

Advantage

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Into Year Eight, Loaded with Uncertainty

by John W. Mitchell

The eighth year of this upturn has commenced — a rare occurrence as business cycles go. The weak first quarter was revised up to show a 1.1% annualized growth rate and the shock of minimal employment growth in May (38,000 later revised down to 11,000) was eased by the estimated 287,000 job gain first reported for June. Rising hourly earnings, falling initial unemployment claims and declines in the number of people part-time for economic reasons are consistent with ongoing labor market improvement. In my travels, help wanted signs seem to sprout like cannabis shops in Oregon and Washington. Concurrently, the Brexit vote on June 23rd casts a cloud over the world economy. Uncharted territory, years of implementation and a weakening of performance in Great Britain (or what some now refer to as Little England) and the EU are probable. No one knows how this will play out and what the institutional arrangements will ultimately be. Via exchange rates and interest rates, we, in this distant land, have already been impacted.

First quarter growth was driven by consumption, housing, intellectual property, state/local spending, and a decline in imports. There was ongoing weakness in other investment categories. Employment is continuing to increase but at a slower rate than was seen last year or in the first quarter. Headline inflation continued to run below the Fed's target at 1% in June, but the core rose 2.3%. Energy prices have moved up from February lows and signs of dollar stabilization before the Brexit vote suggested that the Fed's "two-increase plan" outlined in March was on track. The combination of the May employment report and the British decision

scrambled the outlook again. Moves will be data driven and cautious with the 'Lower Longer Chorus' again warming up. The plodding 2% growth rate anticipated for 2016 looks better as one scans other locales in the western world. The weakness in investment is unsettling: some is energy and/or export related, but one wonders about the state of animal spirits with global risks and the uncertainty of the domestic political/policy scene.



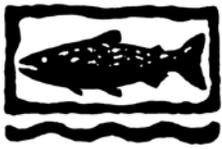
The region continues to be at or near the top of the pack for employment with Oregon replacing Idaho as number one in the May data. Idaho and Washington were numbers four and five respectively according to *Job Growth Update*. Personal income in the first quarter rose 1% from the fourth quarter of 2015: Washington had the most rapid rise in the nation at 1.5%; Oregon was seventh at 1.2%; and, Idaho trailed the nation at 0.7% with sharp declines in farm earnings. In the FHFA's House Price Index for the first quarter, Portland was ninth with a 13.03% gain; Seattle was 12th at 12.63%; and, Boise was 27th at 9.95%. Portland and Seattle lead the Case Shiller house price data for large metropolitan areas.

The region remains on a roll as the nation cautiously enters the eighth year of the upturn. Low headline inflation; interest rates at levels not seen for millenniums; presidential candidates with high negatives; and, an unfolding shock to the global economy will, once again, test the resiliency of the U.S.

“The region remains on a roll as the nation cautiously enters the eighth year of the upturn.”

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**WATERWORKS
LAMSON**
IDAHO, USA

C L I E N T S P O T L I G H T

FROM WHEELS TO REELS: C1 DESIGN GROUP KEEPS SPINNING FORWARD

As Idaho's C1 Design Group eclipses two decades in operation, it's fathomable that Ryan Harrison's enthusiasm today is equivalent or greater to what it was when the company started in the mid-1990s.

Harrison, who serves as company president, teamed up with fellow founding members Michael Harrison (Ryan's brother) and Mark Farris after that pair wrapped up design innovation for Cannondale Bicycle Corporation®, to further their love of design in the fly fishing industry. Coupled with Ryan's business background, the three started C1 Design Group, dba the Waterworks, which soon after became Waterworks-Lamson when they acquired Lamson reels in 1998.

"Cycling is a large market. As a small partnership we were licensing technology to establish brands," says Ryan. "Fly fishing was filled with smaller players in a smaller market where we could build a brand and capture the full margin."

Waterworks-Lamson's focus centered on designing, manufacturing, and marketing fly fishing reels. With Michael and Mark located in Ketchum and Ryan in Boise, the company has grown to one that includes about 18 seasonal employees in Idaho - an aspect of the business Ryan sees as imperative.

"From a branding standpoint, this is our identity," says Ryan of Idaho. "This is beautiful fly fishing country so there is the brand aspect of it. Also, I find that in the Treasure Valley

people have a great work ethic and the quality of the people is the single most important aspect from a manufacturing standpoint. These are good folks here."

Today, Waterworks-Lamson stands as the worldwide leader in fly fishing reel manufacturing. Ryan states that this achievement, however, won't result in company complacency.

"You have to ask, 'What's your place in that array of products?'" says Ryan of innovating. "It has to be better or we won't do it.

I love the creative side of making products. We are known for our innovation and for the beauty of our products. It's being a part of something that people can connect to. This is an emotional connection to a product - it's being a part of everyone's fun."

Fun that has been delivered, in part, with the help of Northwest Bank.

"They've been great," says Ryan, who notes that his company lost its previous bank to FDIC closure in 2010. "They were the first ones to open their door saying, 'We understand your business and recognize the potential of your business.' But they've also helped with passing on resources and giving us ideas through networking. They're good at trying to be more than just providers of dollars."

Learn more at www.waterworks-lamson.com.



FAST FACTS

Founding Members: Ryan Harrison, Michael Harrison, Mark Farris

President: Ryan Harrison

Location: Boise, Idaho

Website: waterworks-lamson.com

Meeting Customer Expectations for Convenience

Consumers and businesses alike are increasingly accustomed to paying bills and making purchases 24 hours a day, anytime and anywhere. Property managers and HOAs, professional and retail companies, and even non-profits should consider whether their current collection processes meet their customers' needs - or, whether a change might be good for loyalty, strained staff workloads, and the bottom line.

So, how do you make that decision?

Talk with your customers:

Determine if convenience is a significant motivator. For example, for a non-profit, would making it easier to contribute money increase donations? Or, for property managers, would providing residents more options on how to pay rent keep them from moving?

Consider the impact of change:

Adopt new external services to manage the collection of payments and free up valued employee time to concentrate on growing your business.

Determine the right services to offer:

How do your customers want to pay? Check? Credit card? Online bill pay? Phone? There are many payment processing solutions to choose from - including portals, remote deposit, ACH and Lockbox. Each solution has pro's and con's, so having a banking partner to advise you on your best solution matters. Partner with us and we'll help you determine the services that work best for your customers and your business.

Who can I contact to learn more?

Contact your local Northwest Bank office or Treasury Management professional for a full review to learn how we can help you create the right plan!



In 2002 at the age of 13, Boise resident Trevor Schaefer was diagnosed with brain cancer and had immediate surgery. Following radiation and chemotherapy, Schaefer healed and has since begun a volunteer campaign to fight childhood cancer and to support cancer survivors like himself.

Trevor's Law was originally introduced as a "Disease Cluster Bill" on January 25, 2011. This bipartisan bill was co-sponsored by Senator Mike Crapo (R-ID). The legislation was supported by the Trevor's Trek Foundation, co-founded by Schaefer. Schaefer and his mother, Charlie Smith, have worked to raise awareness of disease clusters and their possible links to toxins in the environment, and to help build support for legislation to assist communities experiencing suspected disease clusters. Trevor's Law was reintroduced as a "Cancer Cluster Act" in November, 2015. On December 18, 2015, Senator Mike Crapo succeeded in having Trevor's Law attached to the "Toxic Substances Control Act Reform Bill," also known as: "The Frank R. Lautenberg Chemical Safety for the 21st Century Act." On June 22, 2016, TSCA Reform and Trevor's Law was signed into law by President Obama.

Throughout the country, communities are experiencing cancer clusters, especially in children. There is mounting evidence that environmental exposures and toxic chemicals play a pivotal role in causing cancer. Trevor's Law is designed to:

- Provide the appropriate Federal agencies with the authority to help conduct investigations into potential cancer clusters.
- To ensure that Federal agencies have the authority to undertake actions to help address cancer clusters and factors that may contribute to the creation of potential cancer clusters.
- Enable Federal agencies to coordinate with state and local governments, institutes of higher education and the public in investigating and addressing cancer clusters.

Learn more at www.trevorstrek.org.

Welcome to the Team!

We've added more than a century's worth of Idaho banking experience to the Northwest Bank team!



Dan Watts, Scott Gibson, Chris Salvione, Randy Munk, Jim Overseth, Dan Cotner

Scott Gibson, has been appointed as the new Idaho Market President. With over 30 years of Idaho banking experience, Scott has worked extensively with small and mid-tier businesses on financial structuring and capital budgeting. His demonstrated leadership and deep commitment to Idaho make him a perfect leader for our team, clients and community. Scott is a graduate of Brigham Young University and the Pacific Coast Banking School. He and his wife, Becky, have four children, five grandchildren, and love to spend time skiing (water and snow), and riding motorcycles and snowmobiles.

Dan Cotner, has joined our Idaho team as an Assistant Relationship Manager focused on single-family residential construction (SFR). Dan comes

with nearly four years' experience in retail banking and commercial credit analysis. He is a graduate of Boise State University with a BBA in finance and minor in accounting.

Randy Munk, joins us as Senior Vice President and Senior Credit Administrator. Randy has been working with commercial and industrial, real estate, private banking, and agricultural clients for 30 years. Growing up in rural Eastern Idaho, he graduated from Idaho State, Pacific Coast Banking School, and Northwest Agricultural Credit School. Randy is a past Advisory Board member of the Boise Chamber of Commerce. When not hard at work, you can find Randy and his wife, Rhonda, outside... fly fishing, hiking, and biking with his family.

Dan Watts, joins us as Vice President, Commercial Relationship Manager. Dan has 40 years of experience in lending, administration, and branch management. An Idaho native, Dan graduated from George Fox University, the Pacific Coast Banking School, and the American Institute of Banking. Dan is married to his high school sweetheart, has three children, and eight grandchildren. When not working or volunteering he enjoys golfing, hiking, traveling, and playing with his grandkids.

Chris Salvione, recently joined the Boise team as a Vice President, Commercial Relationship Manager. Chris has over 14 years of lending experience in commercial and real estate lending. She is a graduate from Arizona State University. In her free time, Chris and her son, Nick, enjoy hiking, biking, and exploring the great State of Idaho.

Jim Overseth, joins the lending team as an Assistant Relationship Manager with over 30 years of banking experience in commercial and real estate lending, and credit administration. Born in Wyoming, he lived in Idaho for 30 years, graduating from Idaho State University, and has now relocated back to Boise after eight years in Central Oregon. He and his wife enjoy spending time on the Oregon coast, and being with family in Meridian.

New to the Northwest Bank team

Janet Berg, our new Vice President and CRE Loan Administrator, joins Northwest Bank with 33 years of banking experience. She's a Valseltz, Oregon native, has four grandchildren and one on the way. She's a member of the Salem Audubon Society and can be found, along with her husband, Peter, out birding as often as possible.

Mark Thomas, Vice President of Service Quality and Marketing, joins the bank with 30 years of marketing, sales and communications experience in the technology industry and agencies in Seattle and New York. He and his wife, Lisa, have two daughters and love to spend their spare time renovating a 100 year-old home and exploring Whidbey Island.



"Best of the Treasure Valley"

The *Idaho Statesman* recently completed their "Best of the Treasure Valley" voting. Northwest Bank would like to congratulate the following winners:

- **Dave Evans Construction** – Best Contractor (2nd Place)
- **Fork** – Best Local Salad (2nd Place)
- **Flatbread Neapolitan Pizzeria** – Best Local Salad (3rd Place)
- **Payette Brewing Co.** – Best Brewery (2nd Place)
- **Zen Bento** – Best Local Grab-and-Go Lunch (2nd Place)

Jumbo CD Offering

Northwest Bank is offering special rates on new jumbo certificates of deposit (CDs) for businesses and individuals looking for an attractive short-term return.

These CDs are perfect for clients who are in between projects, considering their next move in a volatile market, or who just want a better rate.

With a minimum deposit of \$100,000, these rates are available on CDs opened between now and September 30, 2016.

Contact your local Northwest Bank Customer Service representative for more details.



Letter from the President & COO by Jamie Shulman



Hiring: Importance of Cultural Fit

Recently, I was reflecting back on my recruiting and hiring practices and how they have evolved for me over the years. When I first became a hiring manager, the general criteria I looked for was very skill-specific, including technical

knowledge, performance results, and past objective data. Calling on references, my goal was to confirm or refute data the candidate shared. But, over time, the concept of "cultural fit" became more important.

Cultural fit centers around an individual's ability to fit within a team; understand the big picture mission, vision, core values; and to balance those team concepts with individual achievement. At Northwest Bank, our culture is branded externally as: Exceptional Service, Experienced Bankers, and Customized Solutions.

These days, my criteria for cultural fit is ranked (most-to-least important) on:

1. Energy and enthusiasm: While I can teach sales and credit, I can't teach people how to be nice to each other and smile. Beyond that, does the candidate demonstrate the motivation to not just meet - but exceed - the job description and their goals?
2. Integrity and empathy: Can the candidate put themselves in the position of our clients, shareholders, and fellow employees; help them achieve their connected goals; and always act with honesty and high professional standards?

3. Capacity and willingness to learn: Does the candidate suggest that they know everything? If so, they are probably not a good cultural fit. However, a candidate that has both the capacity and willingness to learn is often one that will work well in a team environment.
4. References: Reach out to personal and professional references to determine how the candidate fit into the culture that they interacted with them. And, if you were their manager, would you hire this person again?
5. Community: Is the candidate invested in their community, including both professional connections and non-profit volunteerism? I've often shared the opinion that anyone who spends time in the for-profit world needs to spend a little time in the non-profit world as well.
6. Clear understanding of the job: Possess technical skills, industry knowledge and experience to exceed their defined goals and job description.

As I shared above, #6 used to be #1 on my list. While objective skills are important, my best (and favorite) employees over the years - those that fit within company culture - exceeded my expectations on criteria #1 - #5.

Some food for thought as you add talent to your own organization. As always, let us know how we can be of help.

Jamie Shulman,
President & Chief Operating Officer

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