

CONNECT

Archibald's



Driving Legacies

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PLUS: Insight into a resilient economy; 4 areas worth keying into

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Pictured: Danny Archibald and John Archibald



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LETTER FROM THE EDITOR

Matt Ward, Editor

I love stories; I always have.

I'm not talking about fiction works by the likes of Ernest Hemingway or JRR Tolkien. The stories I love are the ones you won't find on the shelves in the library.

I love untold yet profound stories about real people, real life. True stories are often the ones that captivate me most. That's the reason I studied journalism in college, and it's the reason Connect Magazine is my favorite project each year.

"After nourishment, shelter and companionship, stories are the thing we need most in the world."

~ Philip Pullman

I am fascinated by the ventured pathways of Thomas Kalmbach, John and Danny Archibald, Nguyen and Bao Ha, and Frank and Sherry Armijo. Each of these stories, and the people who lived through them, are unique and intriguing.

Thomas Kalmbach turned his passion for roasting coffee at home into a beautiful, carefully crafted shop with a machine unlike any other in our community. He left his home on the west side of Washington to carve out his own spot in the already-crowded local coffee scene.

John and Danny Archibald relished in a love of cars to build a dealership selling high-quality preowned vehicles with an unrivaled level of service. The father-son-duo nimbly navigated the used automobile industry with a passion for improving the car-buying experience.

Nguyen and Bao Ha made a perilous journey to escape the communist rule of Vietnam in hopes of a new life in the United States. Once on solid ground, they worked tirelessly to achieve the American dream, and then turned back to make sure others could fulfill their own goals without one of the biggest barriers standing in their way.

Frank and Sherry Armijo used their educational experience to inspire and honor Hispanic students in the Tri-Cities to achieve more than they believed. They built a non-profit organization that is aimed at unlocking greater opportunities for overlooked students throughout this beloved community.

I have been fortunate to share space with each of the people featured in this year's issue of Connect. These individuals shared their stories with us, and my goal is to convey these tales in a way that gives them their due justice. I trust I have been successful in that quest.



A NOTE FROM THE CEO

Eric Pearson, CEO, Community First Bank & HFG Trust

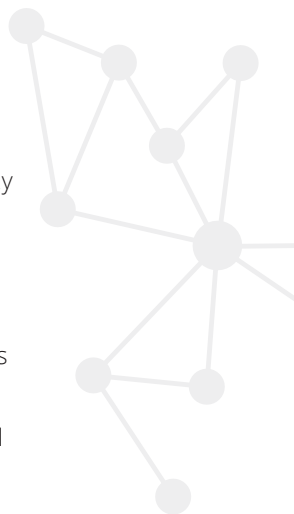
In a fast-paced financial landscape dominated by corporate giants and technological breakthroughs, Community First Bank stands tall as a steadfast pillar of local economies. As of today, the status of Community First Bank's community banking approach reflects a blend of challenges and opportunities that define its journey toward becoming "Your Financial Partner for Life" in this dynamic era.

Community First Bank, recognized for its intimate connections and personalized services, remains unwavering in its mission to provide localized financial solutions to individuals and small businesses. By building strong relationships with customers, the bank comprehends their distinct financial needs and tailors its services to suit them precisely. This personalized touch cements trust and loyalty, setting Community First Bank apart in a world where faceless transactions often take center stage.

However, the bank is not immune to the impact of technological advancements. Online banking, mobile apps, and digital payment systems have revolutionized the way people interact with financial institutions. In response, Community First Bank embraces these technologies to elevate customer experiences, all while preserving the authentic connections it holds dear. Striking this equilibrium remains pivotal, for the essence of community banking lies in genuine human interactions.

Navigating regulatory changes presents another challenge for Community First Bank. While regulations are integral for maintaining stability and safeguarding consumers, they can sometimes place disproportionate burdens on smaller banks with limited resources. The bank actively engages in advocacy to address this disparity, recognizing its role in promoting financial inclusivity and localized lending that nourishes small businesses and encourages economic diversity.

In recent times, the banking industry has witnessed consolidation trends. While some community banks have chosen to merge in order to pool resources and expand their geographical footprint, others have hesitated due to concerns about potentially losing local decision-making autonomy and the unique personal touch they provide. For Community First Bank, striking the perfect balance between growth and community engagement remains a top priority.



Despite the challenges, Community First Bank continues to flourish. The COVID-19 pandemic underscored its agility and commitment to the community. Swift implementation of measures to aid local businesses and individuals during the economic downturn highlighted the bank's responsiveness and understanding of local dynamics.

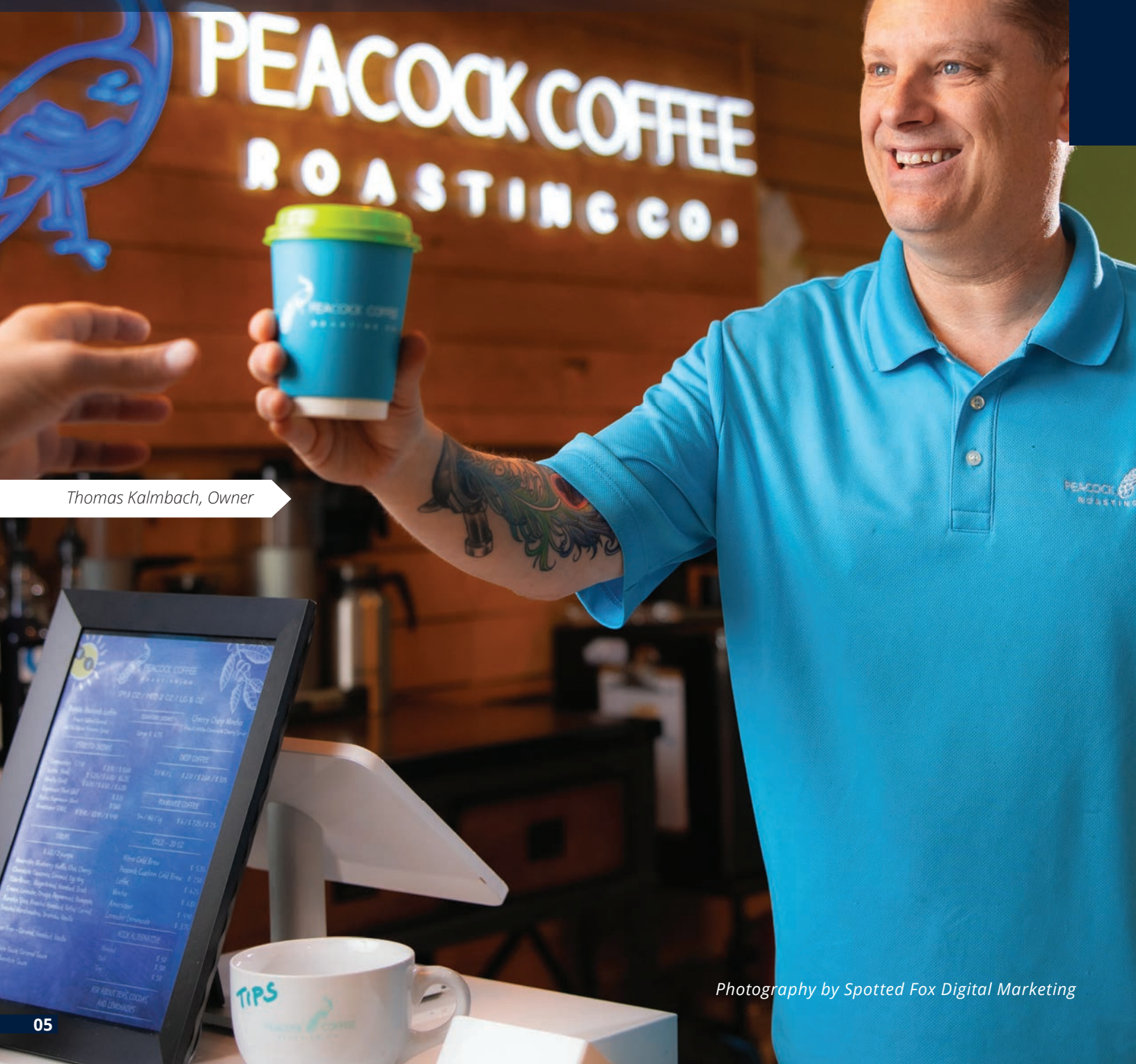
Furthermore, discerning consumers are increasingly recognizing the value of community banking. In a world yearning for genuine connections and bespoke services, Community First Bank emerges as a beacon of authenticity. This sentiment propels a renewed interest in supporting local institutions that reinvest in the neighborhoods they serve, fostering a sense of self-reliance and economic empowerment.

In summation, Community First Bank's commitment to community banking remains resolute, shaped by technological advancements, regulatory landscapes, and evolving customer preferences. Despite the challenges, the bank's adaptability and determination shine through. By adeptly balancing innovation with authentic connections, Community First Bank is poised to remain an integral component of local economies. Its ability to deliver customized financial solutions, foster unwavering trust, and contribute to community prosperity solidifies its standing in an ever-evolving financial realm.

EXECUTIVE SPOTLIGHT

BREWING PASSION INTO PROFIT: The Artful Evolution of Turning Coffee Connoisseurship Into a Business

by Matt Ward



Thomas Kalmbach, Owner

Photography by Spotted Fox Digital Marketing

Imagine strolling down the quaint walkways of the Parkway in Richland. You are greeted by a clean store front. The large panes of glass and glass door offer a glimmer of insight into velvety, jewel toned couches. Upon entering the establishment, you are drawn into a spacious, inviting atmosphere. At the counter a warm smile greets you to take your order. Here, it's not just about the curation of delectable beverages. Here, it's the feeling that draws you in and the warm aroma that subtly envelopes you when opening the door to Peacock Coffee Roasting Co.

Like many nationwide, Thomas Kalmbach found himself without work during the Covid-19 pandemic. It was during that time he reflected on what he could do to reinvigorate energy into work. That is when he leaned into his hobby of roasting his own coffee to start his business, Peacock Coffee Roasting in Richland, Washington.

"I decided, let's take craft coffee to people and let them sense it," Kalmbach said. "Let them get that first-time experience that I had when I had a great cup of coffee and realize that there's more to it than just Folgers."

Peacock offers a selection of coffee beans roasted on site, along with an assortment of crafted beverages, including drip and pour over coffee, espresso, lattes, as well as some limited-time specials. It's the promise of a tantalizing sensory experience from the roast of the bean to the selection of flavors that accompany and complement simple to unique stylings.

"It's just really about experiencing coffee," Kalmbach expanded. "I'm not offended if people want to put

cream or sugar in it, but I do usually encourage them to taste it before they do. About seven out of ten people will say, 'oh, I don't need to put anything in this,' and they're really shocked."

He is not one to shy away from a challenge to curate a drink based on a conversation. He whips up your favorite go-to or plays with flavors to create something more out of the box. From chocolate covered cherry to buttered popcorn, he works with the flavors and still leaves you coming back for more.

Kalmbach had a keen attention to detail through every step of the coffee making process when building Peacock Coffee Roasters. From the four-stage water filtration system to the French imported 1883 syrups he uses to flavor drinks, everything was chosen with quality in mind.

The location does not offer a drive-thru, however, there is plenty of space for customers to relax, mingle, and enjoy their coffee.

"I've got a kind of a living space area, areas really commonly used for meetings and people having weekend get-togethers. There will be some ladies that will get together and do visiting. I have a cupping room in the back. That's like a conference room and there will be people that will do Bible studies in the back, or the City of Richland will come over and have meetings in the back. The fire department comes in here and has meetings. There's the college students that come in here and work as well."

When you walk through the door, Kalmbach is regularly found serving



"I DECIDED, LET'S TAKE CRAFT COFFEE TO PEOPLE AND LET THEM SENSE IT," KALMBACH SAID. "LET THEM GET THAT FIRST-TIME EXPERIENCE THAT I HAD WHEN I HAD A GREAT CUP OF COFFEE..."

customers behind the counter, operating his coffee roaster, or educating customers. Currently, Peacock only has one employee to help serve customers on busier days.

"There's myself and then I have another person who's here on Thursdays, Fridays, Saturdays, and Sundays. Those are peak days," Kalmbach mentioned. "Market days are a little tough to do by myself. It just makes sense to have somebody else here. I'd like to be able

CRAFTING EXCELLENCE

Peacock opened its doors in May of 2022, but Kalmbach started developing his business in October of the prior year. The to-do list was long, and at times, was bogged down with delays in the supply chain caused by the COVID-19 pandemic.

"One of the major hurdles was [COVID-19] supply chain related," Kalmbach explained, "which worked

Some of these delays weren't critical, as he searched for a space for Peacock to call home. Kalmbach was looking for a space to house his business in the Tri-Cities while still living on the west side of the state. One of the deciding factors in his choice to start his venture in the Tri-Cities was having a sister, brother-in-law, and a friend from a previous job in the area. Kalmbach investigated 33 potential locations before stumbling upon a lease space in the Richland Parkway. He

explains that he found the available suite at 707 The Parkway by chance.

"I was coming over every weekend and looking at properties," he said, reflecting on the search.

"This was not on the list because the landlords decided to self-market their property, and it didn't come up on the list of commercial properties online. I happened to be with

to get away from being behind the counter and being in production, being on this side of the counter and being more on the education engagement."

out from a timing standpoint because a lot of those things I did order that took a while."

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"THE ONE THING THAT WAS A MAJOR ISSUE, THAT WASN'T ON TIME, WAS DELIVERY OF THE ROASTER," KALMBACH MENTIONED. "IT TOOK ALMOST A YEAR FOR THAT MACHINE TO COME IN FROM THE TIME OF ORDER."



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my sister and brother-in-law at Wine Social one evening," he said. "We parked out here, and I saw the lease sign in the window. I took a picture of it; made a mental note."

After meeting Marc Newman, owner of Wine Social, Kalmbach was able to meet with the landlords of The Parkway. There were several benefits that drew him to this location. He found the Parkway to have a lot of foot traffic and thought of it as a distinctive area in the Tri-Cities.

"It looked like a unique area of activity and the type of area that would fit into what I was trying to do compared to the other areas," Kalmbach said of the location. "This is like a destination area versus the remote strip mall area... I didn't even know about the Live at 5. I didn't know about the farmers market... Those were just bonuses that I found out about it."

Now that he had a home for his new venture, it was time to transform that space to become Peacock Coffee Roasters. He built a theme from the colors of a peacock's feathers, ranging on the color spectrum from green to blue. He sourced paintings and sculptures to match the name.

As opening day grew closer, one last hurdle had yet to be cleared.

"The one thing that was a major issue, that wasn't on time, was delivery of the roaster," Kalmbach mentioned. "It took almost a year for that machine to come in from the time of order."

He continued, "So [I] still thought it was unfortunate because I wanted to have the

machine here when I opened, and I had to work around that."

THE BELLWETHER AND THE ROASTER

The roaster he speaks of is Bellwether Series 2 Coffee Roaster. There are only five like it in the state of Washington and none like it in the Tri-Cities.

"It is the core of the business," said Kalmbach. "It's absolutely my success and what I'm known for right now. I would not be here if it wasn't for that machine. So I call that the golden goose that is laying golden eggs."

Unlike most coffee roasters, this Bellwether is an electric appliance, as opposed to its gas-powered commercial machine counterpart.

Kalmbach described the differences by saying, "A typical roaster has a footprint that's three to four times that size and also has a lot more risk involved with it because it's going to be a gas-powered roaster with venting. This is technically no different than a toaster. It's an appliance."

The benefits of the roaster go well beyond safety. The Bellwether appliance automates much of the roasting process, allowing Kalmbach to

focus on his customers and other tasks while it works.

The Bellwether also boasts the ability to cut the carbon footprint of coffee roasting by 87% and can roast up to 18 pounds of coffee beans per hour.

Traditionally, coffee beans can be over 400 degrees when they are removed from a gas-powered roaster. However, the Bellwether roaster cools the beans back to 70 degrees as part of the process.

"Our roast takes about 20 minutes from green beans all the way down to roasted and finger-touch-cool to 70 degrees, which is truly unique."

The automation improves consistency between roasts, as well. The roaster can detect the temperature and humidity levels in the surrounding environment and adjusts the roasting process, upholding a 99% accuracy between roasts, a difficult feat under a less automated roasting process.

"Consumers detect that. They're looking for a consistent cup of coffee. They're looking for a consistent bag of beans and to have that predictability to come back to the same thing they had before."

The purchase of the roaster is not a one-and-done order for Peacock. The manufacturer of the roaster also offers coffee beans to their customers, a perk Kalmbach takes advantage of for his shop. Instead of sourcing the beans himself, he uses the infrastructure provided by Bellwether to source beans to roast.

The company also provides roasting instructions directly to the roaster for the beans sold to their customers, saving Kalmbach the time it takes to master the perfect roast and the beans he would have wasted in the process. The single



source of beans contributes to the accuracy of the roasts as well.

“They’ve perfected the recipe and ethernet it into the machine and I don’t need to worry about it,” he mentioned. “So when I buy beans the first batch that I run out of it is perfect.”

Bellwether ensures that the farms they order their beans from provide a consistent quality of beans and that high standards of operation are upheld by the farms.

“They vet all the farms for me,” said Kalmbach. “They’re all traceable, sustainable farms. Some of them are all women owned co-ops. Some of them are VLI, which stands for verified living income.”

Customers can also bring in their own green coffee beans to be roasted, an offering Kalmbach welcomes with open arms.

“I’ve had one customer who went to Hawaii and came back with some Kona beans, and we roasted them up. We did a medium roast and then an espresso roast.”

Peacock offers a Coffee Bean Club, where members can choose to pick up one or two bags of coffee every other week. Members who live outside the Tri-Cities can also opt to have the bags shipped to their home for an additional cost.

Looking ahead, Kalmbach has batted around the idea of expansion, possibly opening locations in Pasco and

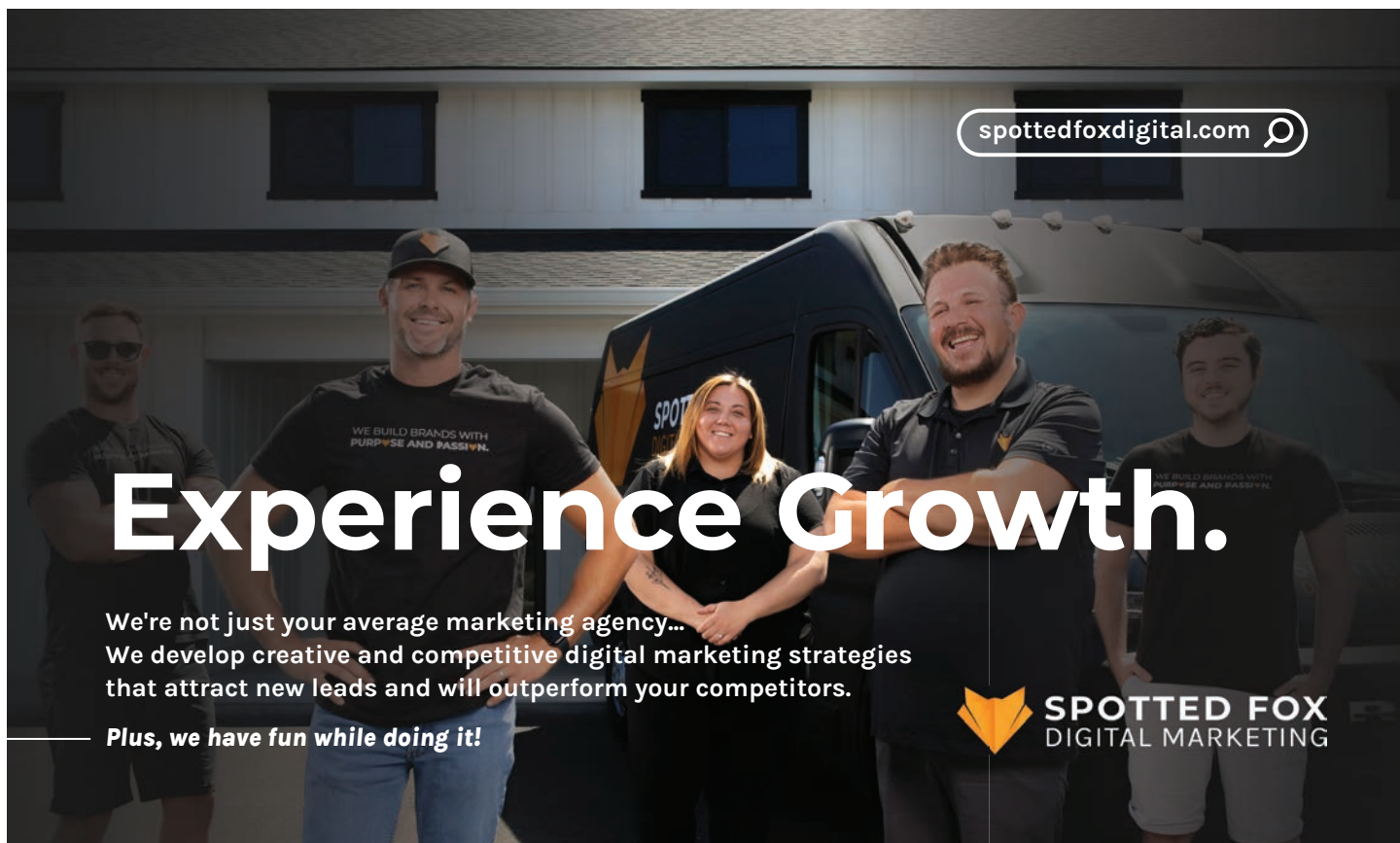
Kennewick, explaining that expansion to each of the cities would expand the visibility of the Peacock brand. He envisions creating unity amongst the coffee community, allowing Peacock and other roasters to combine their purchasing power to lower the cost of supplies, however, at this moment, that vision is still a dream.

You can keep up with everything going on at Peacock Coffee Roasters through their Facebook and Instagram page, where you will find limited-time drinks, events, and educational videos from Kalmbach.

www.TastePeacock.coffee

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HERO HIGHLIGHT

● ● ● ● ● by Matt Ward



FROM FLEEING TO FLOURISHING: A Families Journey to the United States and Fulfilling Dreams for Medical Students in the Their Homeland

For Americans, the end of the Vietnam War signaled the end of a turbulent period of the nation's history. For many families in South Vietnam, including Bao and Nguyen Ha, it was the beginning of a long journey to freedom.

Nguyen grew up in Dalat, the capitol city of Lam Dong Province in South Vietnam. She attended Dalat University for two years before finishing her degree in chemistry at the former University of Science in Saigon.

Bao was born in North Vietnam, but he relocated to the south when the country divided in 1954. He earned his bachelor's degree in structural engineering from the National Center of Technology, now known as Ho Chi Minh City University of Technology.

The Has married in 1972 and had three children while living in Saigon. Bao worked as a military officer in

the Transportation Department until the fall of South Vietnam in 1975. The family remained in Vietnam after the war, though they had begun planning their escape.

Most officials of the former South Vietnam military and government, as well as supporters of the former government, were placed in re-education camps after the North took

control over the entirety of the country, replacing the capitalist society of the south with the communism practiced in the north.

"Under Communist regime, we have no future," Nguyen recalled of her time in Vietnam after the war. "We lost our freedom. Most of all is our kids, [don't] have any future. That's why we decided to escape."

“UNDER COMMUNIST REGIME, WE HAVE NO FUTURE. WE LOST OUR FREEDOM.”

control of the country. Bao was able to remain free because of his engineering expertise, and he was assigned to assist in rebuilding infrastructure in the war-torn country.

“Just Like Mission Impossible”

Following the Vietnam War, the government of North Vietnam seized

Nguyen, Bao, and members of their extended family spent three years planning their exodus. There could be no record of their plan, as there were restrictions imposed by the Vietnamese government on those attempting to leave the country. Many of the preparations were made

under the table, and the details could change at any time.

In 1978, Bao, Nguyen, their three children, two of Nguyen's brothers, two of Bao's brothers, and one of his sisters made their risky escape by boat from Saigon, now Ho Chi Minh City. The family along with more than 50 others would board a 40-foot boat to make the several-hundred-mile journey across the South China Sea and Gulf of Thailand to Malaysia.

The recounting of events sounded like a suspenseful movie scene. Nguyen assimilates the escape by saying it was, "just like Mission Impossible."

Their voyage had to be made during a new moon, the time when the glow of the moon is at its lowest. The route from Saigon followed a system of rivers leading to the South China Sea before heading west toward Malaysia. When traveling through the rivers, passengers were required to be silent through the trip, or they risked being captured.

Once those seeking refuge reached the ocean they would face a new set of hazards. The route was filled with pirates looking to take advantage of the desperate situation, and the Vietnamese military was patrolling the area in an attempt to prevent the escape of those fleeing Vietnam. Many seeking refuge also became lost at sea, drifting hundreds of miles off course and leaving the passengers with little food, water, or supplies. It is estimated that over two

hundred thousand people lost their lives making the passage.

For Nguyen and Bao, the threat of an incoming typhoon also complicated their crossing and forced them and the other passengers to take a more direct route through the densely patrolled waters along the Vietnamese coastline. They were at sea for three days and four nights before reaching the final destination.

Once the family had made landfall in Malaysia, they entered a refugee camp, where Bao and Nguyen would spend the next five months. Bao's status as a former lieutenant in the South Vietnamese military would eventually allow them and their three children to continue on to the United States, while other members of their family would remain in the camp for several more months. The Has would not be able to safely return to Vietnam for nearly 15 years.

Coming to America

Nguyen, Bao, and their children would first arrive in Fremont, California where a Lutheran church sponsored the family. Shortly after reaching the United States, Bao was told that there may be work for him in Washington state, where Washington Public Power

Supply System (WPPSS) was building nuclear reactors for power generation.

Bao was employed as a structural engineer on the project. Shortly after Bao, Nguyen was hired on, however, waves of layoffs soon came and left them both jobless once again. They had been offered an opportunity to continue working as engineers on the east coast, however they chose to remain in the Tri-Cities to keep their family together.



Bao and Nguyen had found themselves at a crossroads once more.

In Vietnam, there was a heavy French influence from decades of colonization. Nguyen, Bao, and their family had become accustomed to French baked goods like croissants and baguettes, which were scarcely available in the Tri-Cities at the time. The Has frequented Seattle in order to fulfill their fix of the French treats.

Those flakey, fluffy pastries were enough to sway the Has to bring the delicatessen to the Tri-Cities.



They decided to open their own bakery, specializing in French breads, regardless of them not having any previous professional experience baking. They launched the Golden Croissant in 1983, next to the Uptown Theater in Richland.

Bao told the Tri-City Herald at the time, "I thought about a basic business – and that's food. And the basic food is bread." The Golden Croissant was in operation for just over two decades.

A few months after the bakery opened, Bao would return to WPPSS, later known as Energy Northwest, where he would continue his career until retirement in 2018.

Nguyen worked full-time at the Golden Croissant for the first three years before taking a job as an engineer with Westinghouse, then Fluor Northwest. While working for Westinghouse, she continued working in the bakery on nights and weekends. She would finish her career as a Senior Engineer for Bechtel from 2001 until she retired in 2017.

Extending The Kindness

When the Ha family arrived in the United States, they only had around \$30 to their name. They knew that hard work would be the only way they would thrive in their new home. For Bao and Nguyen, that work would be invested professionally, and for their children it would manifest in the form of education.

Nguyen and Bao acknowledge that they were the recipients of an abundance of kindness when they reached the United States. Almost 30 years after leaving their home country, they felt it was time to pay that kindness forward.

By 2007, their three children had all left home to build lives and families of their own, and the Has were looking for a cause to support. They found one through a friend in Vietnam, who was a part of a group seeking sponsorship for medical students. Sponsors assist the individuals directly with tuition, room and board, and supplies for their education.

In Vietnam, competition to gain acceptance into University of Medicine and Pharmacy at Ho Chi Minh City (UMP) is highly competitive. Nearly 10,000 students are vying for acceptance into the university's program, and only 400 are accepted each year, decided by their scores on an entrance exam.

Knowing the level of competition to enroll in the UMP medical program, Nguyen and Bao felt students should not be turned away because of their economic status as they showed immense dedication to their studies necessary to be accepted. They also knew that doctors would provide their services in an area of great need for the people in their home country.

Sponsoring these students is initially a six-year commitment. If the students

excelled in their studies, they could enter a specialist program extending their education for an additional three years.

For their first year, the Has initially selected two students to sponsor, but as time went on they discovered more students in need. Nguyen began saving the money she made working overtime shifts at Bechtel, using the money extra income to support more students.

In all, Nguyen and Bao have backed 17 students who attended UMP. Almost all of them have graduated, with one still completing her coursework. The Has have travelled to Vietnam to witness the great accomplishment of those students on graduation day. Nguyen characterizes the students as extended family members, and the Has keep in touch with them regularly.

Originally, they were able to communicate through phone calls or email. The Has also have family in Vietnam who the students could reach out to when necessary. As time has gone on, communication has become easier with apps like FaceTime and WhatsApp, allowing more routine and personable contact.

Nguyen, now 76, and Bao, now 82, have come to the hard decision that they will not be sponsoring more students in the future. Their legacy and impact of their compassion will continue to flourish through the families and the patients of the doctors they have supported. Their hope is that those whom they have aided and connected with will reverberate that generosity on in their lives.



Do you know a local hero?
Submit their story to
marketing@community1st.com

HAAP Mission Statement: To provide a springboard for Hispanic students and their families to strive for better life thru education.

Thank you to our partner school districts, colleges, universities, and the business community for your support of HAAP for 35 years!

"It only takes one child to graduate from college that comes from a family that has never had a college graduate. If one child graduates, then all the younger brothers and sisters, nieces and nephews will no longer ask the question, "Am I going to college?" but will ask the question, "What college am I going to?"

As you know, a child's education begins with the parents. All parents want a better life for their children. HAAP emphasizes that education is the primary way for a better life. We share the value of our family traditions and believe an education is a tradition that can truly impact the entire family long term.

HAAP is a 100% volunteer-based organization that is now majority former HAAP students and college graduates. We hope to plant the seed of academic success at an early age and foster education for a lifetime.

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ROUNDTABLE DISCUSSION

Local experts weigh in on the forces impacting our area's leading industries.



EDUCATION

by Jennifer Jordan and Karen Leonard, Teacher Mentors in Kennewick School District

In recent years, the need for new teachers has grown substantially throughout the nation. As a result, the need for mentoring and support programs for beginning career teachers has also grown. Kennewick School District (KSD), in partnership with the Kennewick Education Association (KEA) and Washington State's Office of Superintendent of Public Instruction (OSPI), has invested in ongoing mentoring support for new teachers.

New teachers are faced with predictable phases such as anticipation, survival, disillusionment, rejuvenation,

reflection, and anticipation that require new knowledge and skill sets. This is why mentoring is a critical component of the induction of a novice teacher. In KSD, the mentoring model is based upon the BEST (Beginning Educator Support Team) program which provides sustainable and purposeful support for early career educators.

What does this all mean for new teachers and their students? It means that new teachers receive a mentor that provides a learning-focused relationship. This mentor offers emotional, instructional, and institutional support.

Also, the mentor helps build expertise by envisioning, monitoring, and reflecting with the new teacher. Finally, mentors facilitate a professional vision that promotes life-long learning and professional identity. Teachers don't learn to teach; teachers learn from their teaching to build expertise.

This mentoring relationship is a key element of school improvement that supports practitioners and their expertise to improve student learning and become part of a sustainable teaching community invested in their students and their schools.



BANKING

by Matt Backlund, Chief Lending Officer, Community First Bank & HFG Trust

Interest rates play a crucial role in shaping the financial landscape for banks, businesses, and consumers alike. They are set by central banks and are influenced by various factors, including economic growth, inflation, monetary policies, and global events. When examining the interest rate environment, it's essential to consider both loan rates and deposit rates as they are interlinked.

During the early 2020s, interest rates in many parts of the world remained relatively low as central banks sought to support economic recovery in the aftermath of the COVID-19 pandemic. The pandemic had caused significant disruptions to economies, leading to widespread unemployment and reduced economic activity. In response, central banks, such as the Federal Reserve in the United States, the European Central Bank, and the Bank of England, implemented

accommodative monetary policies to stimulate borrowing and spending.

The low-interest-rate environment was favorable for borrowers as it reduced the cost of taking out loans, including mortgages, car loans, and business loans. Individuals and businesses were encouraged to borrow, invest, and spend, which, in turn, supported economic growth. The availability of cheap credit also led to an increase in asset prices, including real estate and stocks, as investors sought higher returns than those offered by traditional savings accounts.

On the other hand, savers faced the challenge of earning minimal returns on their deposits. Traditional savings accounts, money market accounts, and certificates of deposit (CDs) offered lower interest rates, leading many people to explore alternative investment options to preserve and grow their wealth.

While low interest rates are intended to stimulate economic growth, they can also create potential risks. Excessive borrowing can lead to an increase in consumer debt and asset bubbles, raising concerns about financial stability. Central banks continuously monitor these developments and adjust interest rates accordingly to strike a balance between supporting economic growth and controlling inflation.

As with any financial market, the interest rate environment is subject to change, and numerous factors, such as geopolitical events, economic data releases, and shifts in monetary policy, can influence rates. To understand the current interest rate environment for loans and deposits, it is crucial to consult with your team at Community First Bank and HFG Trust.



CONSTRUCTION

by Brandon Mayfield, President, Chervenell Construction

While the commercial construction market remains strong throughout our area, we are seeing some fundamental changes and indicators that we are tracking very closely, affecting facets of the industry differently. The most critical items relate to cost and schedule.

On the cost side, the overall construction cost is not decreasing, nor will it.

Many factors range from materials to labor cost increases, but construction costs will continue to increase in the short term. Another significant cost increase is on the horizon when the new Energy Code goes into effect at the end of October. While there is broad speculation on the actual increase associated with these changes, there is no doubt that it will increase costs.

In several industry sectors, the cost of construction is outpacing the increases in rent rates, making some development deals not make sense. The rates likely contribute to why several of our local jurisdictions are seeing a reduction in building permit applications.

A factor relating to cost-impacting construction is the borrowing cost and

use of less traditional project funding. The increase in interest rates is pushing developers to bring more cash to the table, deterring some from starting a project. Others are utilizing private equity funding and other sources of financing rather than conventional banking. The impact of this is affecting many projects in the Tri-Cities right now. While traditional financing through institutions like Community First Bank has rigorous methods of ensuring funding remains available, these other sources are often very loose. Project funding can stop anytime during projects, leaving contractors no option but to pause work. The pause impacts everything but also leaves the contractors past due on payment.

On the schedule impact side, we continue to see extremely long lead times that far exceed what we consider normal. The biggest is the lead time to get electrical and mechanical equipment. Many industry publications indicate that this will improve, but these lead times are causing project delays to date. It is not uncommon right now

for a large commercial building (School, Apartment Complex, etc.) to have an Electrical Gear lead time of 52 to 56 weeks. The time impacts the entire delivery of the project, as many items cannot be completed until the gear is set and power is in the building. When prospective owners are considering projects, we advise them to release this material well before starting on the site.

As previously mentioned, the commercial construction market remains strong. There are several local projects and upcoming projects of size that, while they will be impacted by the items above, will continue to be built. Our region continues to grow, and new companies and industries are inquiring about moving business here, which will keep construction strong. Our market remains in a significant labor shortage, providing employment opportunities with good wages/packages to community members. Overall we anticipate the next year bringing a steady flow of projects that, while maybe slightly less in quantity than in recent years, is still enough to keep commercial construction stable and strong.

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CYBERSECURITY

by Craig Scott, Chief Information Officer, Community First Bank & HFG Trust

As the digital landscape continues to expand, the need for robust security measures becomes increasingly critical. Traditional password-based authentication has long proven insufficient in safeguarding sensitive information, prompting the rise of Multi-Factor Authentication (MFA) as a formidable defense mechanism. However, with the growing sophistication of cyber-attacks, it has become evident that even MFA is not invulnerable. In this article, we will explore the current state of Multi-Factor Authentication, the vulnerabilities it faces, and the new MFA protocols that promise to thwart cyber attackers and protect our digital assets.

The Current State of Multi-Factor Authentication

Multi-Factor Authentication has emerged as a reliable way to enhance security by requiring users to provide two or more forms of identification before gaining access to an account or system. These factors typically fall into three categories:

1. Something you know: A password or PIN.
2. Something you have: A physical token, smart card, or one-time password (OTP) generator.
3. Something you are: Biometric data like fingerprints or facial recognition.

This approach significantly raises the bar for threat actors, as they must compromise multiple elements to succeed. MFA has been widely adopted by organizations and services to protect sensitive data, and its benefits have been undeniable. However, it is not without its weaknesses.

Exploiting MFA Vulnerabilities

Despite the added layers of security, MFA is not immune to exploitation. Several methods have been employed by threat actors to undermine MFA:

1. Phishing Attacks: Attackers use cleverly crafted (even using ChatGPT/AI) emails or messages to trick users into revealing their credentials, including the second factor. They may create fake login pages that mimic legitimate ones, capturing both the password and the MFA token.
2. SIM Swapping: In this attack, the attacker convinces the mobile carrier to transfer the victim's phone number to a new SIM card under their control. Once the attacker has control of the victim's phone number, they can intercept SMS-based MFA codes.
3. Social Engineering: Skilled attackers can manipulate customer support representatives to reset account credentials or bypass MFA requirements.
4. Man-in-the-Middle (MITM) Attacks: Sophisticated attackers intercept communication between users and the service provider to steal MFA tokens or trick users into providing them. Attackers can send multiple requests, especially at odd hours to an employee to have them accept the push by message fatigue.
5. Biometric Spoofing: Biometric authentication, while promising, can be susceptible to spoofing using high-quality replicas or manipulated data.

New MFA Protocols to Prevent Cyber Attacks

Recognizing the evolving threat landscape, security experts and organizations have been developing and adopting new MFA protocols to address these vulnerabilities. Some of the promising advancements include:

1. Hardware Tokens and Biometric Devices: Moving away from SMS-based MFA, hardware tokens and biometric devices provide more secure ways of generating one-time passwords or verifying identities.

2. Universal Second Factor (U2F): U2F is an open authentication standard that uses USB or NFC-based hardware tokens. It provides a stronger defense against phishing and man-in-the-middle attacks.
3. Time-based One-Time Password (TOTP) Apps: TOTP apps generate time-sensitive one-time passwords on a user's device, eliminating the need for SMS-based codes and reducing the risk of interception.
4. Push-based MFA: This method sends a notification to the user's device asking them to approve or deny the login attempt. This adds an extra layer of confirmation and can prevent SIM swapping attacks.
5. Behavioral Biometrics: This emerging technology analyzes user behavior patterns to recognize legitimate users and detect anomalies in real-time.

Multi-Factor Authentication has undoubtedly improved cybersecurity by adding layers of protection against unauthorized access. However, it is essential to remain vigilant and acknowledge that MFA is not a silver bullet. As cyber attackers continuously evolve their tactics, organizations and individuals must stay updated with the latest advancements in MFA protocols. By combining various authentication factors, leveraging hardware tokens and biometrics, and employing innovative solutions, we can bolster our defenses and make it significantly more challenging for cybercriminals to exploit vulnerabilities. A comprehensive security strategy that combines MFA with other robust security measures is vital to protect sensitive data and maintain the trust of users in an increasingly digital world.



HOUSING MARKET

by Tom Coyne, NMLS ID #75414

Mortgage Department Manager, Community First Bank & HFG Trust

Over the last 12 months, mortgage interest rates have jumped to levels that we haven't seen in over 20 years. After hitting an average 30-year fixed rate of 8.62% in May of 2000, interest rates have for the most part been on a 20-year decline, getting as low at 2.67% on a 30-year fixed rate mortgage in December of 2020.

Thousands of local Tri-City homeowners took advantage of the historical low interest rates of 2020 and 2021 by purchasing a new home or refinancing their existing homes. Low interest rates equated to lower than normal housing payments. With consumer's buying power elevated with the low interest rates, demand for homes was extremely high which attributed to rising home values. The median home price in Tri Cities and surrounding areas increased from \$310k in January of 2020 to \$391,000 in December of 2021, a 26% increase.

Fast forward to the middle of July 2023 and the average 30-year fixed rate mortgage sat at 6.96% while the median home sales price was \$432,000 in Tri-Cities and surrounding areas. Inventory levels have remained low over the last several years, which has been attributed to home values continuing to rise in most

price ranges, albeit at a slower pace than we saw during the COVID-19 pandemic.

Higher interest rates have been severely impacting homebuyers' purchasing power in 2023. Today, in order to qualify for the current median sales price, a homebuyer needs to be earning nearly \$80,000 a year in gross wages without any other monthly credit liabilities. There is often a disconnect for potential homebuyers that we meet with who want a \$2,000 house payment on a \$450,000 mortgage, which isn't happening at today's interest rates.

My feeling is that home values won't come down until inventory levels increase. As of July of 2023, there were 673 active listings of single-family homes for sale in the Tri-Cities and surrounding areas. Most local experts would agree that a healthy inventory level of homes available for sale would be closer to 1,500 homes for our area. At that range, there is a balance of willing and able homebuyers with sellers motivated to sell. But with so many current homeowners sitting on a mortgage in the 3% range, sellers are reluctant to give up their low interest rate to then purchase a home at today's higher rates which may be double what they have currently, which only exacerbates supply pressures.

To buy now or to wait? There seems to be an ever-increasing pent-up demand for people who want to purchase a new home but either can't afford to or choose not to with rates where they are. When rates do come down, and if inventory levels remain where they are, I'd expect to see a surge in demand from homebuyers looking to purchase a home. And with this higher demand, we could see continued home price increases. Waiting to buy may be at the cost of higher home prices. The smarter move may be to purchase now at the current interest rates and be able to get into a home at current home values. Then, when the opportunity presents itself, refinance to a lower rate in the future while the rest of the market is back into multiple offer situations competing for a limited inventory of homes.

If you have any home financing questions, reach out to any member of the Community First Bank Home Loans Team.

Sources: Freddie Mac, Tri Cities Association of Realtors



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MONTH	YEAR	TOTAL ACTIVE RESIDENTIAL	TOTAL SOLD	AVERAGE SOLD PRICE	MEDIAN SOLD PRICE	PENDING SALES	AVERAGE PENDING	MEDIAN DOM
January	2023	545	177	443.8	414.0	246	47	34
February	2023	525	198	452.1	435.0	288	54	33
March	2023	513	289	452.4	414.0	346	50	21
April	2023	550	253	451.4	431.0	314	50	13
May	2023	589	284	433.7	410.0	339	41	10
June	2023	619	333	459.1	430.0	366	38	11
July	2023	662	312	465.2	425.0	347	38	14



BREAKING BARRIERS, BUILDING DREAMS:

THE HISPANIC ACADEMIC ACHIEVERS PROGRAM TRANSFORMS LIVES AND UPLIFTS COMMUNITY *by Shelby Simmelink*

"We make a living by what we get, but we make a life by what we give." Words stated by Winston Churchill ring true for a local non-profit and its co-founders, Frank and Sherry Armijo. However, it's not for the enhancement of their life, rather for the lives of the Hispanic students they impact. The Armijos built a program that has opened pathways for students that may not have dreamed were possible and would help lower the Hispanic high school dropout rate in the Tri-Cities.

Pasco, Washington, is the heart of an educational initiative that has been transforming the lives of Hispanic students for decades: The Hispanic Academic Achievers Program (HAAP). Co-founded by the dynamic husband-and-wife duo, this program has been instrumental in fostering academic success, empowering dreams, and

bridging the educational gap within the Hispanic community.

Firsthand Experience

Frank Armijo was born and raised in Pasco to two migrant farm workers. Before his parents found a final settling place, their journey started in Edinburg, Texas, and ventured through San Joaquin Valley in California before Washington state.

"I grew up here, went to Pasco High and never planned on attending college. I was going to be a construction guy like my dad."

Sherry's upbringing began in Seattle, Washington, before she relocated with her family to Pasco as she was about to enter junior high. She, like Frank, also graduated from Pasco High School.

For Sherry, the expectation was always that she would continue her education through college, but the weight of paying for it would be on her shoulders. She spent the first two years of her collegiate career at CBC, working full-time and selling Tupperware on the side to pay her tuition.

There were too many Hispanic kids that were doing well academically, but they weren't even considering college, and they were dropping out.

Frank's plans took a turn as he chose to attend Columbia Basin College and continued his love of sports by joining the basketball team. With assistance from his coach, Frank was accepted into the Computer Science Program. He would go on to receive an Associate of Science degree.

"My family had a big party." A true-life event worth celebrating at every level. It was quite a major accomplishment for Frank to become the first college graduate in his family.

After the two completed their coursework at Columbia Basin, Sherry's plan was to attend the University of Washington, and Frank's was to then join the work force. However, things do not always go according to plan. Sherry continued on to Eastern Washington University (EWU) and Frank followed. Sherry continued to support herself throughout college. She found a solution on campus with the work study program at EWU. In 1986, they both graduated with bachelor's degrees, Frank's

in Management Information Systems, and Sherry's in Marketing and Economics.

The couple initially planned to move to Seattle after graduating from EWU. However, Frank secured a job with Boeing back in the Tri-Cities. Sherry started in a sales position at Abadan, originally selling IBM typewriters. Sherry has carried out an extensive sales and leadership career with Abadan, supporting the local business communities ever evolving technology needs. Frank spent 10 years with Boeing before moving on to work for Lockheed Martin, where he held numerous executive level roles before retiring in 2022.

The Genesis of HAAP

It was not long after college graduation that Frank was back at his alma mater and other local high schools to speak to students. It was through conversations with teachers, both past and present, that sparked the idea for inspiring students academically.

Frank reflects, "There were too many Hispanic kids that were doing well academically, but they weren't even considering college, and some were dropping out. The dropout rate at that time was ridiculous."

High school dropout rates are a key performance measure for the American education system.

Sherry continued, "High school kids were dropping out to go to work, turning their focus to financially supporting their families.

Coupled with the alarming dropout rate and their college experiences, the Armijo's knew something in the system had to change. A group of education and community individuals, well aligned with their vision, rallied together and started HAAP in 1988.

"We wanted to recognize students doing well academically with the vision: starting when they're young, planting the seed, so that through high school they'll want

to continue being recognized for their success," Frank recalled.

They focused on the core concept, "If you want a better life for your future and for your family, you need to continue your academics. The best way in the United States of America to find success is with education." Frank emphasized the message is not just for the kids, it's also to reach their parents!

Frank and Sherry envisioned a program that not only addressed the academic challenges but also tackled the socio-economic and cultural barriers faced by the Hispanic community. The organization was founded with one main intention: to provide a springboard for Hispanic students and their families to strive for a better life.

As the program thrived over the next three decades it grew to engage families, schools, and local leaders. HAAP sought to create a network of support that would nurture the educational aspirations of young Hispanic students.

A New Family Tradition – Higher Education

The Tri-Cities region has faced persistent educational challenges, particularly among Hispanic students. Economic hardships, language barriers, and a lack of educational support were all contributing factors. Consequently, many talented, bright students were unable to reach their full potential, perpetuating a cycle of limited opportunities, restricted access to higher education, and better employment prospects.

Although the focus began with high school, it is not just at that level students fall behind; it is as early as elementary.

"In the elementary years, if students stay on grade level with their peer group," Sherry explained, "the statistics are pretty clear that they will persist and will finish. If students get behind, in elementary, and more starkly, in middle school, the chance of catching up [is]



not that great. The chances of dropping out or not doing well are pretty high."

With this insight, the Hispanic Academic Achievers Program recognizes excellence in students starting in the fourth grade. Frank points out that it is correlated to the level of confidence within children. They become self-aware of what they are capable of and can achieve.

A Catalyst for Positive Change

When Frank first attended CBC, he felt out of place in an environment he had not been exposed to. What was grounding for him was his comfort on the basketball court. He had a sense of belonging to a place that otherwise felt foreign.

"That made me feel OK, but a lot of kids don't have those extracurricular activities to feel comfortable being on campus."

Outside of academics, Frank encourages families to take steps to help students become more accustomed to a collegiate setting. "We try to tell as many families as we can, find a reason to go on CBC's campus, find a reason to get on Eastern's campus, WSU, and UW's campus." This helps acclimate young students to larger campuses as well as latch onto the idea of one day attending college.

HAAP has made significant strides in the Tri-Cities community. The program has witnessed countless success stories as students who thrive academically and pursue higher education and fulfilling professional careers.

HAAP has been noticed by nearby communities looking to engage their local Latino community. The local HAAP is not necessarily pushing to expand their footprint, as it would extend the necessities of an already volunteer-run organization.

Keeping both the financial and time resources of their volunteers focused within the Tri-Cities community allows HAAP to ensure their impact is not faltered by overexpansion. However, the program is more than happy to share the playbook they have created in order to pass on to other communities looking to be included.

Their efforts begin with students as early as the fourth grade, recognizing them for achieving high marks in school. The recognition awards not only encourage the students to continue striving for academic achievement, but it also has an impact on the families of the students in the program.

In addition to recognizing students who are excelling academically with awards, HAAP offers scholarships to high school seniors in the program. The scholarships are awarded to Hispanic students based on academic achievement, leadership, financial need, civic and extra-curricular activities, and higher education goals. Students who wish to be considered must submit an application, letter of recommendation, and their school transcripts showing they maintain a 3.0 GPA or better.

HAAP was awarding between \$30,000 and \$60,000 in scholarships annually. That amount has grown over time and has exceeded the \$100,000 mark at times. However, in 2023, HAAP gave out more than \$200,000 in scholarships, the most in its history and nearly three times more than they were able to award in 2022.

The scholarships and awards are presented at an annual ceremony. HAAP has held the celebration for participating and recognized students since their inception. Through the years, the event has grown to be larger year-over-year, to the point where they have outgrown the capacity at the Pasco Red Lion, the Hapo Center, and the Toyota Center.

Navigating Education: Embracing Diverse Pathways

“Part of what we want to do is not emphasize just that we give scholarships, but to emphasize things like financial aid, grants, and the multiple opportunities to afford a college education. And you don’t have to come from a wealthy family to go to college,” elaborates Frank.

Possibilities are limitless, and dreams of a greater future are encouraged. It’s about whatever the student strives to become: a business owner, a lawyer, a doctor, an engineer, or a teacher. Not only degreed progressions, but trades as well.

Sherry includes all forms of continued education. “When you light the fire, get those sparks going, it doesn’t necessarily have to be college. There are many different ways to persist, whether it’s trade schools, community college, or university.”

Sí se puede!

A key pillar of HAAP’s success is community engagement. Frank expanded by saying, “One of the things we are most proud of is that throughout 35 years now, it’s been a 100% volunteer-based organization. We have no paid staff.”

Better yet, students who were recipients of HAAP academic achievement awards now actively give back to the program. The board of directors is mostly comprised of former HAAP students that pursued higher education and came back to reside in the Tri-Cities. Frank emphasizes the importance of these former-HAAP

students: “They’re doing most of the heavy lifting of running that program.”

Local Hispanic leaders and accomplished professionals actively participate in the program as mentors, sharing their stories of success and inspiring the next generation. These role models serve as a source of motivation and provide invaluable guidance to students, encouraging students to dream big and pursue higher education.

The Hispanic Academic Achievers Program in the Tri-Cities stands as a beacon of hope for Hispanic students aiming to break free from the cycle of limited opportunities. The vision and dedication of co-founders Frank and Sherry Armijo have paved the way for a brighter future for generations of young achievers. Through its comprehensive approach, community engagement, and mentorship, HAAP has successfully contributed to student success, offering a brighter future to the Hispanic community. As we celebrate the program’s accomplishments, it is essential to recognize the importance of continued support for initiatives like HAAP, which are instrumental in building a more equitable and prosperous society.

To learn more about HAAP,
or get involved, visit
www.haap.org.

Stay up to date with the latest by
following their Facebook page:
www.facebook.com/HAAP.org



George Hageman and Ivan Hageman of Hageman Custom Homes, LLC are a father and son local building team with more than 30 years experience. They are passionate about the homes they build and will listen to your ideas to help you create the home of your dreams.

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George has been an active member of our local Tri-Cities Home Builders Association since the early 90's and is a past board member, vice president and president.

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Driving Legacies

THE JOURNEY OF LAUNCHING
A PRE-OWNED LUXURY
VEHICLE DEALERSHIP by Matt Ward



Photography by Spotted Fox Digital Marketing

A dynamic father-son duo focused their decades of unparalleled experience in automobile sales and a little help from a local community bank into an award-winning preowned automobile dealership right in the heart of Kennewick.

John Archibald was born and raised in Butte, Montana, before moving to Dillon, Montana, at the age of 18. John brought his family to the Tri-Cities in 1976, when his son, Danny, was just four years old. Before his career move into the car business, John first started at Bob Brown Sporting Goods

in Kennewick, Washington. About five years later, the owner sold the business, and in 1981, John moved on to a new opportunity – selling cars.

“I really like Ford products,” John remembered. “I thought it was a good company. So, I went down to the Ford store and interviewed [with] Russ Dean for the job and got it.”

For nearly a decade, John remained with Russ Dean Ford and had ascended into a management role. It was not long before Danny started his venture into the car world. He took up a job at the same dealership, washing cars until he graduated from high school. Post graduation, Danny would move into a frontline position as a salesperson.

“I just liked Fords,” Danny recalled, mirroring his father’s sentiment. “I wanted to be like my dad and [I] shared his passion for Ford vehicles. I didn’t care what they were. I loved everything from Ford Escorts to the first diesel trucks that came out. It was just anything that was Ford was my future. Years later, when I left Russ Dean Ford and went to work for the Shumate Pontiac Cadillac, I realized that there is life outside of Ford.”

John and Danny followed parallel paths, both working for Shumate Pontiac Cadillac and eventually Shumate Honda. They were both working for Hertz Car Sales prior to opening Archibald’s.

Driving Dreams

At the turn of the millennium, John and Danny had both firmly established themselves in their field when John learned that Rick Peenstra at Community First Bank was looking to loan money to businesses in the area. John took a meeting with Peenstra about financing a new venture.

"I went down and talked to Rick," John recounted. "After that interview I was coming down the steps at their old building there, on the corner of Clearwater and Columbia Center Blvd. I was so excited about our conversation. I couldn't wait to tell Danny, and it was like their steps didn't exist."

Peenstra then reached out to Danny, who hadn't considered going into business with his father, but the opportunity intrigued him.

"I hadn't thought of it at that time. I really liked my job, but I got that excited feeling. While my job was really great, I knew that it was just a job, and it's not going to last forever. I had seen people in the same position that I held. Now they're gone, and I have the job. As much as I enjoyed it, I knew it wasn't forever. When Rick asked if I was going to partner with my dad, I didn't hesitate. I just said yes."

Once they had secured funding for their venture, it was time to fill the lot with cars. As an independent dealer selling preowned vehicles, Archibald's wouldn't be able to rely on a manufacturer, like Ford or Chevrolet, to help build their inventory. They would have to source their own inventory. Danny's previous experience with Hertz prepared him for the task at hand.

"My background at that point in time was buying used vehicles," Danny explained. "I worked for Hertz, and we bought our rental fleet as preowned

vehicles. I was buying hundreds of vehicles every month from all around the nation. I had a lot of experience in which cars to buy, which ones sell, which ones don't sell."

With that knowledge in hand, Danny went to work curating the initial inventory for Archibald's. He set out to find automobiles at auction. However, they weren't just looking for any car he could get his hands on.

"When we started here, I had the experience of thousands of cars being purchased, watching their disposition, and knowing which ones sell good in our area. I was able to shoot from the hip and hand select the absolute cream of the crop for us."

With cars on the lot, the Archibalds went to work on building their reputation as a first-class preowned automobile destination.

That's why I get excited, just finding ways to set us apart."

Archibald's continued purchasing cars at auction, as well as selling cars they received on trade. Other dealerships asked Archibald's to sell their luxury vehicles as they sold quickly on their lot. This inventory began to establish Archibald's as the destination for late-model luxury vehicles.

"We basically just wanted to sell Hondas and Toyotas," Danny explained, "import cars that weren't going to break and tarnish our reputation. We did mix in a few Lexus, Mercedes Benz, and BMW vehicles. It really changed the overall appearance of [Archibald's]."

In turn, those luxury models began selling faster and more frequently than the vehicles the Archibalds had initially offered. John and Danny decided to



WE SET OUT TO SELL CARS
LIKE WE WOULD WANT
TO BE SOLD CARS.



"We set out to sell cars like we would want to be sold cars," John explained. "I think that's probably what helped us most in our growth."

Danny expanded by saying, "How do we get ahead of the game as far as the automobile industry goes? What do we do that sets us apart from everybody else? How can we create the best car shopping experience in the world? We're not going to sell every single person a car, but we really want them to enjoy their experience, be it online shoppers, somebody coming in person, or whatever the case may be.

switch their focus to offering more high-end automobiles. It may have been one of the first time Archibald's shifted their approach to match demand, but it certainly wouldn't be the last.

Bumps in the Road

Over the last 22 years, Archibald's has built a reputation as one of the best dealerships in the community. Though, they have had to shift their focus a number of times through the years. Both John and Danny attribute their independence from individual car manufacturers to their ability to pivot when the ebb of business requires.



*Wyatt Tone, Sales Manager
Johnny Archibald, Finance Manager*

“Being independent, we have this really fortunate ability to change what we do,” Danny said. “I would often tell Pa, in 60 days we can completely change what we're selling if we ever needed to.”

In 2007, at the beginning of the Great Recession, Archibald's did just that, shifting gears to keep up with the winds of change.

“Within about a 40-day period of time we went from selling luxury utility vehicles to reliable, inexpensive cars that get good fuel economy,” Danny explained.

While sourcing a new inventory of models like Honda Civics and Toyota Corollas, the Archibalds began to find mid-sized SUVs that were valued around the same price as their sedan counterparts.

“Those vehicles sold for almost the same price as a Honda Civic,” Danny recalled, “even though they're two or three times more new, due to their lack of desirability. So, we bought a few of them, and they sold within hours because we were selling them for such

a drastically reduced price. We started buying them by the truckload, and we started breaking all of our all-time sales records.”

The COVID-19 pandemic also presented a necessity for change. Prior to 2020, many of the cars on the lot were acquired as lease returns from automobile manufacturers, a source that quickly dried up during the lockdowns.

“We just had to find whatever was nice and go back to kind of shooting from the hip, knowing which vehicles are going to be better colors and better makes and models and just focus on those,” Danny explained.

To this day, they have struggled to find the luxury cars that had been Archibald's bread and butter. The shortage of new vehicles encouraged people to keep their like-new car when their leases ended, leaving little to no inventory for Archibald's to source.

“We changed our focus once again, this time toward trucks”

Danny continued. “Trucks are the best-selling vehicles in our market, and we had seldom offered them in the past. Today, trucks are the majority of our sales. That has helped us get through the tough times that independent dealers faced during a pandemic.”

Staying Ahead of the Curve

Poor economic conditions haven't been the only catalyst for progress at Archibald's. The dawn of the internet age and a decision to embrace the connection it provided spurred new growth for their business.

“We actually were ahead of most car dealerships,” Danny explained. “I think we were the first car dealership in Eastern Washington to even have a website with our actual vehicles. We had to learn how to create a website ourselves using [Microsoft] Front Page and put the vehicles on there... We were really able to get in there early. That gained us a foothold.”

Archibald's continued to develop their online presence as third-party listing sites, like Auto Trader and Cars.com, gained popularity. When those companies developed smartphone apps, the



popularity of Archibald's catapulted. Customers could now compare a dealership's price to their adjacent competitors right from the palm of their hand, and Archibald's was well-positioned to take advantage with their competitive pricing.

The dealership has remained on the forefront of innovation, prepared to change course when the ebbs of demand require it. In 2018, John retired, leaving the day-to-day operations of their business to Danny, and in 2019, the showroom was remodeled to better serve customers. The dealership has been named one of the Tri-Cities best used car dealerships eight times in the Tri-City Herald People's Choice Awards, now Tri-Cities Best. They have earned the top spot five times.

Through the accomplishments and awards, Archibald's philosophy

hasn't changed. They remain focused on delivering the best customer experience possible.

"It's creating a better experience that we can actually sustain here," Danny explained. "That's where our focus is.

How do we create the best shopping experience? What little things can we do to just keep building on that?"

The Fidelitas Red Mountain logo is positioned in the upper left corner of the advertisement. It consists of a black circle with a white dot inside, above the word 'FIDELITAS' in a bold, serif font, and 'RED MOUNTAIN' in a smaller, spaced-out, sans-serif font below it. The background of the advertisement is an aerial photograph of a vast vineyard with rows of green grapevines stretching across rolling hills under a clear sky. A small white building is visible in the middle ground among the vines.

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ECONOMIC UPDATE

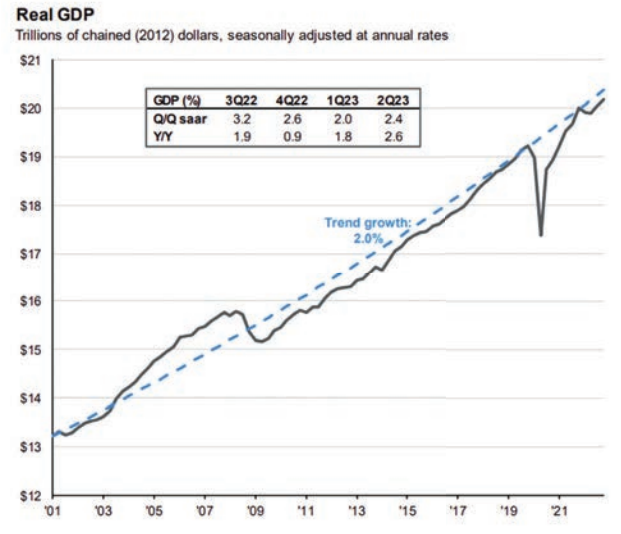
Kevin Floyd, CFA, CFP®, AIF® Director of Investments, HFG Trust

GROWTH & PROFITS

The US economy continues to appear resilient, and for the time being, sidestep a recession. In the second quarter of 2023, the economy grew at a 2.4% annualized rate. This was an acceleration from the first quarter's pace of 2.0%. Consumption grew by a better-than-expected amount of 1.6%, while business fixed spending grew by 7.7% which is the highest since the first quarter of 2022. The economy is clearly stronger this quarter than most were expecting considering the monetary tightening that has occurred, but strains on business and consumer spending may soften growth for the rest of the year and into 2024.

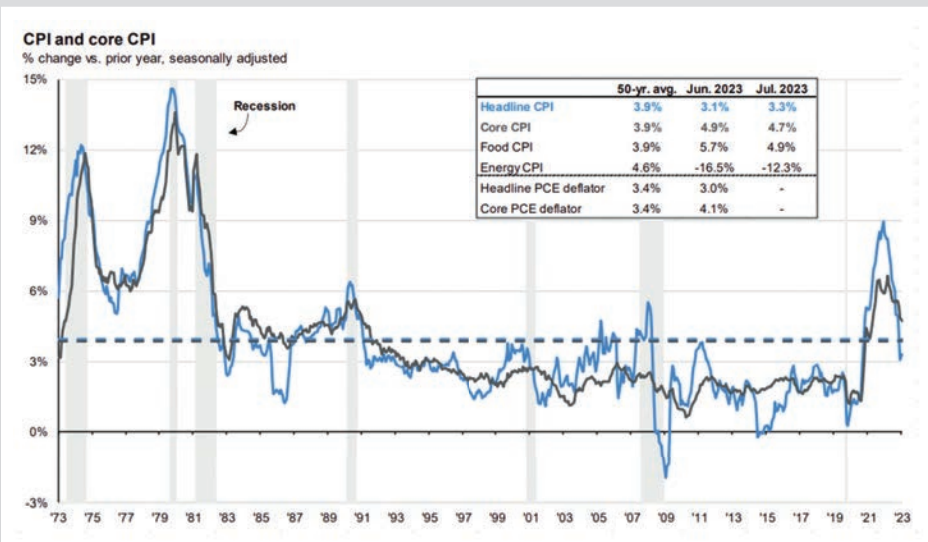
Earnings also remain surprisingly strong with greater than 70% of companies beating earnings estimates, while 50% have outperformed revenue estimates amidst slowing inflation. This is reflected by the growth of earnings-per-share in the S&P 500 by more than 11% thus far in 2023, compared to the average rate of 8.4% from 2001-2022.

Economic growth and the composition of GDP



INFLATION

The Federal Reserve has spent the better part of 2022 and 2023 fighting inflation by increasing interest rates. Finally, inflation in 2023 has started to soften from a high in 2022 of 8.9% annualized to 3.1% in June of this year and 3.3% in July. While we're not out of the woods yet from high inflation, it does appear inflation is trending towards reasonable levels in the longer term. The question on most economists' minds is whether inflation can make additional progress towards the 2% Federal Reserve goal without slowed economic growth and increased unemployment.



SOURCE

JP Morgan, Guide to the Markets, July 31, 2022

INTEREST RATES

In June of this year after 10 consecutive interest rate hikes, the Federal Reserve decided to “pause” – giving time for them to further evaluate the strength and health of the economy. While largely expected, in July, the Fed once again increased the rate to the range of 5.25%-5.50%. During the meeting and press conference, the tone was somewhat dovish by leaving the door open for possibly one additional 25bps rate hike or none at all.



US CREDIT RATING DOWNGRADE

In August of this year, Fitch Ratings downgraded the US credit rating from AAA to AA+. Fitch cited that the downgrade “reflects the expected fiscal deterioration over the next three years, a high and growing general government debt burden and the erosion of governance relative to AA and AAA rated peers over the last two decades that has manifested in repeated debt-limit standoffs and last-minute resolutions.”

What does this mean? It is difficult to know with certainty the long-term implications. In the short term, we probably won't see many extreme effects. Longer term, the US may be required by the market to pay a higher rate for their debt, which makes borrowing more expensive. The markets are forward-looking and often rating changes reflect information that is already reflected in market prices, which was illustrated by the US debt markets barely reacting when Fitch downgraded US government debt. The fiscal and political state of the US government is not exactly a state secret, and while each credit rating agency uses its own methods to assess and issue ratings, they have access to the same historical data and observations that the rest of the market has. Markets are forward-looking and the concerns that played into Fitch's decision are not new information to most investors.

Regardless of the downgrade, there is still no substitute or replacement for US government bonds in the world economy. The US market is still the most liquid, largest, and safest in the world.

WATCHING THE TAPE



WITH *Anthony Smith*

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PUMPKIN BREAD

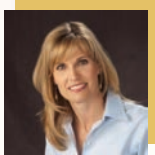
'Tis the season for all things pumpkin, and if you are like me you love it! I enjoy the traditional pumpkin loaf, but there are some tips below to customize your own.

A few tips before we start:

- For accurate measuring stir your flour before spooning into your measuring cup
- Grease just the bottom of the pan for a rounder loaf
- Stir just until moist for a more tender loaf
- Get creative by adding chopped nuts, and one of the following: raisins, cranberries or mini chocolate chips. Just keep it at ½ cup of nuts and a ½ cup fruit/chocolate chips to keep the bread moist.

Preheat oven to 350 degrees and move rack to low position so that tops of pans will be in the center of the oven.

Grease bottoms only of 2 loaf pans (8x4) or one 9x5x3



Antionette Burnside
Product Manager
Community First Bank & HFG Trust

Ingredients

- | | |
|--------------------------------|---------------------------------|
| 1 can (15 ounces) pure pumpkin | 1 teaspoon salt |
| 1 2/3 cups granulated sugar | 1 teaspoon ground cinnamon |
| 2/3 cup vegetable oil | ½ teaspoon baking powder |
| 2 teaspoons vanilla | ½ teaspoon ground cloves |
| 4 large eggs | ½ cup chopped raw pumpkin seeds |
| 3 cups all-purpose flour | 2 teaspoons baking soda |

Directions

1. Stir together pumpkin, sugar, oil, vanilla & eggs in a large bowl. Stir in remaining ingredients **except pumpkin seeds**. Pour into pans.
2. Top with chopped pumpkin seeds. Lightly pat so they stick to the batter.
3. Bake 8-inch loaves 50-60 minutes, 9-inch loaf 1 hour 10 minutes or until toothpick inserted into center comes out clean. Cool for 10 minutes, loosen sides of loaves, remove from pans and place top side up on wire rack. Cool completely, about 2 hours, before slicing. Wrap tightly and store at room temperature for up to 4 days or refrigerate up to 10.



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