

IOWA ASSOCIATION OF BUSINESS AND INDUSTRY

BUSINESS

JULY 2023 MONTHLY



CALENDAR OF EVENTS - 2023

AUGUST 3-4

Executive Forum OKOBOJI

AUGUST 6-10

Leadership Iowa University DES MOINES

AUGUST 8

Employment and Workforce Policy Committee Meeting DES MOINES

AUGUST 9

Workplace and Product Safety Policy Committee Meeting DES MOINES

AUGUST 29

Economic Growth Policy Committee Meeting DES MOINES

AUGUST 30

Tax Policy Committee Meeting DES MOINES

SEPTEMBER 13

Iowa Manufacturing Conference and Legends in Manufacturing Awards ANKENY

SEPTEMBER 13

What is the Future of the Economy?
WEST DES MOINES

OCTOBER 4

Iowa Manufacturing Conference and Legends in Manufacturing Awards ANKENY

VISIT WWW.IOWAABI.ORG AND CLICK THE "EVENTS"
TAB FOR DETAILS ON ALL UPCOMING EVENTS.

INSIDE

FROM THE PRESIDENT: Mike Ralston	12
CAPITOL BUSINESS: Brad Hartkopf	13
WHAT'S TRENDING: Jodie McDougal	
ABI FOUNDATION: Kendall Antle	
EXPERT ADVICE: Jack A. Carra	18

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Learn more about how ABI membership could benefit your company by visiting www.iowaabi.org/membership/why-abi.

FROM THE PRESIDENT:

Celebrating Success and Embracing Iowa's Financial Services Industry

On behalf of ABI, welcome to this month's edition of ABI's Business Monthly. The cover story highlights the financial services industry in Iowa. This is a robust segment of our state's economy (and an important industry segment within ABI), and I hope you enjoy reading more about it.

This edition of the Business Monthly also provides another opportunity to note that under the leadership of Immediate Past Chair Kim Augspurger, and thanks to your support, ABI enjoyed another great year. With your help, we plan to continue to build upon that tremendous track record of success going forward. All of us at ABI are thankful for the opportunity to serve ABI and its members during the coming year, and for the opportunity to help advance ABI's mission.

At this time of year, we are celebrating another successful annual conference. Last month's Taking Care of Business Conference in Cedar Rapids was a smashing success. If you weren't there, you missed one of the best business meetings and networking opportunities of the year. Make plans now to join us in the Quad Cities next June for the 2024 conference. You will not want to miss it!

Our goal this coming year for ABI is to build on the association's tremendous record of positive impact on Iowa and Iowa businesses. Thank you in advance for your help and support as we continue to move forward. ABI



Mike Ralston ABI President Des Moines

EVENT REWIND:













Taking Care of Business Conference

June 13-15, 2023 | Cedar Rapids

Over 500 business leaders from around Iowa and the Midwest traveled to Cedar Rapids, June 13-15, for ABI's annual Taking Care of Business Conference, Iowa's premiere statewide business conference.

Featured speakers included Iowa Governor Kim Reynolds, Iowa native Cy Wakeman, Owner and Founder of Reality-Based Leadership, Brandon Williams, Founder and Owner of Lead Tac, and Ryan Anderson, Vice President of Global Research and Insights at MillerKnoll.

Plans are already well underway for the 2024 Conference. We look forward to seeing you in the Quad Cities June 4-6!



Cobot Automation Summit

June 27, 2023 | Waterloo

ABI partnered with Kinetic Technologies, University of Northern Iowa, Hawkeye Community College, and regional economic development organizations to host an event on cobot automation.

Featured speakers included Mark Barglof, President of Kinetic Technologies, L.L.C, as well as leaders from CIRAS and Iowa Economic Development Authority. Industry experts discussed workforce solutions and ways companies could implement automation to help take their facilities to the next level. Attendees also had the opportunity for hands-on interaction with multiple cobot exhibits.

Watch ABI communications for more cobot events coming in 2023!

CAPITOL BUSINESS:

ABI Public Policy Committees Convene Next Month; Join Us!

We're in the heart of summertime now, which means one of the most critical functions of ABI as an organization is set to begin soon. Dates have been set for all five public policy committee meetings, which meet during the month of August.

Environment will meet on the 1st, Employment and Workforce on the 8th, Workplace and Product Safety on the 9th, Economic Growth on the 29th and Tax on the 30th.

Environment covers topics including air quality, water quality, PFAs, and more. Economic Growth includes issues areas like housing, immigration, incentives, infrastructure, energy, government competition and more. Employment and Workforce covers unemployment insurance, right to work, education, healthcare, civil rights and more. Tax includes all types of taxes, streamlining local and state government, ensuring government is accountable when using resources and more. Workplace and Product Safety covers workers' compensation, tort reform,

drug and alcohol testing and more.

The meetings are a key step ABI takes in establishing what our public policies and priorities will look like in 2024. The meetings are led by ABI members and policies and priorities are established by ABI members. The grassroots process allows for those in attendance to make their company's voice heard on issues that matter to them.

If your company has tax experts, send them to the tax committee meeting. If your company has environmental compliance experts, send them to the Environment Committee meeting.

The more members that attend the meetings the better as it allows the public policy team to be stronger and more knowledgeable about the issues that matter most when advocating on behalf of business and industry.

Attendees will also hear from influential speakers pertinent to each committee. Iowa Department of Natural Resources Division

Administrator Ed Tormey and General Counsel and Rules Coordinator Tamara McIntosh will be presenting to the Environment Committee. Iowa Workforce Development Business Engagement Division Administrator Kathy Anderson is speaking before the Employment and Workforce Committee. Iowa Department of Inspections and Appeals Director and interim Labor Commission Larry Johnson will be giving remarks to the Workplace and Product Safety Committee. Iowa Utilities Board Chair Erik Helland will come before the Economic Growth Committee. Iowa Department of Revenue Director Mary Mosiman will speak before the Tax Committee.

These meetings in August are significant. We want you to join us and let us know what we should be focusing on in 2024. Go to www.iowaabi.org/events to register for one or more of the meetings. If you have any questions, please contact Brad Hartkopf at bhartkopf@iowaabi.org or 712-249-8589. ABI



Brad Hartkopf Senior Director, Public Policy ABI bhartkopf@iowaabi.org



Financial Firms Thrive in Business-Friendly Iowa

By Emery Styron

news@corridorbusiness.com

Home to 7,000 banking, insurance and finance-related companies employing 95,000 professionals, Iowa offers an environment where their industry can thrive, say three ABI members and leaders in the field.

"The financial services industry plays an important role in Iowa's economy and represents a meaningful share of Iowa's total GDP at roughly 14%," notes Casey Cason, Wells Fargo's senior vice president, Mid-Corporate Banking, based in Des Moines. "Not surprisingly, this sector comprises a bigger percentage of Iowa's total GDP when compared to our neighboring states."

lowa: "a businessfriendly state"

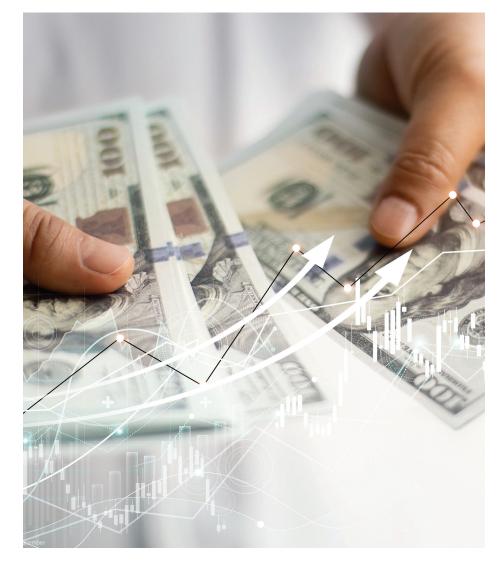
"Iowa's business climate for the financial services industry has been a focus for policy makers and the number of careers around it is reflected across nearly every community," said John Gilliland, senior vice president-financial advisor at RBC Wealth Management's Des Moines office.

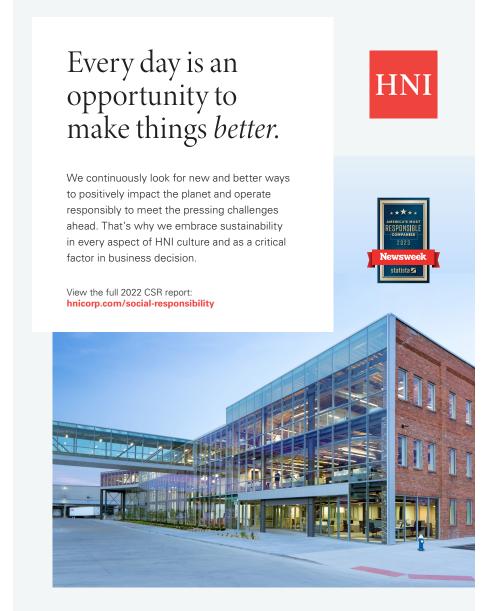
"The state of Iowa under Gov. Kim Reynolds' leadership is a business-friendly state with an extremely resilient local banking system," said Chip Reeves, CEO of Iowa City-based MidWestOne Bank.

The nation's banking system faced a crisis beginning in March of this year, with the failures of Silicon Valley Bank, First Republic Bank and Signature Bank, but "ninety days after, Iowa's banking industry remained strong and resilient," Mr. Reeves noted.

Mr. Reeves, a relative newcomer to Iowa's financial scene, joined MidWestOne last October, succeeding long-time CEO Charlie Funk. Mr. Reeves comes to Iowa after service at CEO posts with banking groups in Florida and the Pacific Northwest. In addition to praise for Iowa's political leadership, Mr. Reeves lauds the work of trade groups including ABI and the Iowa Bankers Association for promoting the state's business climate. "Iowa is a great place to do business led by a business climate that allows businesses to flourish," he said.

Asked to compare Iowa's finance environment with that of neighboring states, Mr. Reeves describes a similar economic climate in Nebraska, most of Wisconsin and Illinois, where there are rural to smaller cities and mid-tier metros. In major metro areas in neighboring states, downtown urban cores in cities like Chicago and Milwaukee, downtowns still haven't recovered from the pandemic, he said. "Office workers haven't returned to work and the office real





estate climate is still suffering a touch."

On the macro side, as a financial advisor, Mr. Gilliland is seeing the impacts of a historic generational wealth transfer occurring between Baby Boomers (the demographic born 1959-77) and their heirs. "It's estimated that \$53 trillion is being transferred from Boomers," he said.

The preceding Silent Generation is still in the process of transferring wealth and is expected to hand down an additional \$15.8 trillion, mostly over the coming decade, according to a June 24, 2023 report on Yahoo!finance.

While ultra-high-net-worth house-holds have always passed down estates to their heirs, the practice has gone mainstream as boomers capitalized on an unprecedented 40-year-rally in stock and housing prices and are now at the stage of their lives to bequeath those assets at an equally epic scale, according to the article.

"Much of this is driven by Gen X and Millennials inheriting wealth as well as approaching and planning for their own retirement," Mr. Gilliland said.

That gigantic wealth transfer is one reason "financial advisors and financial advisory firms continue to increase in Iowa at least on the regional and independent side," said Mr. Gilliland. "Iowa has wirehouse firms that are not as focused on growing business in smaller states, but the number of advisors at regional firms and independent firms are growing in numbers," he added.

'Silver linings, growth opportunities' ahead

Future prospects, if not overwhelmingly rosy, are generally positive.

Bolstered by the state's business climate, Iowa's GDP "came back nicely in 2022" after shrinking during the pandemic, Mr. Reeves said. He predicts "a very small increase" for 2023 as Iowa bucks macro trends. "When you raise interest rates 500 basis points in a year, it has an effect. The Fed wants economic activity to slow down." He expects growth in the 1-2% range for Iowa this year and probably into 2024.

Mr. Cason generally concurs on Iowa's current economic situation. "Iowa businesses are still feeling the impacts of inflation, and labor continues to be a challenge. Despite these pressures, the second half of 2023 may present unexpected silver linings and growth opportunities," he said.

The Iowa financial sector comprises a bigger percentage of Iowa's total GDP when compared to neighboring states, added Mr. Cason. "This dynamic should continue into the foreseeable future."

The financial pro's modestly upbeat outlook on the state's prospects is shared by his customers, who tend to be conservative with their debt and spending habits and are able to withstand downturns in the market and the economy, said Mr. Gilliland. "I have a sense from my clients who are professionals and business owners that they remain cautiously optimistic about the Iowa economy." ABI

MidWestOne

With \$6.5 billion in assets, MidWestOne, is the largest headquartered bank in Iowa. MidWestOne operates primarily in the upper Midwest: Iowa, Minnesota and Wisconsin, and has operations in Denver and southwest Florida. Thirty nine of its 57 branches are in Iowa, which accounts for 65% of its loans and deposits and 525 of its 810 team members.

Mr. Reeves said the bank offers a combination of expertise and products typical of a much larger institution delivered "in a very boutique community bank standpoint," building on history and legacy from 90 years ago. With aims of building a "world class commercial bank," MidWestOne continues to invest in digital transformation internally and externally. A new commercial loan origination system allows customers to input information digitally. A new digital and online mobile system will debut in 2024.

MidWestOne has been honored as a top workplace in Iowa by the Des Moines Register and in Minnesota by the Minneapolis Star-Tribune and named as best small bank in Iowa by Newsweek for two consecutive years. "The accolades are a part of our legacy, history and culture that we're very proud of," said Mr. Reeves.

Wells Fargo

At the end of fiscal year 2022, Wells Fargo total assets were in excess of \$1.8 trillion and total employees exceeded 238,000. "From a local (Iowa) perspective, we have a workforce of more than 14,000 team members and 57 bank branches across the state. We've been serving Iowans and Iowa-based businesses for many decades," said Mr. Cason.

"Wells Fargo is a national bank with a coast-to-coast presence. That said, many of Wells Fargo's Iowa business clients operate internationally and/or market their products and services to buyers throughout the world and look to Wells Fargo's international banking products and services to support their global business needs. As we support our clients in these endeavors, I expect the international aspect of our business to continue to evolve and expand over the next decade," he continued.

"We have a local team of tenured bankers with deep industry experience, coupled with the vast scale and resources of Wells Fargo, which results in a tailored solution for each of our clients. Recent advances in our treasury automation and digitization capabilities are yielding efficiency gains and meaningful savings to business customers. Of course, our clients rely on us to be a reliable and dependable source of debt capital through ever-changing business and economic conditions. We take this responsibility very seriously."

RBC Wealth Management

RBC Wealth Management offers a full suite of banking, investment, asset management, trust, insurance, credit/lending and other wealth management solutions. Clients are financially successful individuals and families, businesses and institutional investors from North America to Southeast Asia. Globally, there is a combined total of more than \$802 billion in assets under management and approximately 4,800 financial consultants, private bankers and trust officers.

Its strategic goal is to be the preferred partner to corporate, institutional and high net worth clients and their businesses.

RBC Wealth Management has approximately 2,200 financial advisors in 178 branch offices located in 42 states. The Des Moines office includes 30 advisors and staff.

"While there's much more access to web-based financial trading tools and apps, most people eventually realize they can't manage their investment strategy and their retirement planning on their own and will seek a financial advisor," said Mr. Gilliland. "Finding and having a trusted relationship with a financial advisor can be a real benefit to a family. Having a solid financial plan can also bless multiple generations of a family."



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For a program overview, related requirements, and ensure availability of funds visit:

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Contact: Bruce Nuzum 800-888-4743



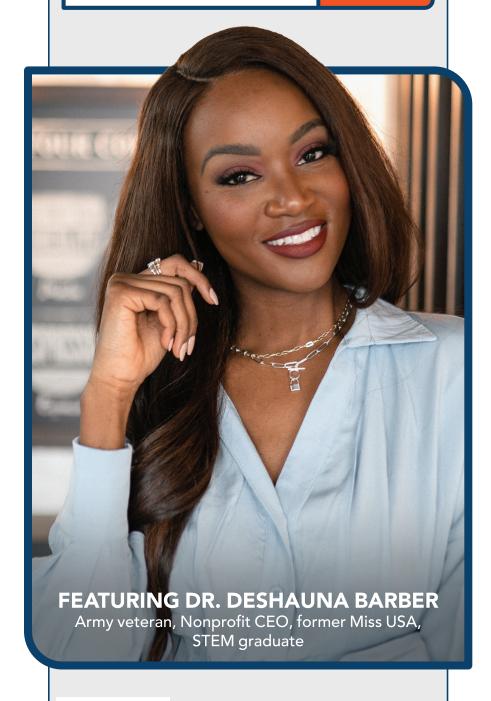


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WHAT'S TRENDING:

Recent Trends in the Construction Industry: Observations from a Construction Attorney

With the clear skies and nice weather of the last several weeks, Iowa's construction season has hit full speed and I have found myself thinking about continued industry trends from 2022 and new ones in 2023.

Use of CMR for Public Projects: Effective July 1, 2022, Iowa added another allowable project delivery method for Iowa public entities - construction manager at risk (CMR). CMR projects generally involve the owner negotiating a guaranteed maximum price (GMP) for the project with a construction manager who agrees to complete the project within the GMP, including the work performed by it and its subcontractors, as well as the construction manager's negotiated fee. In the last year, CMR has been used by multiple localities on their projects from small to large, including the Des Moines International Airport Terminal Project. It is vital for all involved in CMR projects to understand the new law.

A Rise in Construction Project Audits: There continues to be a rise in project audits, meaning general contractors and subcontractors must understand the parameters of the audit and seek counsel when necessary. Some of the most commonly audited financial elements of a project include labor charges (e.g., hourly rates and labor burden), material/equipment charges, in-house fabrication billing, profit/overhead charges, and change orders.

Continued Industry Challenges: On the plus side, skyrocketing fuel costs from 2022 have now stabilized in 2023; however, driver shortages remain a challenge. Some of the more dramatic material price increases from 2022, including



Jodie McDougal Shareholder Fredrikson & Byron, P.A. jmcdougal@fredlaw.com

lumber and roofing materials, have been stabilized, but new material price fluctuations have arisen in 2023. Both locally and nationally, labor shortages continue, which ultimately lead to continued volatility with the production of materials, material costs, and material availability. With these continued trends, companies must remain flexible and creative on everything from contractual protections and pricing terms to alternative material use and alternative supply chains.

Jodie McDougal is a shareholder at the Fredrikson and Byron law firm, working as a construction attorney who handles both litigation and transactional matters for her clients, including contractors, architects, engineers, owners, and others. If you have questions, please contact Jodie McDougal at jmcdougal@fredlaw.com. ABI

ABI FOUNDATION:

The Best Weeks of Summer Ahead!

Final exams have been graded, lockers and dorm rooms are cleaned out, and no more school night curfews. Time to relish the thought of hitting that snooze button once or twice more each morning because it's officially summer break.

On the contrary, summer months are anything but a break for the ABI Foundation. Two of our annual programs, Business Horizons and Leadership Iowa University, are held each summer. Both week-long programs immerse Iowa high school and college students in what we define as opportunities-awareness curriculum. This curriculum directly benefits the state's workforce, as demonstrated by our Elevate Iowa program, which awards scholarships each summer to high school seniors pursuing careers in manufacturing.



Kendall Antle Programs & Engagement Coordinator **ABI** Foundation KAntle@iowaabi.org



Business Horizon

This action-packed week enables high school students to confidently forge connections between concepts learned in the classroom through real-world application. By combining hands-on, entrepreneurial experiences with team-oriented challenges, the program demonstrates how business and leadership skills are intertwined and applicable to any career interest. Along with a new network of friends and mentors, stuof confidence in their next steps.

dents leave equipped with a renewed sense

LEADERSHIP

UNIVERSITY

Leadership Iowa University

This fast-paced week provides students the unique ability to explore Iowa's opportunities with a focus on helping bridge the gap between college and career. The program is designed to connect our state's next decision makers with tools for personal and professional success. By way of networking events, engaging round-table discussions, business tours, and a dynamic speaker series, students learn why Iowa is the ideal state to live and work.



Elevate Iowa

This initiative is a statewide, integrated marketing campaign to promote careers and educational pathways in manufacturing. The program addresses misconceptions surrounding the industry while simultaneously promoting how innovative technologies, such as robotic automation and artificial intelligence, provide new and exciting career opportunities. Through several state and national partnerships, we're continuously developing a more-informed talent pipeline of qualified, eager-to-work Iowans.

Do you know high school students who'd benefit from a business-minded leadership development program? Does your company have college interns who'd benefit from learning more about statewide and community initiatives? Are you a manufacturer who's offering an alternative to the traditional four-year degree? If so, nominate or encourage students to learn more about one of these programs before it's too late!

The ABI Foundation implores your organization to invest in Iowa's students this summer. Today's students are tomorrow's workforce, and your involvement undoubtedly solidifies these programs as the best weeks of summer for many of our participants.

To learn more about each program or how your organization can get involved this summer, visit www.IowaABIFoundation.org. ABI



EXPERT ADVICE:

Is Your Company Safe?

In a 2023 report, the top five industries targeted by cyber attacks were manufacturing, professional, scientific, educational, and technical services with manufacturing surprisingly leading the pack for most targeted industry with a shocking 19.5%. Why is cyber security now a pressing topic and even more so in manufacturing?

During the COVID-19 pandemic, a new form of running manufacturing plants arose due to personnel being unable to, in person, operate these plants. AI and robotics became an unprecedented new normal for operation protocols, now forcing employees to learn a new way of working and operate these machines and technology from their home. Business Interruption due to a cyber attack could be devastating for a manufacturer. With the manufacturing industry now being one of the top targets of cyber attacks, here are the five buzz words you need to know to recognize the full scope of cyber threat and the damage an attack can cause.

- Phishing a suspicious email most times coming from "a person you know" asking you to click on a link or campaign that is actually a scam. If something seems suspicious, do not click the link.
- Ransomware this occurs when encryptions from hackers lock computers and demand money from the user to unlock them.
- Viruses/Malware infected software downloaded on your computer to steal information.
- Intellectual property attack an attack for the main purpose of stealing personal information. An estimated 21% of sensitive files are unprotected.
- **Supply chain attack** attacking your supply chain partners in order to interrupt flow and production.

It is compelling that there is such a strong will to prevent cyber attacks and training being conducted, yet the number of attacks against small businesses continues to rise. Is there a disconnect in methodology for how cyber safety is being taught to employees versus how attacks are coming through? Here are some tips on how to stay in front of the



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issue to keep you and your employees safe from these attacks.

Refrain from sending personal information from your work email to your personal email. If you must, encrypt the email.

Ensure that you are using your device on a secured network and employing a multi-factor authentication (MFA) as well as endpoint security, meaning anti-virus or anti-malware software, to secure your device and make hacking more difficult.

If proper IT instructors are too costly, start by educating yourself and your team on common threats and how to prevent them.

Analyze data that is stale or sensitive to decipher what is necessary to house on company computers and what could be deleted.

Control data access. Only allow people to view or edit a file that are key solely the key stakeholders. When sharing a Microsoft file with others, ensure that internal information stays internal by choosing the option of "only people within the organization" can view or edit.

It is important to understand your company's current cyber safety protocols and even how they can improve in order to save time, money, and breaching of personal information. ABI



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The lowa Association of Business and Industry (ABI) has been the voice of lowa business since 1903 Its mission is to provide a strong, unified voice to business and industry on issues affecting lowa employers. ABI is comprised of member companies representing all industries and sizes in lowa's 99 counties. ABI members employ more than 330,000 lowans.

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