
Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 18, 2017**

GERMAN AMERICAN BANCORP, INC.
(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of incorporation)

001-15877
(Commission File Number)

35-1547518
(IRS Employer Identification No.)

711 Main Street
Box 810

Jasper, Indiana

(Address of Principal Executive Offices)

47546

(Zip Code)

Registrant's telephone number, including area code: **(812) 482-1314**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) Director Decision to not Stand for Re-Election.

On December 18, 2017, Douglas A. Bawel informed German American Bancorp Inc. (the “Company”) of his decision to not stand for re-election to the Company’s Board of Directors (the “Board”) at the Company’s 2018 Annual Meeting of Shareholders, which will be held on May 17, 2018. Mr. Bawel’s decision to not stand for re-election is intended to allow the Board flexibility in making director changes in the future and was not a result of any disagreement with the Company. Mr. Bawel has indicated his intention to continue to serve as a director of the Company until the 2018 Annual Meeting of Shareholders.

(e) Director Compensation Arrangements in Which an Executive Officer Participates.

Deferred Compensation for Mark A. Schroeder

On December 18, 2017, the Board of Directors of the Company’s banking subsidiary, German American Bancorp, an Indiana commercial bank, approved an amendment (the “Second Amendment”) to that certain Director Deferred Compensation Agreement, dated December 8, 1992, with Mark A. Schroeder (who is also the Company’s Chief Executive Officer), as previously amended by that certain first Amendment dated July 9, 1996 (as amended, the “Original Agreement”). The Second Amendment (i) extends the date on which payments of the deferred amounts in Mr. Schroeder’s retirement account (established under the Original Agreement) would commence to the first day of the month following his seventy-first (71st) birthday, as opposed to the currently-established sixty-fifth (65th) birthday, providing for interest during such extended time, and (ii) amends the Original Agreement in order to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

The foregoing description of the Second Amendment is subject to, and qualified in its entirety by, the full text thereof, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference in its entirety.

Additional Director Retainers - Restricted Stock Awards

The Company compensates the members of the Board for their service to the Company and the Company’s subsidiaries based on a twelve-month period commencing July 1 and ending on June 30 of the following year. In connection with the annual reorganization meeting of the Board held on June 26, 2017, the Board’s Governance/Nominating Committee made a recommendation with respect to director compensation for the new twelve-month service period commencing July 1, 2017, to the Board and, as previously reported, the Board approved such recommendation at its annual reorganization meeting held on June 26, 2017. As a result of that action, the Company is compensating its directors, including Mr. Schroeder, for their services during the current twelve-month period through annual retainers and cash fees, as described in the Company’s Current Report on Form 8-K filed June 29, 2017.

In addition, the Board determined on June 26, 2017, that the Board should consider, at its regular meeting to be held in December 2017, the award of additional retainers in the form of grants (under the Company's 2009 Long Term Equity Incentive Plan (the "Plan")) of restricted common stock of the Company to the directors (including Mr. Schroeder) with a market value of not more than \$15,000 per director. The Board resolved that its decision to be made in December 2017 of whether to grant such additional retainers in the form of restricted stock (and if so, how much) should be determined at that time based on the Board's perception of prevailing financial conditions (including the Company's then-expected operating results for 2017) and such other factors as the Board may then deem relevant.

At its regular meeting held December 18, 2017, the Board considered the award of additional retainers as contemplated by the June 26, 2017 resolutions, and determined to grant \$14,969.52 in value of restricted common stock of the Company as an additional retainer to each of the current members of the Board, including Mr. Schroeder, under the Plan. Accordingly, 408 shares of common stock of the Company (restricted as to transferability and vesting under the terms of the resolutions granting the awards) were issued to each of the Company's 12 directors (including Mr. Schroeder) effective as of the close of business on December 18, 2017, or an aggregate of 4,896 shares.

Under the terms of the award resolutions (and except as modified for directors Douglas A. Bawel and Michael J. Voyles as indicated below), none of the grants of restricted stock will be transferable prior to December 5, 2018, and each award will be (i) fully forfeited and all shares issued under the award will be cancelled should the holder of the award not continue in service as a director of the Company through December 5, 2018 for any reason other than death or disability, and (ii) subject to a 50% forfeiture (for any reason other than disability) should a director fail to attend in person at least 75% of the aggregate number of meetings of the Board and the other corporate, subsidiary or affiliate boards and committees on which he or she was a member during the period commencing on January 1, 2018, through December 5, 2018, or fail to attend (other than by reason of disability or illness or bona fide emergency) the Company's annual meeting of shareholders held in 2018.

In the cases of Mr. Bawel (in light of his intention to not stand for re-election to the Board in May 2018 as reported above) and Mr. Voyles (who will be ineligible to stand for re-election in 2018 as a result of his reaching the retirement age set forth in the Company's Bylaws), the award resolutions specify (in lieu of the December 5, 2018 measurement date specified above) the date of May 17, 2018, as the date for measuring vesting of the restricted stock awards, which date is the scheduled date of the Annual Meeting of Shareholders at which the successors of Messrs. Bawel and Voyles, if any, will be elected by the shareholders.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

[10.1](#) Second Amendment, effective as of December 18, 2017, to the Director Deferred Compensation Agreement, dated December 8, 1992, between German American Bancorp and Mark A. Schroeder, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

GERMAN AMERICAN BANCORP, INC.

By: /s/ Mark A. Schroeder

Mark A. Schroeder, Chairman of the Board and Chief
Executive Officer

Dated: December 20, 2017

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Section 2: EX-10.1 (EXHIBIT 10.1)

SECOND AMENDMENT TO THE DIRECTOR DEFERRED COMPENSATION AGREEMENT FOR MARK A. SCHROEDER

WHEREAS, German American Bancorp (successor to The German American Bank), an Indiana commercial bank (the “Bank”) entered into a Director Deferred Compensation Agreement with Mark A. Schroeder (the “Director”) on December 8, 1992, as amended by that certain Amendment between the parties dated, July 9, 1996 (as amended, the “Original Agreement”);

WHEREAS, the Bank desires to amend the Original Agreement to change the defined term “Normal Retirement Date” under the Original Agreement to “Extended Payment Date”, to establish the “Extended Payment Date”, as defined by this Second Amendment to the Original Agreement, as of the first day of the month following the Director’s seventy-first (71st) birthday as opposed to the currently established sixty-fifth (65th) birthday, and provide for interest during such extended time pursuant to this Amendment;

WHEREAS, by virtue of this Amendment, Section 409A of the Internal Revenue Code now requires that the Original Agreement be further amended to comply with its restrictions, and the Bank desires to so amend the Original Agreement;

WHEREAS, Section XII of the Original Agreement permits the Original Agreement to be amended or modified with the mutual written consent of the Director and the Bank; and

WHEREAS, the Director has consented to said Amendment;

NOW, THEREFORE, in consideration of the mutual promises provided in the Agreement, the parties hereto agree to this Amendment of the Original Agreement in accordance with the following:

1. The following sections of the Original Agreement shall be amended by inserting the following in lieu of the like-existing provision:

1.4 “Cause” – [INTENTIONALLY OMITTED]

- 1.7 “Deferred Compensation Benefit” means that benefit which can be provided by annuitizing the Director’s Retirement Account over a one hundred twenty (120) month period. The interest rate used to annuitize the account balance shall be the average Monthly Interest Factor from the Effective Date through February 28, 2019 together with all limitations described herein.

- 1.8 “Disability” means the Director is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

1.11 “Financial Hardship” – [INTENTIONALLY OMITTED]

1.12 “Financial Hardship Benefit” – [INTENTIONALLY OMITTED]

1.13 “Monthly Interest Factor” means monthly compounding of interest, from the Effective Date through December 31, 1995, at the greater of .667% or Moving Average ROE (as defined in Subsection 1.14) divided by twelve; from January 1, 1996 through February 28, 2019, the greater of .667% or Moving Average of the ROE, as limited under Subsection 1.18, divided by twelve (12). Monthly crediting of interest shall be administered as follows: The balance of the Director’s Retirement Account shall be credited with interest monthly at a rate of .667%. Within sixty (60) days of each calendar year end through December 31, 2019, an additional amount shall be credited to the Retirement Account to the extent ROE exceeds 8%. When applicable, such additional amount shall be credited in a manner that results in the actual interest rate for each month of the previous calendar year being equal to Moving Average ROE (subject to the limitations under Subsection 1.18) divided by twelve (12). Notwithstanding the foregoing, from March 1, 2019 through the Extended Payment Date, the Monthly Interest Factor shall be an annual rate equal to the “7 year - U.S. Treasury Yield” (as reported in the Wall Street Journal or, if not reported therein, in another authoritative source) on March 1, 2019 shall be applied, compounding monthly. The aggregate interest accrued from the period from March 1, 2019 through the Extended Payment Date shall be referred to as the “Extended Period Interest”.

1.15 “Extended Payment Date” means March 1, 2025.

4.1 Retirement Benefit. At the Extended Payment Date, the Bank agrees to make a lump sum payment to Director equal to the Extended Period Interest. The Bank also agrees to commence payment of the Director’s Deferred Compensation Benefit in accordance with the terms of the Payout Period.

4.2 Disability Retirement Benefit. Notwithstanding any other provision hereof, if requested by the Director and approved by the Board, the Director shall be entitled to receive a disability retirement benefit hereunder prior to the Extended Payment Date, in any case the Director terminates service due to Disability. If the Director’s service is terminated pursuant to this paragraph and Board approval is obtained, the Director may elect to begin receiving a disability retirement benefit. The benefit shall be a lump sum payment equal to any accrued Extended Period Interest, plus a monthly benefit equal to the annuity value of the remaining Retirement Account. The monthly interest factor used to annuitize the account balance shall be the average Monthly Interest Factor from the Effective Date until the earlier of (a) February 28, 2019 or (b) the date of Disability. Said monthly benefit shall be distributed in accordance with the Payout Period. In the event the total benefits received by the Director pursuant to this Subsection are less than the total Survivor's

Benefit, upon Director's death, an additional lump sum payment shall be made to Director's Beneficiary to make up the difference.

4.3 Financial Hardship Benefit – [INTENTIONALLY OMITTED]

4.4 Removal For Cause – [INTENTIONALLY OMITTED]

2. The following new Section 11.12 shall be inserted:

11.12 Code Section 409A. It is intended that any amounts payable under this Agreement and the Bank's and Directors's exercise of authority or discretion hereunder shall be exempt from or comply with Section 409A of the Internal Revenue Code (the "Code") (including the Treasury regulations and other published guidance relating thereto) so as not to subject Director to the payment of any interest, penalties or additional tax imposed under Section 409A of the Code. In furtherance of this intent, (a) if, due to the circumstances giving rise to any lump sum payment or payments under this Agreement, the date of payment or the commencement of such payments thereof must be delayed for six months following Executive's separation from service in order to meet the requirements of Section 409A(a)(2)(B) of the Code applicable to "specified employees," then such payment or payments shall be so delayed and paid upon expiration of such six month period and (b) each payment which is to be paid during a designated period that begins in a first taxable year and ends in a second taxable year shall be paid in the second taxable year. To the extent that any Treasury regulations, guidance or changes to Section 409A would result in the Director becoming subject to interest, penalties and additional tax under Section 409A of the Code, the Bank and Director agree to amend this Agreement in order to bring this Agreement into compliance with Code Section 409A.

All other terms, conditions, agreements and provisions contained in the Original Agreement not specifically relating to those items explicitly modified or amended by this Amendment shall remain unchanged and shall continue in full force and effect. This Amendment shall, whenever possible, be construed in a manner consistent with the Original Agreement; provided, however, in the event of any irreconcilable consistency between the terms of this Amendment and the terms of the Original Agreement, the terms of this Amendment shall control.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on this 20 day of December, 2017.

/s/ Mark A Schroeder
Mark A. Schroeder

GERMAN AMERICAN BANCORP

By: /s/ Clay Ewing

Printed: Clay W Ewing

Its: President