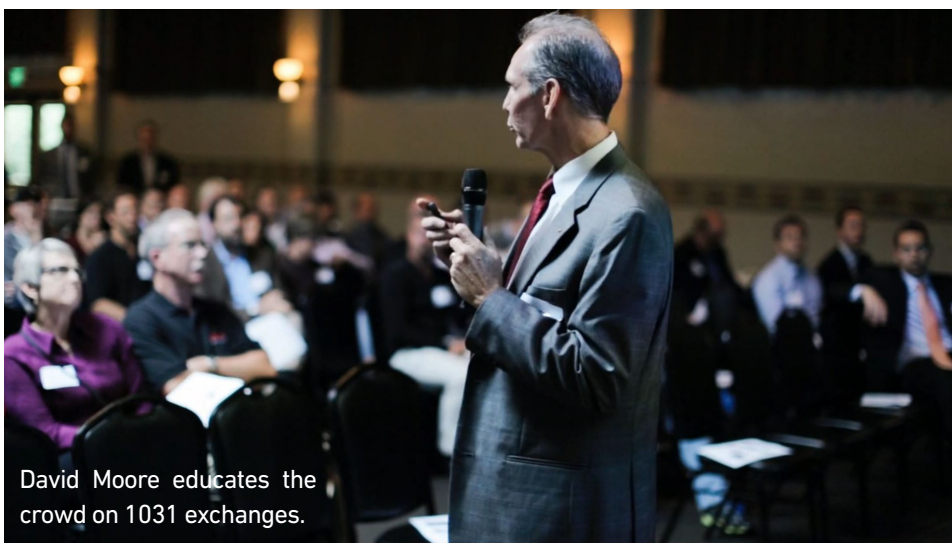
Ben McInnis, President at Benco CRE, followed up by diving deep into the current office real estate market, stating that he expects office rents to continue to rise through 2016 and quality properties will continue to command premium pricing. The charts on the next page show that office rent prices

have returned to pre-recession levels and that inventory has shrunk, reinforcing the market's demand for commercial space.

Mark Barry, MAI at Barry & Associates, the foremost apartment expert in Portland, made it very clear he has never seen a climate like this in Portland. The demand from both renters and investors, combined with scarcity and population growth in the metro area has created a booming apartment market. The cost to invest in apartments now, post recession, versus 2008 has fully recovered and more at plus \$46 per square foot, going from \$96 to \$142 (see chart).

Lastly, David Moore, Co-Founder at Equity Advantage, was the final speaker of the evening and spoke about 1031 tax deferred exchanges. The topic, one that many attendants had heard of but few understood, drew a lot interest and questions because David was able to explain its technical nature at an understandable level. For investors, it was interesting to hear that an exchange happens when the property is transferred, not when the sale occurs.

Keep an eye out for more strategic presentations down the road from Lewis & Clark Bank. Understanding the landscape is the first step on the road to success and we'll continue to provide these types of educational opportunities in the future. If you would like a copy of the PowerPoint, email cschlicker@lewisandclarkbank.com.



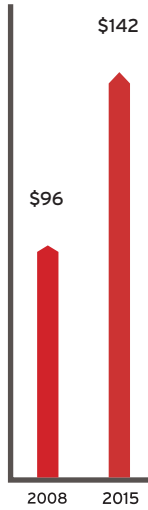
David Moore educates the crowd on 1031 exchanges.

PDX COMMERCIAL R.E. STATISTICS

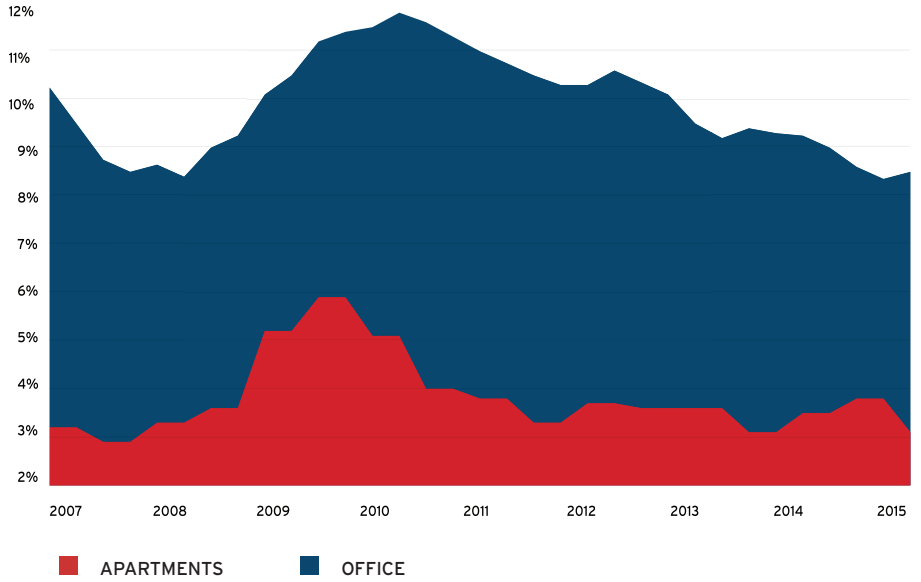
2007 - 2015 PDX METRO VACANCY RATES



OFFICE GROSS ASKING RENT PER SF



APARTMENTS COST PER SF



“If you’re better informed, you can make better decisions. If you can make better decisions, it allows us to make better risk decisions as a bank.”
 – Trey Maust, Co-President & CEO



ALSO COMING SOON!

STRATEGIC BUSINESS FORUM IV - A NEW GROUP FORMING THIS FALL

Achieving Operational Excellence

Do you ever get so bogged down in your day-to-day business that you do not have the time or resources to grow your knowledge, interact with peers in the business world, or step back and look at your company in the big picture? Does it seem you are always working in the business and rarely on the business?

Lewis & Clark Bank is proud to once again offer the Strategic Business Forum to friends, clients and supporters of the bank. You may have heard of professional peer advisory groups such as EO, Vistage, and many of the

like. Groups like these have been huge factors in the success of the Bank's founders and employees, and ultimately the Bank itself. Interaction with business peers is still part of our formula for success.

This Forum will focus on "Achieving Operational Excellence". It will be a series of four 90 minute sessions held monthly in September, October, November, and December 2015. We are proud to once again partner with the experienced business consultants at the Karsten Institute to provide facilitation and instruction,

Discussions will be performance-oriented. Participants will be challenged with engaging activities during the sessions and experience leadership and management scenarios that will enhance their ability to deal with the operation of a small business.

We have completed three successful forums so far with over total 30 graduates - hosting unique members with experience ranging from accountants to builders, service to



product retail, three years to twenty years experience, and one employee to many employees.

Groups like this ordinarily cost hundreds, if not thousands of dollars, annually. Staying true to our passion for business success and our motto, Partners for Business™, Lewis & Clark Bank is offering this forum opportunity to a select group at our expense. Facilitated peer-to-peer learning is a key ingredient to our success as a bank, and we are passionate about providing a similar springboard to our clients. Space is limited.

If you are interested, or know someone who might be an ideal candidate, please contact cschlicker@lewisandclarkbank.com

"The forum allowed me to think about areas of my business that I had not considered before."

-Greg Rogers, CPA



Ransomware - What is it? How do we protect ourselves from it?

By John Davis

Ransomware is a relatively new threat which debut in late 2013 and is a type of malicious software designed to encrypt your hard drive and block access until a ransom is paid. The amount of ransom varies from a few hundred to a few thousand dollars. Unfortunately, there's no guarantee if the ransom is paid that the victims will ever see their files again.

Using well-crafted emails or benign looking web-links (URLs), cyber criminals entice the victim to click on dangerous files or URLs that install software which can outwit nearly all antivirus and malware protection. [McAfee Labs Threats Report](#), released on June 10, 2015, reports a 317 per cent increase in Adobe Flash malware and efforts to exploit hard drive and solid-state-drives (SSD) firmware. Unfortunately, once your computer is infected and your files encrypted it is nearly impossible to recover the files without the encryption key.

What should you do if you fall victim and don't have a good backup?

1. Contact law enforcement. They probably will be unable to assist in recovering your data, but they should be aware of the crime.
2. Turn off your computer. While unlikely, it's possible the infected computer could potentially infect other computers on your network.
3. Decide whether you are going to pay the ransom. It's been reported that in some cases the encryption key is given and the files recovered when the ransom is paid. However, it's just as likely you will receive nothing. Ransom is paid using virtual currency such as Bitcoin or over the Tor network. This means that tracing the thieves is nearly impossible.

How do you protect yourself?



John Davis
SVP / IT Director

Your best defense is you – do not click on email attachments that you are not expecting, even if they are from friends or relatives. Do not click on URLs contained in emails from anyone – friends, relatives, bank, utility company, etc. If you are in doubt contact the person/company directly. Make sure your PC installs Windows Updates on a weekly basis, keep your antivirus and malware software up-to-date, and probably the most important, keep a known good backup of all your files.

If you have any questions or concerns regarding security, please feel free to contact me at jdavis@lewisandclarkbank.com.





COMING SOON: NEW HEADQUARTERS

Construction Underway on New Corporate Headquarters

Lewis & Clark Bank has grown by leaps and bounds since opening its doors in 2006. The momentum continues, meaning our current home office and main branch at 1900 McLoughlin Blvd in Oregon City is bursting at the seams. With virtually no room to put new employees and having owned an acre of land originally earmarked years ago as the location for a future headquarters, the Bank is finally taking the plunge.

On the morning of June 19th, several dozen

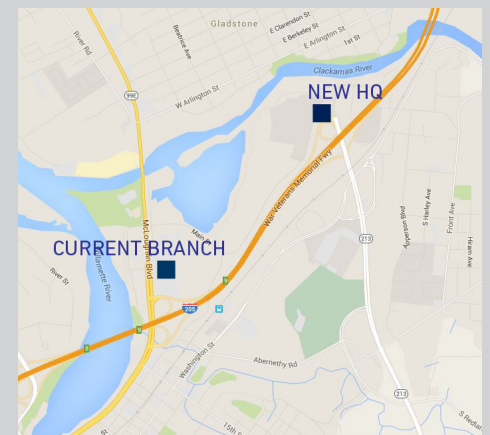
local supporters, business owners, and city and county commissioners joined Lewis & Clark Bank to officially break ground on the construction of a new headquarters facility.

The new home office will be located at Exit 10 (Park Place) on I-205, and will house the lending team and administration. The existing building on McLoughlin, which currently doubles as the Bank's corporate headquarters, will remain a fully operational branch location, primarily focused on the deposit

needs of our business clients and individual depositors.

Set to open by the first quarter of 2016, the new building is designed with a modern aesthetic, clean lines and an exposed industrial feel.

We will keep you updated on progress throughout the fall!



JOINING THE TEAM

{ INSPIRE  SUCCESS }

In addition to announcing the ground-breaking of our new headquarters, Lewis & Clark Bank is pleased to announce two new employees, Ben Durdel and Thompson White IV.

Mr. Durdel has been in banking for 8 years as a commercial lender. As a native Oregonian, Ben grew up in the Portland Metro Area and graduated from Oregon State University with a double major in Finance and International Business. Mr. Durdel loves making personal connections with his clients and, being an avid sports enthusiast and golfer, Ben is able to quickly find a common ground that we know many Oregonians share.

“Coming to a community bank is very exciting for me,” says Durdel, “it is a great opportunity to create closer relationships with clients and be a part of some really signifi-

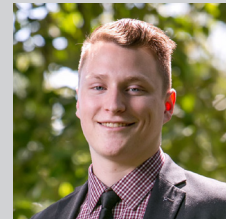
cant, hands-on projects.”

Also adding to the lending team is Thompson White IV, or as cordially referred to in the office, “Thommy”. Mr. White is a recent graduate of Warner Pacific College with high honors in accounting and business administration, as well as a former intern for the bank. Thompson E. White IV is a solid addition to our credit team. When he isn’t fishing for largemouth bass across lakes and ponds throughout Oregon, Mr. White is providing value as a credit analyst by leveraging a strong analytical mind and a determined focus.

“When I grew up I had family in banking,” says White, “and now I get to dive into the business. I am part of a great team and I enjoy the sophisticated analysis that comes with the job. Each day is different and fun.”



*Ben Durdel
VP / Commercial Lending*



*Thompson White IV
Credit Analyst*



Oregon City Commissioner Brian Shaw (far left) helps Lewis & Clark Bank break ground on June 19th.



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CLIENT SPOTLIGHT

Ad Specialties of Oregon NW

Daniel Kirkham, 30, is a Portland-area entrepreneur with an abundance of energy and drive. When he's not running the family business, he's coaching high school sports or pushing himself to new heights on his racing bike.

Sports have always been important to Daniel because competition and participation on teams helps build individual character. It's something Daniel learned from his dad and his own experiences. Daniel's dad, Arnie Kirkham, launched Ad Specialties of Oregon NW, a promotional products company in 1996. After acquiring a business degree with an emphasis in entrepreneurship, Daniel worked in outside sales before joining the family business in 2009.

Building on his dad's legacy and his commitment to exceptional customer service, Daniel is intent on keeping much of what made the family business

successful in the first place. Arnie did business with a smile and a handshake, and Daniel does too. But he's not naïve. Daniel is working hard to ensure his company is ready and able to compete in the modern marketplace for promotional consulting and merchandising.

Regardless of their industry or size, many of Daniel's clients are challenged with meeting the growing need for effective promotion. For instance, Oregon is home to 159 craft breweries, which is great for beer drinkers, but it makes it hard for brewers to stand out in a crowded field. Daniel's answer to the problem is a new line of business he recently introduced called "Beer Essentials," which provides brewers the high quality branded merchandise (T-shirts, mugs, stickers, hats, etc.) that they need to stand out in a crowded field.

"With a growing business and a busy

personal life, Lewis & Clark Bank lets me do banking my way. On my time," says Daniel, "It's so simple to access bank balances or deposit checks remotely. Great partners for business."

Access to the right tools is essential for today's young entrepreneur. Being able to handle important financial transactions at the touch of a finger is critical for busy business owners today and Lewis & Clark Bank is ready with the latest mobile banking solutions. Daniel is an active mobile banking customer, but on the rare occasion he rides his road bike into the Oregon City branch, he gets the attention, advice and the seasoned help he needs to grow his business. And since Daniel isn't busy fussing with his bank, he's free to race with his 10 Barrel Brewing teammates.

The finish line is out there, beckoning champions, and Daniel is in hot pursuit.

FROM MY DESK


 STRATEGIC INSIGHTS

By Trey Maust



Trey Maust
Co-President/CEO
& Board Member

Talent Wars: 5 Steps to Attract and Retain a Motivated Workforce

Finding, motivating, and retaining top talent is a challenge for businesses of all sizes. For small to medium-sized businesses, it can be a particular challenge to compete against larger, more well-funded firms for the same talent. Case in point: The Wage Indicator Foundation found that the average hourly wage at firms with 10 or fewer employees—the vast majority of small firms—is \$14 per hour. That compares to \$30 per hour for businesses with more than 5,000 employees.

Given the significant difference in fiscal resources, what can smaller firms do to compete for the best talent?

I recently read an article featuring the HR Director at Unilever, John Nolan, about acquiring and retaining top talent. The author highlighted certain practices that parallel what we do here at Lewis & Clark Bank, and could apply to many other small or medium-sized businesses, as well. The best part about them is that they cost little to no money to develop and implement.

- **Identify your employer brand.** What differentiates you in the marketplace? A strong brand and purpose can attract talent who are able to picture themselves being part of it. At Lewis & Clark Bank, that includes finding people with the experience and mindset to be Bankerpreneurs—people who are passionate about providing the tools and resources necessary to help businesses and individuals succeed.
- **Further their education.** Does your company foster a growth mindset? Whether it's on-the-job training or more formalized professional development, few companies of any size provide the learning and growth opportunities employees need. By turning this fact on its head, small businesses can attract high-performing employees who have a passion for learning and growth.

- **Build careers.** Discuss paths to reach career goals, but be honest about the company's growth status and how the two go hand-in-hand. Schedule time in advance, maybe even months ahead, to dedicate effort toward your team. It will pay off in the long run.
- **Create and cultivate a distinct culture.** It's important to make sure your company culture is positive and motivating for the people who show up every day to carry the workload. Clearly communicate what you stand for. As the leader of your company, identify your "why" story, have a clear purpose, and establish a vision and values.

As a business owner, finding the time to focus on the points above is a challenge—there is so much to get done and so little time to do it. Don't fall into the trap of constantly working in your business and never on your business. I'll close with one of the most impactful resources I've accessed over the years to help build Lewis & Clark Bank into what it is today:

- **Peer interaction.** Interact regularly with other business owners and peers, whether it's through a structured peer-to-peer program—like Vistage, YPO, Entrepreneurs' Organization, your trade association, etc.—or a more informal format. Focus on what is and isn't working in your respective companies. I cannot overstate how valuable this is in building and operating a successful business.

Some information contained in our newsletter is based on sources we believe to be reliable, but its accuracy is not guaranteed. Bank rates quoted are subject to change and current rates should be verified with the Bank. This newsletter is intended for clients and shareholders of Lewis & Clark Bank.

Equal Housing Lender. Member FDIC.

ADDRESS STICKER



We Want To Hear From You

We love hearing from you. If you have stories about your successes or would like to share how Lewis & Clark Bank has helped you, please contact:

Colby Schlicker
Marketing Director

Email
cschlicker@lewisandclarkbank.com
Phone
503-212-3111

Thank you for reading!

Join The Conversation

Stay in touch and interact with the us in a new way. See what we are talking about - and it won't be about a banking service or loan product. Rather, Lewis & Clark Bank is engaging in constructive conversations about our community, client success stories, business strategies, and upcoming events. Here are the online platforms where you can find us:

Facebook
<http://www.facebook.com/LewisAndClarkBank>

Twitter
<https://twitter.com/#!/Bankerpreneurs>

LinkedIn
<http://www.linkedin.com/company/Lewis-&-Clark-Bank>

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