

The Business Journal

of Tri-Cities / Virginia bjournal.com

Macrochange at Microporous

A story of corporate
rebirth in Piney Flats

Plus:

Alpha Natural Resources
preps for \$500mm auction
and
Mathletes in Action

Plant Manager Roger Calloway
and CFO Ed Feaster flank CEO
Jean Luc Koch at Microporous
corporate headquarters.

Photo by Tara Hodges,
Sweet Snaps Photography.

APRIL 2016
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| COVER STORY

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With 60 percent management turnover, Microporous' Piney Flats corporate headquarters and manufacturing facility is experiencing a rebirth.

(L-R) Plant Manager Roger Calloway, CEO Jean Luc Koch and CFO Ed Feaster.

Photo by Tara Hodges, Sweetsnaps Photography.



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To nominate an individual or organization today, email news@bjournal.com with a letter of recommendation telling what makes them a Healthcare Hero. Deadline for nominations is the close of business on May 20th. In addition to recognizing general Healthcare Heroes, five special Cup of Kindness® Awards will be presented from the following categories:

INNOVATION AWARD: To a provider whose inventive thinking furthered the delivery of care.

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COMMUNITY SERVICE AWARD: To an individual or organization for excellence in public health.

MERITORIOUS SERVICE AWARD: To an individual who has shown excellence in administration.

SUPPORT SERVICE AWARD: To a provider for outstanding assistance in the field of health care.

Nominations are judged based on the impact nominees make on the community, the difficulty of their accomplishment, innovation of their work, their leadership qualities and the quality of the nominee's documentation. The 2016 Health Care Heroes Luncheon will be held July 15th at the Carnegie Hotel in Johnson City.



GO Virginia offers Southwest regional economic developers a hand up



Last month's news from the King Institute for Regional Economic Studies that Southwest Virginia individuals bring in a shockingly low amount of income from wages and salaries (a little more than half) with government transfer payments (social security, medical programs) making up a rapidly growing piece of the income pie set me thinking. With the tobacco economy gone from the Southwest and the coal economy going (there are fewer than 3,000

coal miners left in the state, down from 11,000), what's stopping the remaining population from putting their diminishing funds into U-Hauls and moving to greener pastures? What's there to prevent the region from becoming a ghost town?

At present, the private sector alone cannot be counted on to do the job. It's a shame, but it's a fact. The regional workforce, while it has a good work ethic and includes a number of capable, highly trainable former coal miners, is small, decentralized, poorly educated, aging and in bad health. The land is mountainous and one can only build so many supermax prisons. The bottom line is, without outside stimulation, it appears on the surface there is little to prevent the ghost town scenario.

This is not to say there's no hope. Outside stimulation is coming. The first wave is from, of all places, the Obama administration. Perhaps one might think of it as being rescued at sea by the same ship that put a torpedo into your side. You don't have to be happy about who's doing the rescuing, but you don't turn your back and drown either.

The federal POWER Initiative has already announced its first grant to the Southwest Virginia region, a \$275,000 grant by the Department of Commerce's Economic Development Administration to the Friends of Southwest Virginia in Abingdon, VA for "RESOURCE-FULL: A Consortium Approach to Workforce and Economic Development in Southwest Virginia." The Appalachian Regional Commission is also awarding \$75,000 to this project. The project will build on the region's on-going initiatives to develop its tourism and recreation clusters, while also providing training for entrepreneurship and emerging in-demand occupations.

Still, tourism and recreation jobs are not direct replacements for mining jobs. The Bureau of Labor Statistics reported this month (see page 26) that a service industry job receives total compensation of \$17.53 per hour including wages and benefits, while a mining job's compensation is roughly twice that, at \$34.35. Mining industry estimates make that total even higher, around \$39.42 in wages alone.

A more promising avenue for economic development in

Southwest Virginia is the Growth Opportunities Virginia program, better known as GO Virginia. The \$38+ million program is a commonwealth-wide public-private partnership with the authority to issue grants to regional economic development organizations and partnerships. It's creation sailed through the Virginia General Assembly this year, with only token opposition from ideological conservatives who see it as a government intrusion into the natural selection process of the private sector.

Mike Quillen, the former Alpha Natural Resources CEO has been a strong proponent of GO Virginia. He said he initially had concerns that regional organizations in Northeastern Virginia would have the best chance at winning the grants, but that under the GO Virginia plan, each project will have equal footing in terms of making applications. "I think the advantage we have in Southwest Virginia is these funds do require matching funds and we have resources to do that," Quillen said.

Southwest Virginia's economic developers know their needs and opportunities better than anyone else, Quillen said. Giving them the opportunity to apply for grants from an organization with a majority of its management and guidance coming from the private sector gives the region the best chance to succeed in replacing mining jobs well.

"The average coal mining wage - and I'm not talking about a supervisor, I'm talking about the average coal miner's wage - is \$82,000 in Virginia over the last couple of years," Quillen said. "We recognize that it's going to be very difficult to come up with that. In fact, we're probably not going to. But what we hope we can find is jobs in the \$40-50,000 range. When we look at retail and tourism, if you don't have the base \$40,000+ wage, it's hard for the other entities to survive. When you lose the \$80,000 coal miner job, then Wal-Mart and everybody else suffers because those guys spend that disposable income."

While several Virginia regions work to replace defense industry jobs with other high-paying positions Quillen referred to as "Microsoft-type jobs," Southwest Virginia has a target that can attract GO Virginia grants without having to compete directly with them. "We have to look for businesses that need strong work ethic, a talented workforce, somewhat of a rural environment where they could get 100-300 acres to locate where they don't have neighbors they're going to get irritated with, and well-priced energy costs."

And, Quillen added, it's not quite right to say there's nothing to prevent the ghost town scenario. There are four-lane highways through the mountains, existing spec buildings and pad-ready sites, plus, "Probably a lot of people don't recognize what we have done with both the sewer and water, broadband, wireless that we've done throughout the Southwest Virginia region in the last 10 years."

Will that be enough to bring 100-300 job companies with \$40,000+ salaries into communities where miners once made \$80,000? Even if you're a Hokie fan, the time has come to root, "GO Virginia."

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Ups & Downs

A quick check of the conventional wisdom on who's going what direction in Tri-Cities business



NETWORKS Sullivan Partnership – The economic development organization for Sullivan County this month authorized a purchase price for a parcel of land which had been designated for industrial development. The potential buyer? San Francisco 49ers offensive lineman Daniel Kilgore. Why do we give thumbs up to an economic developer planning to sell land to a football player who wants to build a barn on the land? Because Kilgore, a Kingsport native, plans to use the property to host Special Olympics events on the property. Considering the parcel in question was only purchased by NETWORKS as a throw-in during a larger purchase in the first place, this is a no-brainer. Kudos to NETWORKS for realizing there can be more than one highest and best use for land.



Bristol Motor Speedway – The World's Fastest Half Mile has been involved in many worthwhile charitable efforts over the years, and most fans feel quite at home at the track, but this year, the word home takes a different, more literal connotation. Appalachia Service Project is building a house, free of charge, for a local veteran and his family on the grounds of Bristol Motor Speedway. The project, which includes a group of veterans from Washington D.C., will be completed with a dedication prior to the Fitzgerald Glider Kits 300 NASCAR XFINITY Series race. The house will then be placed on a trailer and moved to its permanent location, where the family will live.



Healthcare Heroes – The nominations are now open for the 2016 Class of Healthcare Heroes. This is one of our favorite times of year at *The Business Journal*. We get to read stories of bravery, compassion, and going the extra mile in the nominations you, the readers send. Past honorees have included first responders, doctors, nurses, technologists, administrators, support staff and volunteers. If you know someone who goes above and beyond the call of duty in the provision of health care, please email news@bjournal.com with a letter of recommendation.



The Falls - Easy come, easy go. *The Business Journal* first learned of the Copper Cellar restaurants' (Calhoun's, Smoky Mountain Brewery) decision not to locate in the Falls development in Bristol, Va., roughly two months ago. However, because Copper Cellar refused to confirm the story, we held it until the city issued a statement to that effect. The two Copper Cellar properties will be replaced, the city said, by a Buffalo Wild Wings, a Freddy's Frozen Custard and Steakburgers, a nail salon and a barber shop.



Seeking praise for fake justice – We received a press release from Tennessee's secretary of state and its attorney general trumpeting the 50-state permanent injunction and lifetime ban of a man whom they say led four scam cancer charities, bilking donors out of more than \$187 million. "This type of fraud will not be tolerated in Tennessee or anywhere else," said Secretary of State Tre Hargett. Sounds great. Here's the problem. The man, James Reynolds Sr., "is banned from profiting from charity fundraising, nonprofit work, serving as a charity's director or trustee or otherwise managing charitable assets. He is also prohibited from making misrepresentations about goods or services, violating state laws or the FTC's Telemarketing Sales Rule." So he has to give the money back, serves no jail time, and is prohibited from breaking the law (We are all prohibited from breaking the law). In the meantime, he's made life harder for legitimate not-for-profits and may have directly led to the deaths of cancer patients. Nashville thinks this merits a self-serving press release.



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| FEATURES

The party formerly known as “The Addys”

The American Advertising Federation’s North-east Tennessee Awards ceremony, formerly known as “The Addys” was held Feb. 20 at The Gallery Event Center in Johnson City.

Photos by Tara Hodges, Sweetsnaps Photography



Award winners from Creative Energy.



Brad Gaskill and Kyle Davis



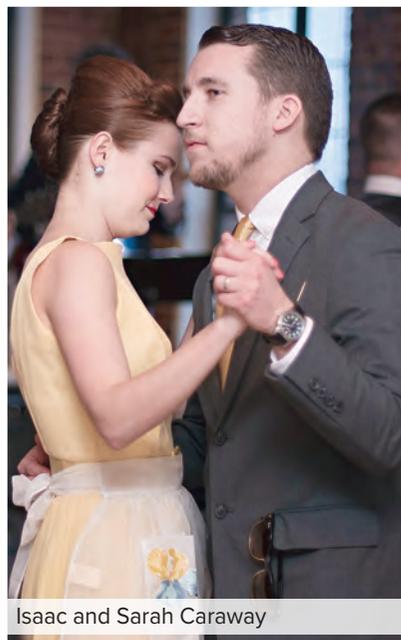
Chelsea Gregory and Valentina Escobar-Gonzalez



Rob Bunch of High Road Digital with Rhonda Lacey



Joey and Alice Sawyer



Isaac and Sarah Caraway



Mad Men... and woman

FEATURES

Farmer's Market turns bigtop for PEAK event

The PEAK Event, the annual celebration of Kingsport's young professionals organization, was held Feb. 27 at the farmer's market. Adding to the fanfare were Johnson City Circus Arts performers.

Photos by Tara Hodges, Sweetsnaps Photography



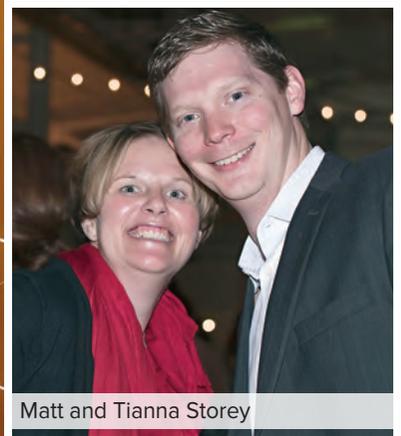
PEAK Board



Lesley & KD Bowen and friends



JC Circus Art performer



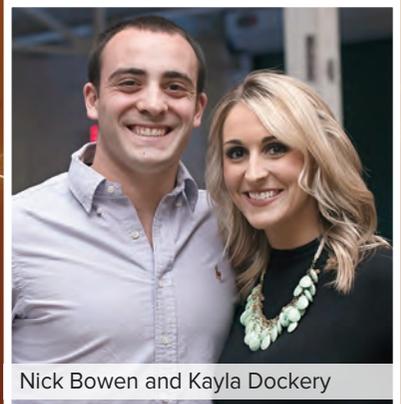
Matt and Tianna Storey



Rachel Fleenor, Kelli Rogers Trent, Katie Argabrite



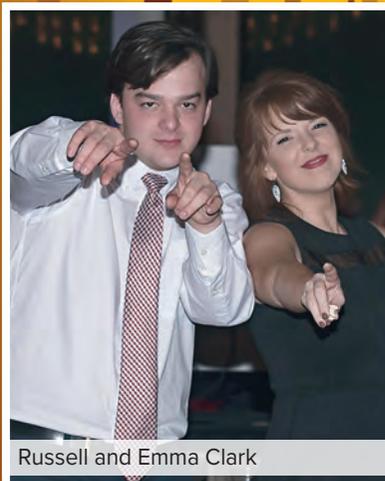
Christopher Boes and Dana Glenn



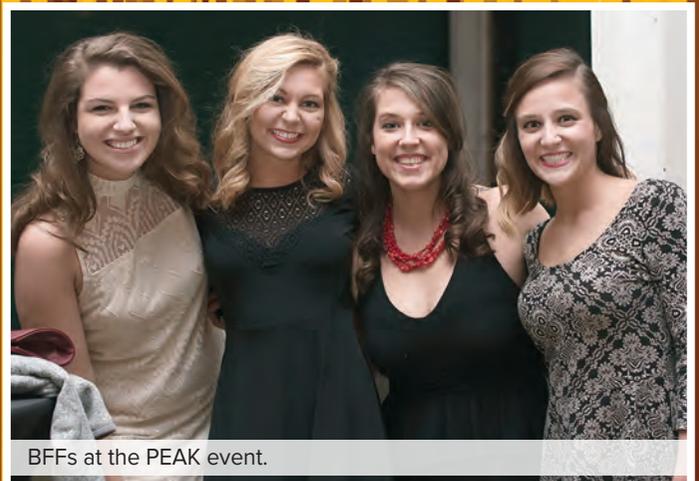
Nick Bowen and Kayla Dockery



Model for Ren Allen



Russell and Emma Clark



BFFs at the PEAK event.

Macrochange at Microporous

Battery separator manufacturer attempting Phoenix-like rebirth

By Scott Robertson



Travis Cunningham, production manager, points out a roll of Duroforce separator at Microporous' Piney Flats, Tenn., manufacturing facility

Travis Cunningham, production manager at Microporous, Inc., has seen good days and he has seen bad days, and he knows the difference. The good days, he says, are finally here. For most of the last decade, Cunningham and his colleagues at the Piney Flats manufacturing facility felt they were working in the dark. “They (new management) have come in and turned on the lights,” he says.

The darkness metaphor is almost literal. In the not too distant past, even basic concepts such as proper lighting and safety procedures were not receiving the attention employees felt they should. The number of accidents per 200,000 working hours reached a high mark of 10. By contrast, under new management, the plant had that number down to 2.8 last year. “Travis and his people spent six months training our people on hazard recognition,” says Jean Luc Koch, Microporous CEO. “It is part of a complete change of culture. The people here had to start thinking about safety. But the great thing is that when people start thinking, they start thinking not just about safety, but about improvement. Then the wheel starts moving and everybody starts getting excited.”

Today Microporous is the world’s third-largest manufacturer of separators for flooded lead-acid batteries. But to understand why the company’s culture was in such need of change, one must look back into its history.

The Microporous timeline dates back

to the old American Rubber Company, which patented the first rubber battery separator, Ace-sil, in 1934. Amerace bought ARC in 1953, opening the Piney Flats, Tenn., manufacturing facility in 1971. Twenty years later, Microporous Products, Inc. was created through a leveraged buy-out. In 2008, Microporous was purchased by Polypore/Daramic, and that’s when things began to get interesting.

“Polypore has grown by acquisition,” Koch says. “Anyone that was making polyethylene battery separators was at one time acquired by Polypore. Their growth has been through acquisition - buy the competition, whatever their products, keep it for a year, maybe two, then shut it down, control the market. That was exactly the same strategy they used when they bought Microporous in 2008.”

The Microporous acquisition, though, took Polypore a bridge too far. Polypore Daramic customers complained to the Federal Trade Commission, which raided Polypore’s Charlotte offices a few months after the Microporous acquisition.

“A few months later,” Koch says, “it was already clear there was no way Polypore could keep (Microporous) because the evidence included board presentations justifying the acquisition for controlling the market, increasing prices - it all had the FTC just saying, ‘Wow!’”

The legal process that led to Polypore’s divestiture of Microporous took six years, during which Polypore made little



CEO Jean Luc Koch explains the process by which the separator is manufactured. Photos by Scott Robertson

investment in the Piney Flats facility, knowing the plant would soon be in the hands of a competitor. For Piney Flats employees, Cunningham says, those were the dark years.

“There was appeal after appeal and motion after motion,” Koch says. “It went to the Supreme Court, that declined to review the case in June 2013. At that point, the decision became final and Polypore had six months to sell the company or it would be taken over by the FTC, who could have sold it for a dollar.”

The eventual new owner of Microporous, a New York-based equity partnership called Seven Mile, knew it would have certain FTC-granted advantages in its competition with Polypore (Microporous can hire employees away from Polypore, but Polypore can't raid Microporous' team), but also knew it was acquiring a distressed asset.

Koch believes Polypore knew in 2008 it would eventually have to sell Microporous and compete against it, so the giant wanted to leave the smaller company as weak as possible. “They cut all the heads, so for five to six years the plant operated totally blind,” Koch says. “There was low visibility, low direct contact with customers. The people here were cut from the market, from conventions and expos where they might learn about innovation. Six years is a long time.”

When Koch came on board in late 2013 he began building an experienced new management team, changing the corporate culture and putting a new research and development structure in place to come up with new product ideas as quickly as possible. “We brought a lot of people into the organization chart who know



CFO Ed Feaster and CEO Jean Luc Koch on the production floor.
Photo by Scott Robertson

the business so we could maintain customers and bring credibility to the business, but the challenge to come back to where we started was R&D.

“We didn't really start from scratch,” Koch says. “Sixty percent of the upper management were not here two years ago. It's a huge change. But even though our entire R&D department is new, the head of R&D used to be quality manager. Our director of technology

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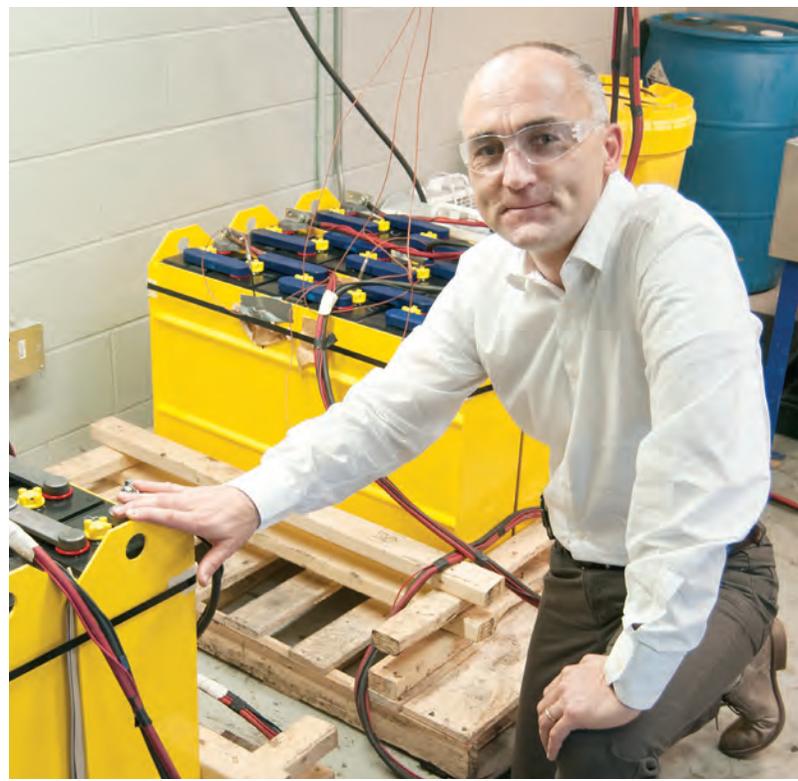
MACROCHANGE, CONTINUED

was the No.2 at Polypore in the R&D department. Our director of engineering was the director of engineering global for Polypore. We have several process engineers we took from Polypore. Our operations manager, Roger, was Daramic Operations Manager for North America, overseeing sites in Kentucky and Indiana.”

Having now invested between \$2 million and \$3 million in R&D, the company is halfway through its first testing cycle, Koch says. “We have some promising results, so we hope to have our first breakthrough six months to a year from now.”

In the meantime, Microporous is working to spread the word about its culture change. Outside its walls, the company is scheduling meetings with customers to learn how it can optimize its products for their specific needs. “Our competition today has enjoyed a little too much market monopoly for too many years and they forgot about that,” Koch says of customer service. “This is great for us.”

Inside the plant, the difference in management styles is obvious, says CFO Ed Feaster, even in how the facility is laid out. “We used to have offices in seven different areas of the plant, so you’d have manufacturing engineering in one place, operations in another and finance over somewhere else. People weren’t talking. They weren’t seeing each other. You used to have to go over a catwalk to get to some of the offices. It was a key investment for us to cement a more team-based, open,



Koch shows a battery in which the company’s products are being benchmarked for customers. Photo by Scott Robertson

transparent culture than we’d had in the past.”

“It’s working,” Cunningham says. “There’s definitely a more team feel to it now. It’s good.” **B**

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Alpha fighting UMWA in preparation for asset auction

\$500 million stalking horse bid in place

By Scott Robertson

Bristol, Va.-based mining company Alpha Natural Resources hopes to emerge from Chapter 11 bankruptcy by June 30 after a planned auction of assets, which should net the company \$500 million or more in cash. The auction is scheduled to take place May 16.

Alpha announced March 8 it had filed reorganization plan documents in United States Bankruptcy Court, which, together with the planned auction, would provide Alpha the opportunity to address all creditor claims. The company also stated it anticipated being able to emerge as a “streamlined and sustainable reorganized company able to satisfy its environmental obligations on an ongoing basis.” The environmental obligations are key because of a 1986 Supreme Court ruling stating that even in bankruptcy, government-mandated reclamation costs cannot be abandoned. The company confirmed to *The Business Journal*, “The plan of recovery and reorganization provides financial support for the smaller restructured Alpha with the primary purpose of fulfilling the reclamation obligations, so some of the remaining unsold mines will continue operating. The plan of reorganization includes funding for the reorganized Alpha as well.”

A major sticking point in the process, however, could be the company’s obligations to United Mine Workers members and their families. Before the sale of the company’s assets can occur,

those obligations must be eliminated in some way. Alpha has asked the court to allow it to reject its contracts with the UMWA, stating, “These are all difficult decisions because they impact our people and their families, but they are also necessary actions if Alpha is going to successfully emerge from bankruptcy in the coming months.”

The story so far

On Aug. 3, 2015, following a disastrous two-to-three-year period in which the coal industry faced unprecedented regulatory headwinds just as its worldwide market began a steep decline, Alpha filed a voluntary petition for bankruptcy protection under Chapter 11 in the United States Bankruptcy Court of the Eastern District of Virginia Richmond Division. The filing listed Alpha’s total assets on a consolidated basis as \$10.1 billion, with total debts of \$7.1 billion. The five largest creditors listed were all Union Bank of San Francisco, based on five separate senior bond issues due between 2017 and 2021. Those issues range from \$263 million to \$577 million. The next largest creditor was Wilmington Trust Co., with \$109 million in bonds due in 2015. No other creditor was listed at a value greater than \$8 million.

Following an examination of Alpha’s assets and debts, on Sept. 17, 2015, the court approved a \$300 million credit agreement under which Alpha

would continue operations. Part of that agreement was a stipulation that by Jan. 5, 2016, Alpha would provide the United Mine Workers of America a written proposal for settlement of the Labor and Legacy obligations owed by Alpha to UMWA members.

In early December 2015, talks commenced between Alpha and the UMWA. According to docket document 1873, Alpha employs 610 active union members (11 percent of its workforce) and provides benefits for 2,600 retired union members. The company reports spending \$52.9 million on healthcare benefits for the union employees in 2015, inclusive of approximately \$17.8 million for the active union employees and \$35.1 million for the retired union employees. In addition, the company says it owes Labor and Legacy Obligations to approximately 2,200 family members of living and deceased union-member employees.

On Jan. 4, 2016, Alpha provided a written proposal to the UMWA regarding possible settlement. Three weeks later the UMWA had filed 300 separate requests for further information from Alpha.

In the meantime, Alpha continued working with its creditors to establish a path out of Chapter 11. On Feb. 8, 2016, Alpha filed docket document 1464, seeking permission to hold an auction of its salable assets, with the major lenders providing a reserve, or “stalking horse”



bid of \$500 million.

Details of the auction were listed in the document, including the possibility of the sale of assets beyond those listed in the stalking horse bid (the stalking horse bid assets are listed on page 18 of this issue). “Anyone could bid on any one or all of the assets,” the company confirms, though with caveats based on bid requirements, qualifications and other determinations.

On March 8, 2016, Alpha released a statement saying it has filed a reorganization plan based on the auction of its core operating assets. Despite the fact that Alpha will be forced to auction off its core assets, CEO Kevin Crutchfield was upbeat in his assessment that the company will be able to do more than just meet its reclamation obligations when it emerges from Chapter 11.

“By leveraging core assets for sustainable productivity, while addressing the stewardship obligations of our remaining properties,” Crutchfield said, “these filings represent an important step in our effort to effectively restructure the company and

SEE ALPHA, 18

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emerge from Chapter 11 better positioned to meet new market realities. While markets continue to be challenged in the near term, we firmly believe that coal's role as a vital fuel source for electricity generation and steel production is secure for the foreseeable future, both here and around the world."

The next day, the UMWA provided Alpha its own written Labor and Legacy settlement proposal, which the company said the union described as a "take it or leave it" proposition. Alpha estimated the union proposal would achieve only \$2 million of the \$60 million in labor cost savings the company needs.

On March 28, 2016, the company asked the court to intervene in the negotiations with the UMWA in order to allow the restructuring to proceed. The company said it must achieve cost savings of \$200 million in order to maintain operations for the restructuring to be successful, with \$60 million of that to come from cost savings related to union employees.

The company further said the stalking horse auction cannot proceed subject to Labor and Legacy Obligations, nor can the company carry the debts following the sale. The assets to be sold in the stalking horse auction constitute the salable assets the company now possesses, it said. The remaining assets, dubbed the reclamation assets, are unsalable. They will be retained, and, where practical, operated by the company for the principal purpose of conducting reclamation activities. The company said in docket document 1873, "There is no realistic scenario in which the Reclamation Assets could support the ongoing payment of the Labor and Legacy Obligations. Thus, they must be eliminated."

Projected dates:

- Labor and Legacy hearing: April 12 or April 19
- Bid deadline for stalking horse auction: May 9
- Auction: May 16
- Approval of bids: May 26
- Emergence from Chapter 11: June 30

On the Block

The Alpha Natural Resources assets to be auctioned or sold as part of the stalking horse bid:

- The Nicholas Complex in West Virginia, which is comprised of the Jerry Fork Eagle Mine and the Power Mountain Processing Plant.
- The McClure complex in Virginia, which is 88 Strip, Bear Ridge, Deep Mines #37, #44 and #41, and the McClure River prep plant.
- Also in Virginia, the Toms Creek Complex, which includes the Cabin Ridge Mine, Deep Mines #25 and #26, and the Toms Creek Prep Plant.
- The Alpha Coal West assets: the Belle Ayr and Eagle Butte Mines in Wyoming.
- The company's Pennsylvania assets: the Cumberland Mine, Emerald Mine and the coal reserves.
- The company's Pennsylvania natural gas assets.
- Alpha's interest in the Dominion Terminal Associates in eastern Virginia.

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With systems' merger application in, deciders making haste slowly

By Jeff Keeling

Work groups are meeting in Southwest Virginia with health care access, quality and cost on their minds. An advisory group is making the rounds in Tennessee, seeking input on measures for an “index” that would grade any merged hospital system on its effectiveness in a variety of areas. Health officials in state capitals Nashville and Richmond are scrutinizing reams of documents and proposals to determine how they square up with the requirements in recently revised Tennessee and Virginia laws allowing anti-competitive mergers.

It all shows that Feb. 15 clearly marked the end of the beginning concerning the effort by Mountain States Health Alliance and Wellmont Health System to gain approval to merge. Since then, the state and regional entities charged with helping shape a Certificate of Public Advantage (COPA) in Tennessee and Cooperative Agreement in Virginia have launched full-scale into laying regulatory groundwork that would govern a merger. They have also begun parsing the voluminous applications the systems submitted.

Over the coming months, all the parties will study, work, negotiate and revise their way toward a groundbreaking, finalized regulatory regime. It may take a good while. Two members of one Virginia work group already have questions about the systems' proposal for capping increases in a merged company's charges to payers and patients. All of this, according to a member of each system's executive team, is ok. “We have always expected that there will be a fair amount of conversation back and forth regarding any clarifications or additional information that the state might need,” MSHA Senior Vice President and Chief Development Officer Tony Keck said March 31. “We feel like that process has been going well in both states.”

The states, and in the case of Virginia, the Southwest Virginia Health Authority (SVHA), need time to digest all the infor-



Tony Keck



Terry Kilgore

mation they've received from the systems, request any additional information and ask for clarification where they have questions, Wellmont Senior Vice President of System Advancement Todd Norris added.

“That's important for them to make a determination that's in the best interest of the community, provide mechanisms for active supervision through the law and so on,” Norris said. “We think it's really important the process take the amount of time it's taking in order for all that to happen effectively.”

On Feb. 16, the day after submitting applications for merger approval, Mountain States and Wellmont leaders said they hoped to see Tennessee and Virginia both approve those applications by sometime in September. Given the steps necessary to reach that point, though – particularly in Virginia – that timeline may be on the optimistic side. CEOs Alan Levine (MSHA) and Bart Hove (Wellmont) spoke of a 120-day process toward approval or denial of a “Certificate of Public Advantage” (COPA) in Tennessee and a 150-business-day process in Virginia. At best, that might have allowed for a September stamp of approval. But as Norris said, getting it right is critical, and a group charged with the next step in the process is comprised of volunteers with no specific timetable.

Virginia Two Step: The Process in the Commonwealth

North of the Tennessee state line, the process toward a merger approval decision has some significant differences from Tennessee's. For starters, the only clock ticking in the Commonwealth at this point relates to the SVHA and its task of determining whether the systems' application for a cooperative agreement (the Virginia equivalent of a COPA) has been “received.” Further, that clock is an open-ended one.

“The status of the application right now is that it has been submitted,” consulting attorney Jeff Mitchell of Blacksburg, Va., told the group at its March 15 full board meeting. “It's not been received until you deem it complete.”

That isn't just semantics, even though the systems submitted their application for a cooperative agreement Feb. 16. The 150-day Virginia clock doesn't start ticking until the application is officially received. The Virginia law that established the SVHA in 2007 was amended significantly last year in order to allow for a cooperative

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FEATURES

MERGER, CONTINUED

agreement. It gives the 32-member SHVA – created “to bring area leaders together to recommend ways to improve health and health related prosperity in the far Southwest Virginia region” – a significant role in the approval process.

The board’s chairman, Virginia Delegate Terry Kilgore (R-First), sponsored a major rewrite of the SHVA law last year that cleared the way for a potential merger. Much like Tennessee’s rewritten COPA legislation, that law’s gist was to allow for mergers that, “supplant competition with a regulatory program to permit cooperative agreements that are beneficial to citizens served by the Authority, and to invest in the (state health) Commissioner the authority to approve cooperative agreements recommended by the Authority and the duty of active supervision to ensure compliance (with the agreement’s provisions).”

The intent of that law change, the statute reads, “is within the public policy of the Commonwealth to facilitate the provision of quality, cost-effective medical care to rural patients.”

SHVA board members’ current job – aside from the estimated 11 or more who will be largely sidelined from the process due to conflict of interest – is to determine whether the application includes “enough information to make an informed decision” about whether to approve it, Mitchell said. Only when that is done, various clocks will start ticking as the SHVA holds public hearings, continues studying the application and any supplemental materials, and makes a recommendation to the state health commissioner on whether to approve the proposed cooperative agreement. Ultimately, it is the health commissioners in both states – Drs. Bill Hazel in Virginia and John Dreyzehner in Tennessee – who will have the final say.

The authority created “work groups” March 15 to review the application for completeness in five areas: population health, health care cost, health care access, health care quality, and competition. Members expressed a desire to try and determine the

application’s completeness by their April 13 full board meeting. Mitchell cautioned them to make haste slowly, and not hesitate to ask for more detail, with questions flowing through his office.

“My anticipation is that there will be some questions ... just from some initial conversations,” Mitchell said. “I think that’s probably healthy. So don’t shy away if you think there’s something that can be more defined. Remember, your standard at the end of the day is, ‘do the benefits outweigh the disadvantages?’ At this stage in the game, you’re simply asking yourself whether or not you think you have

enough information to later make that assessment.”

Kilgore, in announcing that all board members would be included in the competition work group, noted: “That’s one of the most important aspects of the whole cooperative agreement.”

As the *Business Journal* went to press April 1, only the health care cost group had met, and it had enough questions to have scheduled a follow up meeting for April 7. The health care access group was scheduled to meet April 4.



Jeff Mitchell

A question about cost

If the health care cost work group’s March 28 meeting is any indication, SHVA members are taking their role to heart and dismissing any potential pressures to rush their work. At that meeting, its Washington County (Va.) representative, Sam Neese, raised a question about how the application deals with charges to payers and with the \$450 million of excess margins it proposes to invest over 10 years in population health, mental health, children’s health and medical research.

“A lot of the savings shown here are going into programs,” Neese said. “There’s not a lot of discussion on how much of that might be used to keep costs from going up – how much are they going to do to filter some of that back to payers and users?”

Neese also asked, during the 20-minute meeting, how strictly the Commonwealth would enforce the commitments on cost containment the systems have made. Those include a pledge to pare back in mid-year, once

a merger is into its first full year of operation, the already negotiated charge agreements with insurers. Following that year, charge increases would be limited to an amount a quarter percent below the national “hospital price index” (HPI).

Neese’s fellow board member, Virginia Delegate Will Morefield (R-Third), expressed similar concerns to Neese.

“The primary concern that I have is, at the end of the day, what is the cost savings going to be for patients?” Morefield said. “I think that from the public’s perspective, the majority of them are being told, at least, that this merger is going to result in cost savings for the patients, and I think we need to be in a position to not only say that we’ve reviewed it, but we understand it and we agree with that.”

MSHA’s Keck said the systems’ leaders have been meeting with payers to discuss their proposals for containing charges, and that he expects payers and others to comment on those through the process.

“We expect at some point with the commissioners of health in both states that we will have a conversation about their view of what we’ve proposed and do there need to be adjustments,” Keck said.

“We’ve certainly done our best to reflect what we think the needs of the community are and the expectations of the payers. But people continue to provide input throughout this process, and we expect that input’s going to be considered by the states and then we’ll have a conversation with them about it.”

Norris said the systems are attempting to balance several important elements as they create a roadmap for how to utilize an expected \$120 million in extra annual cash flow once the merger is fully integrated several years after its consummation. A good bit of that is slated for the investments in the four areas mentioned above. Norris also mentioned what he called the “sustainability” of the new company, and its ability to invest in capital improvements that help keep its ability to offer high quality health care at the forefront, “and reducing the pace of cost growth. It’s

important to keep all of that in balance.”

So what, when exactly?

The deliberations of the SVHA, and both states, appear likely to bring their own set of tweaks and alterations. Tennessee, where the COPA Index Advisory Group should complete its work in June, is also expecting to amend the rules that govern the COPA sometime this spring, according to TDH representatives. The COPA itself, though, is on that 120-day timetable for an up or down decision from Dreyzehner’s office.

The Virginia process is a little hazier.

A clock will start ticking once the SHVA deems the application complete. Early in that period there will be a 20-day public comment period, after which the authority and health commissioner must agree on a public hearing date that is within 45 days of the application’s being deemed complete. All told, the SHVA has 75 days after deeming the application complete to make a recommendation on whether it should be approved, with a 15-day extension available.

(To see the specific factors the SHVA and Commonwealth are

to weigh in the balance, visit bjournal.com/virginiafactors.)

If a recommendation for approval is forwarded to the state commissioner, he has another 45 days, with up to a 15-day extension, to render a written decision approving or denying the request. With potential extensions and accounting for weekends and holidays, it could be slightly more than seven months from the time the SHVA deems an application complete to a decision being rendered. Were the SHVA to make its initial call April 13 a final decision could be pushed out to mid-November.

“The states and the Southwest Virginia Health Authority are doing a very conscientious and thorough job in the work that they’re doing, and we fully expect that they’ll need time to do their work,” Norris said. “We appreciate the way they’re approaching it. We’d obviously like for the process to take less time, but the process is extremely important.”



Todd Norris



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Industry, academia making beautiful math together at ETSU

By Jeff Keeling

When it comes to, oh, everyday stuff such as strategic supply chain planning, reverse logistics and the impact of information technology on corporate efficiency, Dr. Baptiste Lebreton knows his stuff. The applied mathematician, an operations research manager for Eastman Chemical Co.'s data science group, also knows that without an ability to translate that expertise into terms non-mathematicians can understand, his hard skills are much less valuable in the business world.

"We can't hire people that are mathematically brilliant but can't communicate," Lebreton said one recent afternoon following a guest teaching stint at East Tennessee State University. "You deal with people that are not mathematical experts, so you have to explain to them in simple fashion what you're doing."

Thanks to a partially grant-funded math course at East Tennessee State University, Lebreton is helping Dr. Michelle Joyner's students get a head start on melding the theoretical with the practical.

As two small groups of Joyner's students looked on, Lebreton stood at the front of an ETSU classroom, numbers and formulas scrawled on a white board behind him. The students are spending part of the semester working on a real-world problem, with Lebreton offering help and advice. Those who get it – and getting it involves skill at both computer science and math, along with sufficient soft skills – are hot commodities in the world of industry, Lebreton and Joyner said.

"If you're good at math and good at solving problems, and can communicate the solution making it practical, you have huge opportunities," said Lebreton, who came to Eastman when the company acquired Solutia in 2012.

That's a big reason Joyner, an associate professor of mathematics and statistics, has wholeheartedly embraced an effort spearheaded by the Mathematical Association of America and the Society for Industrial and Applied Mathematics. With funding from the National Science Foundation, the joint effort helps



Cassidy Shaffer



Dr. Michelle Joyner



Dr. Baptiste Lebreton

professors learn about non-academic careers and internship opportunities for students, guidance on developing business and industry connections, and training on helping students develop skills that employers value.

"The model in academia is starting to change toward meeting the needs of employers, and that's exactly what we're trying to do here," Joyner said. "The industries I've talked with want students to be able to work on real problems, not textbook problems. That's why I wanted to bring this program to ETSU."

In Joyner's special topics course, "Preparation for Industrial Careers in Mathematical Sciences," Lebreton and another partner from Massachusetts-based MIT Lincoln Laboratory work with small groups of students like Cassidy Shaffer. The industry partners propose a problem and help guide the student groups toward a solution.

Shaffer, who will intern at Eastman this summer after graduating with a bachelor's in math and a minor in computer science, said the course has provided her a glimpse into the skills she'll need to succeed.

"It's nice to get real world experience,

because in business you're always working in groups," said Shaffer, who will begin pursuing a master's in business analytics at UT-Knoxville next fall. "I like to work with data a lot, and find ways businesses can make more money," she said. "There's a software they use in (Lebreton's) department that models business processes and I've never worked with that before, so it's been real interesting to learn another programming language."

Joyner said she hopes to continue offering the course. At the end of this semester, a chosen team from the class will submit to outside judges a technical report and video presentation detailing a solution to the original problem.

While he's typically looking for hires with several years of experience outside of the classroom, Lebreton said helping in the classroom, which he's also done at Georgia Tech and in Europe, can pay dividends. "We can get in touch with students through these kinds of opportunities and see which ones we might be able to hire. If they can combine what they know from the theoretical side with the practical side, they have huge possibilities in IT, in supply chain and in consulting." ■

WCEDC hires development firm, fetes longtime businesses

By Scott Robertson

The Washington County Economic Development Council unanimously voted last month to contract with Convergent Nonprofit Solutions to fund the EDC's new multi-year economic and community development plan. The total to be raised is \$5.65 million. The net funding increase for the council over the five year life of the plan is just over \$1.4 million. The council is currently projected to be at \$4.165 million without the plan.

In addition to increasing funding for the WCEDC to a level of just over \$1.1 million per year over five years, the plan aims to shift the balance of funding away from public funds toward a majority of funding coming from the private sector. "About 30 percent of our budget is currently funded by the private sector," said council member Ron Scott. "At the end of the five years, we should be closer to, if I have my math right, 54 percent of the council's budget being private sector, so the businesspeople who have more skin in the game day-to-day are going to have more skin in the game in this organization."

Said Pete Peterson, Johnson City manager, "this will be a lot more successful venture with a lot more private sector involvement. The governments' ideal role in this is for guidance and to insure there's infrastructure in place. This thing needs to be led by the private sector." The plan also calls for Carter and Unicoi counties to join their economic development efforts with those of Washington County. "The outside world looks at us in terms of MSA, and there are three counties in our MSA," said Mitch Miller, WCEDC CEO. "When investors look at making



Washington County Economic Development Council CEO Mitch Miller, Clinical Management Concepts CEO Guy Wilson and Tennessee Economic and Community Development Commissioner Randy Boyd at the WCEDC's Milestone Achievement Awards. CMC, formerly Wilson Pharmacy, has been in business 80 years in Johnson City.

Photo by Kenzi Maples.

decisions, it starts at the MSA level, and that's Washington, Carter and Unicoi counties."

The WCEDC also held its 2016 Milestone Industry Achievement Awards in March, with Tennessee Economic and Community Development Commissioner Randy Boyd providing the keynote address. Boyd quoted a myriad of statistics showcasing the state's improvement over the last year on both the education/workforce development and the economic development fronts. [\[B\]](#)

2016 Milestone Industry Achievement Award Honorees

US Endodontics began manufacturing dental devices in Johnson City in 2011 – Five years.

Crown Laboratories, maker of Blue Lizard Sunscreen, was formed in Johnson City in 2001 – 15 years.

Katz Americas began production of eco-friendly coasters in Johnson City in 1991 – 25 years.

Quint – C Pallet was established in 1981 as a Hand-Cut Pallet manufacturer – 35 years.

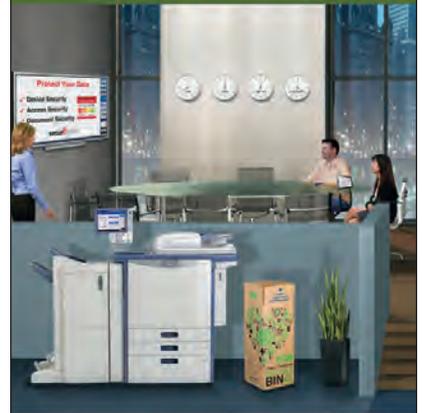
Kennametal began manufacturing tungsten carbide products in Johnson City in 1966– 50 years.

Superior Metal Products, a Washington County, Tenn.-based metal fabrication company, was established in 1966 – 50 years.

Mayes Brothers Tool Manufacturing began operating in Johnson City in 1956 – 60 years.

Clinical Management Concepts was formed as Wilson Pharmacy in 1936 – 80 years.

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Mitch Cox Companies cut the ribbon on their new Silverdale Commons. Universal Companies join in the celebration opening their new corporate center.

New Silverdale Commons business center opens

The former Traco window and door manufacturing plant that had stood vacant since 2009 is now a state-of-the-art business complex.

Silverdale Commons officially opened with a ribbon-cutting event hosted by the Johnson City Chamber of Commerce March 31. Tri-Cities developer Mitch Cox and Silverdale Partners, GP, acquired the former Traco plant in 2014. The 155,000 square foot building is located on 15 acres and was transformed by Mitch Cox Construction, Inc. into an upscale, technologically advanced business center.

Universal Companies also joined in opening its doors during the program. Universal Companies is a conglomerate of three diverse entities including Universal Development and Construction (UDC), Universal Tool and Engineering (UTE), and Universal Wine and Spirits (UWS).

In opening ceremonies Mitch Cox said, "In designing and thinking of how to renovate the old plant we noticed that most of the major auto manufacturers' plants like Toyota, GM, Lexus, Mercedes and BMW were changing their image to the high tech look of metal panels and

other new materials."

Shane Abraham, UDC President said, "We've been very fortunate to operate and grow in a great region with talented and hardworking team members and a loyal customer base. We want to extend our appreciation to all those who've been instrumental in helping this come together."

Each of the companies in Silverdale Commons has more than doubled facility size at the new location and has increased their respective employment numbers by over 40%.

Wellmont CFO leaving for Arizona

Alice Pope, Wellmont Health System's executive vice president and chief financial officer, will become the new chief financial officer for HonorHealth in Scottsdale, Ariz. after 16 years with Wellmont, the system announced early last month.

Pope will continue serving in her Wellmont leadership position, which she has held for 3 1/2 years, through late this month to assist in a smooth transition.

In the term sheet and applications for a Certificate of Public Advantage in Tennessee and cooperative agreement in Virginia, Pope was designated to serve as the proposed new health system's chief financial officer. The CFO position for the proposed new health system will be evaluated by both systems given Pope's departure. The change is not expected to impact the proposed merger itself.

"This decision wasn't easy for a variety

of reasons and is based solely on achieving my personal and professional goals at a key point in my life," Pope said. "I wanted to make a decision now that would position me well for the future."

Pope said she respects the leaders of Wellmont and Mountain States and unequivocally supports the two organizations coming together.

"Alice's leadership has been instrumental in Wellmont's financial strength and in our ability to meet the health care needs of the region," Wellmont CEO Bart Hove said. "She has made a significant impact, and we have benefited greatly from her intellect and impressive financial knowledge. She has also built an excellent team within our finance department, and I am confident those co-workers will continue to capably manage our finances as we decide how to administer the responsibilities she is vacating."



Alice Pope

Tri-Cities home sales set February record

Tight inventory moves average price higher

Northeast Tennessee home sales continued at a record pace in February and prices are beginning to react to the tighter inventory. February's closings were at the highest levels for any February since 2008. It was also the 10th straight month sales have set a new benchmark.

There were 347 closing on previously owned, single-family homes in February according to the Northeast Tennessee Association of Realtors' Trends Report. That's an 11.9 percent

improvement from February last year. The average sales price of \$154,899 was \$9,547 better than last year. "The year-to-year average sales price was up 6.9 percent in January and 6.6 percent in February," NETAR President Marsha Stowell said. The average annual price for 2015 was 3 percent higher than the previous year.

The average home sold during February in the 11-county region monitored by the Trends Report was on the market for 141 days.

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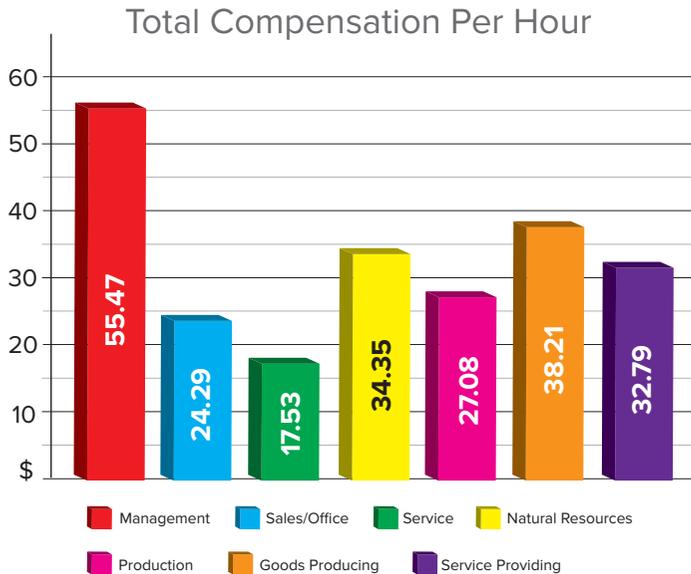
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Employer Costs For Employee Compensation

Source: U.S. Bureau of Labor Statistics, December 2015



Economic developers know replacing a job with a job isn't necessarily a wash for any particular market. For instance, replacing a natural resources job with a service industry job in Southwest Virginia creates a net loss of almost half the income, meaning one would need two service industry jobs for every mining job lost. Hence the drive for manufacturing jobs in Southwest Virginia, where mining is fading as an economic force and service jobs are already prevalent.



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DEPARTMENTS

ON THE MOVE

King University recently named **Alexander W. Whitaker IV** as its 23rd president, effective Aug. 1.

Currently serving as chief of staff and secretary to the Board of Trustees at Berry College in Rome, Ga., Whitaker will succeed Dr. Richard Ray, who has served as King's interim president since 2014.

"We are pleased to welcome Mr. Whitaker to the King University family," said Warren Payne ('69), chair of King University's Board of Trustees. "He was the top candidate in an unbelievably qualified pool of applicants, and he brings with him a deep understanding of the challenges and opportunities facing institutions like King University."

Whitaker is currently in his 10th year at Berry College, his undergraduate alma mater. He returned to Berry after a 25-year career in the United States Navy, retiring as a captain. A member of Berry's executive leadership team and an officer of the college, Whitaker works closely with the institution's governing and advisory boards, and oversees Berry's public relations, religious life and historic assets.

"I am honored to be selected to lead King University, an institution with deep Christian roots that is dedicated to academic excellence and personalized educational experiences for its students," Whitaker said. "Maria and I look forward to making the Bristol area our home and enjoying the many wonderful attributes that make this



Alexander W. Whitaker IV

region so special."

Whitaker spent most of his early Navy career in the Judge Advocate General's Corps, the service's legal arm, where he focused on litigation and international law. A member of the Georgia and Virginia state bars, Whitaker earned his juris doctor from the University of Virginia in Charlottesville, Va., and a master of laws in international and comparative law from Georgetown University in Washington, D.C. He has a Master of Arts in religion from Trinity Episcopal School for Ministry in Ambridge, Penn., where he serves as trustee. He is also completing further doctoral work at Duke Divinity School in Durham, N.C. Whitaker is a member of numerous professional organizations, including the Association of Governing Boards, the Association of Boards in Theological Education, and the National Association of College and University Attorneys.

The Luttrell Staffing Group, owners of 17 AtWork Personnel and six Quality Personnel staffing franchises across the Southeast, has promoted **Mary Wagner** and **Chelsea Bergland**. Wagner has been promoted from district manager into the role of strategic business development manager, where she will be responsible for selling large strategic accounts as well as hiring, training, and coaching sales staff. To account for Wagner's former region, Bergland will expand her current regional manager territory to include the Johnson City, Greeneville, and Morristown locations.



Chelsea Bergland

Wagner started her career with AtWork as a part-time office assistant in 1996. She has an associate's degree in business administration from Southwest Virginia Community College and is a past president of the Human Resource Association of Northeast TN.

Bergland began her career with AtWork Personnel in. In 2011, she helped expand AtWork's reach into northern Georgia and served as the regional manager over that territory for several years. Bergland also serves as the director of AtWork Professional, the company's recruiting and direct hire division.

Food City recently appointed **Kevin Stafford** vice president of marketing. Stafford brings 20 years of industry experience to the key position, including 18 years in retail management.



Kevin Stafford

A Bristol, Tenn., native, Stafford joined the Food City team in 1996. Since then, he has served in a number of positions, including front-end manager, head cashier, front-end supervisor, help desk manager and most recently director of front-end operations. Last year, he also assumed the added responsibility of the development of the company's e-commerce department, including their new GoCart curbside pick-up program.

"Having begun his career with our company at such an early age, Kevin has amassed a tremendous amount of knowledge of our total store operations," said Steven C. Smith, Food City president and chief executive officer, "as well as

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an exceptional rapport with our other department leaders. I'm confident that his experience and insight will enable us to continue to advance our marketing initiatives to meet and exceed the needs of our loyal customers for many years to come."

Stafford holds a bachelor's of business administration degree, as well as a master's of business administration degree from Milligan College.

AWARDS & ACHIEVEMENTS

MSHA VP named among '100 Hospital, Health System CMOs to Know'

Dr. Morris Seligman, executive vice president and chief medical officer for Mountain States Health Alliance, has been named by Becker's Hospital Review as one of the "100 Hospital and Health System CMOs to Know." The list features esteemed clinical leaders from healthcare organizations across the nation.

Seligman joined Mountain States as chief medical officer and senior vice president in 2010 and was named an executive vice president in 2014.

Mountain States has 13 hospitals in two states, covering a 29-county area. Seligman has responsibility on a system-wide basis for a long list of areas including patient safety, quality, graduate medical education, clinical research, accreditation, infection prevention, physician leadership, information technology, supply chain, Lean and hospital-based programs and service line development.

He is the co-chair of the information governance technology committee at Mountain States, and the former chair of the quality and patient safety committee for the Tennessee Society of Chief Medical Officers. He is the chair of the Tennessee Society of Chief Medical Officers and a board member of the Tennessee Hospital Association.

Seligman is also a board member of Mountain States Medical Group, Appalachian Emergency Physicians, Integrated Health Solutions Network-Health Plan and AnewCare Collaborative-ACO. He is a former board member of the Boy Scouts of America-Quad Cities. He is a board-certified internist and has practiced internal medicine, emergency medicine and occupational medicine.

Seligman received his medical doctorate from the University of Missouri-Columbia and his bachelors and masters of business administration from Washington University in St. Louis. He also earned a two-year degree in engineering sciences and a CPA certificate.

Seligman is a fellow of the American Board of Quality Assurance Utilization Review Physicians, a fellow of the American Institute of Healthcare Quality, certified in healthcare quality management, a fellow of the American College of Physicians, a fellow of the American College of Healthcare Executives and a certified physician executive.

Leadership Kingsport honors two with Distinguished Leadership Award

The Kingsport Chamber Leadership Kingsport program recently honored community leaders and volunteers Brad and Leigh Anne



Dr. Morris Seligman

SEE **AWARDS & ACHIEVEMENTS**, 30



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DEPARTMENTS

AWARDS & ACHIEVEMENTS, CONTINUED

Hoover as the newest recipients of the Distinguished Leadership Award.

Created in 1989, Leadership Kingsport's Distinguished Leadership Award is presented annually to an alumnus of Leadership Kingsport who has exhibited outstanding leadership and made significant and notable contributions to the Kingsport community.

Recipients must be a graduate of Leadership Kingsport; serve as a model of servant leadership; have a long record of service to the community; demonstrate service in several area professional and community activities; and be a person of integrity.

Nominations are taken and a committee of Leadership Kingsport graduates selects the recipient each year. Brad and Leigh Anne Hoover have been longtime leaders and volunteers with the Kingsport Chamber and a number of community organizations.

A native of South Carolina, Leigh Anne Hoover is a 1998 Leadership Kingsport

graduate. She serves as president of the Friends of Allandale board of directors and is a member of the Kingsport Delphian Club. She is also a past president of the Literacy Council of Kingsport, the Junior League of Kingsport and past co-chair of the Clemson University Parents' Development Board.

With a Bachelor of Arts degree in secondary education and English and a minor in general communications from Clemson University, Hoover has worked for more than 30 years in the media. Hoover is the author of the well-known children's book "The Santa Train Tradition" and award-winning "Festus and His Fun Fest Favorites."

A native of Kingsport, Brad Hoover is the senior vice president for commercial lending at Citizens Bank. A 1992 Leadership Kingsport graduate, Hoover served as chair of Fun Fest in 1999 and as president of the Kingsport Chamber in 2006. Hoover graduated with a Bachelor of Science degree in administrative management from Clemson University in 1982.

He is also a graduate of the Tennessee



Brad and Leigh Anne Hoover

School of Banking, LSU Graduate School of Banking and the Tennessee Commercial Lending School.

Brad Hoover serves in a number of leadership roles with various organizations.

Hoover co-chaired the Clemson University Parents' Development Board in 2008.

He has also received other awards for his leadership, including Kingsport Jaycees Outstanding Young Man of the Year in 1995 and *The Business Journal of the Tri-Cities* 40 Under 40 Award in 1994.

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Creative Energy wins top honors at AAF Awards

Creative Energy won more than a dozen awards at the American Advertising Federation's Northeast Tennessee Awards ceremony, including two of the top honors. Projects created for longtime Creative Energy client Red Gold earned both the Judges' Choice and Best of Show awards. Creative Energy has handled the foodservice division for Red Gold since 2002.

Creative Energy's other gold winning entries include: Integrated B2B Campaign—Bank of Tennessee "We're Big on Small Business"; Brochure Campaign—Olé Mexican Foods, "Get More Olé" Brochures; Card, Invitation, Announcement—Sweet Briar College, Atlanta Dell Party Invitation; Magazine Advertising—Coca-Cola, Congrats Ad, Jackson Warewashing, Airport Campaign; Television Advertising :30—Pal's Sudden Service, "Out of This World"

Silver winners include: Packaging—iSabor! by Texas Pete® Mexican-Style Hot Sauce Label; Social Media—Texas Pete® Holiday; Logo Design—iSabor! by Texas

Pete® Mexican-Style Hot Sauce Logo; Brochure—Marion Mold & Tool, "Exacting Precision" Brochure; Branded Content—General Shale, 2016 Calendar.

Conducted annually by the American Advertising Federation (AAF), the Northeast Tennessee Ad Club Awards event is the first of a three-tier, national competition. Winners of Gold ADDYs locally are forwarded to the district competition, and winners there compete nationally for recognition. Eight entries from Creative Energy will go on to the district level. This year's competition for Northeast Tennessee included hundreds of professional entries.

Eastman chemist receives ACS National Award in Industrial Chemistry

Eastman Chemical Company chemist Ted Germroth received the 2016 American Chemical Society National Award in Industrial Chemistry, one of the industry's most prestigious awards and one that recognizes outstanding contributions to chemical research in the industrial context.

Germroth received the award at the ACS



Ted Germroth receives the ACS Award

Spring National Meeting in San Diego. He also was awarded a \$5,000 stipend, which Germroth is donating to a non-governmental organization that empowers women in Tanzania, Africa, through education.

Since he moved to Kingsport and began working at Eastman in 1979, Germroth has fashioned an outstanding career marked by continual technology discovery. As a senior technology fellow – one of the highest positions a scientist can achieve

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DEPARTMENTS

AWARDS & ACHIEVEMENTS, CONTINUED

at Eastman – Germroth has long been a vital contributor to Eastman’s reputation for world-class technologies and its ability to innovate and deliver new processes and products. He has had an integral role in a long list of Eastman projects and technology breakthroughs that resulted in significant commercial applications.

Germroth, who earned a master’s degree and Ph.D. in synthetic organic chemistry from the University of California at Berkeley, is now a program leader and technical contributor to two key Eastman programs, new polymer commercialization for liquid crystal display compensation film and Eastman Crystex® new process/product development.

The award is sponsored by the ACS Division of Industrial & Engineering Chemistry. Germroth will be donating his ACS award stipend to Moyo wa Afrika Foundation, a non-profit organization that connects remote Tanzanian villages – especially girls and young women in those

villages – to education and health services.

MED BRIEFS

Heart Institute enrolls most patients in landmark international study

For the third time since last summer, an internationally renowned and respected interventional cardiologist with the Wellmont CVA Heart Institute has been published in the country’s premier medical journal.

Dr. Chris Metzger recently co-authored an article about a nine-year study called ACT 1, a landmark clinical trial in which the heart institute was the No. 1 worldwide enroller of patients. The study has been posted on the *New England Journal of Medicine’s* website.

The heart institute has served as the No. 1 or No. 2 enroller in the United States and across the globe in at least 25 top research trials, including being the current leading enroller in four major trials.

The ACT 1 trial included multiple facilities in the United States and studied

patients who had narrowing of the area where the carotid artery divides into other arteries even though they showed no symptoms. Their condition was caused by plaque buildup, and they were at risk of having a stroke.



Dr. Charles Metzger

The study’s conclusion was carotid artery stenting is just as effective as carotid endarterectomy, which is a more invasive surgical procedure. This result is a benefit for patients whose age or anatomy might not make them an ideal candidate for carotid endarterectomy.

In July, Metzger was one of the authors of another article published in the *New England Journal of Medicine*, which discussed a clinical trial that examined use of drug-coated angioplasty balloons in the treatment of peripheral artery disease. 

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Legislators can do right thing, readdress tuition bill

By Jeff Keeling



When Tennessee's commissioner of economic and community development struck a bullish tone on the state's economy during a recent visit to the Tri-Cities, the role of education rang through clearly. Randy Boyd exhorted local economic development leaders to focus as much on education as they do on things like available land. "Everybody's got dirt," he put it. He also touted, with good reason, a spike in college-going rates in the Volunteer State that stands in contrast to a dip in those numbers nationally.

"That should portend well for an educated workforce in the future, which also should attract jobs," Boyd told a group gathered for the Washington County Economic Development Council's Milestone Industry Achievement Awards March 22. "The number one reason why (employers) come to Tennessee, or go anywhere, is the talent pipeline."

Last year, the Tennessee House of Representatives had an opportunity to move the educational attainment needle a bit further in the right direction and broaden the talent pipeline. They muffed it by one vote. Before returning to their districts later this spring, those same lawmakers should get the opportunity to again consider House Bill 675.

The companion of that bill passed the Senate last year, 21-12. It would allow Tennessee students who were brought here as children, undocumented, to qualify for in-state tuition rates. Other requirements apply, including arrival in the U.S. before 2007, a signed affidavit that the student has filed or will file an application to legalize immigration status, and attending Tennessee schools for at least three years prior to graduating.

The fiscal note on the bill predicts increased state revenues of close to \$200,000 as enough additional students attend UT and Tennessee Board of Regents institutions to offset tuition decreases for eligible students already attending and paying out of state rates. A two-thirds majority vote in the House Calendar Committee would move it straight to a floor vote.

I learned about the bill late last year from Bowmantown farmer Jeff Aiken, who became president of the Tennessee Farm Bureau last year. The Farm Bureau supports the bill, Aiken said, "primarily because we believe that a good education cures a lot of social ills." Anybody who wants an education, he added, should be able to get one as far as the Farm Bureau is concerned.

That makes sense. From a short-term, narrowly self-interested perspective, though, Tennessee farmers could be

among those least interested in such a change. They rely on migrant labor to keep their farms operating. A youngster whose tuition rate has just become more affordable – and by the way, these students still wouldn't qualify for any state or federal financial aid – is less likely to work on a farm.

Such an attitude was pervasive when the prospect of literate, educated African-Americans struck fear in the hearts of many, who were concerned that literate slaves would convince others to revolt. Laws were passed in the mid-1700s, in South Carolina, for instance, prohibiting anyone from teaching a slave to read or write. (Counterpoints to this did exist, with some groups in the South exhibiting some tolerance for slave education.)

Late last year, my 94-year-old grandfather told me of his friendship with an African-American neighbor, Gordon McHenry, when they were growing up in Spokane in the 1930s. McHenry, grandpa said, graduated with him from North Central High School and went on to Gonzaga University before embarking on a highly successful career with Boeing.

McHenry's 2001 obituary reported that his parents moved to Spokane from Tyler, Texas in 1927, "seeking better employment opportunities for themselves and educational opportunities for their children."

McHenry earned an electrical engineering degree, with honors, at Gonzaga, becoming the first in his family to graduate from college. He became a member of several engineering management teams at Boeing – where in 1943 he was the first African-American engineer hired, Boeing unions having previously hindered the hiring of black engineers – and a pillar of the Seattle community for more than 50 years.

Tennessee surely is home to some modern-day Gordon McHenrys in the form of children of migrants. For those who aren't citizens, passage of HB675 could allow them to afford a college education when they couldn't before.

Chattanooga Republican Todd Gardenhire sponsored the senate version and said the bill would have a positive economic impact.

Indeed, college graduates helped by such a law would contribute more effectively to Tennessee's economy and tax base than they otherwise might. They'd also very likely develop a strong sense of loyalty and gratitude to the state and country that provided them opportunity.

Understandable but largely irrational fears surrounding immigration and security have increased within the past year. I hope they don't prevent another round of debate on a bill that is economically sound and represents the best of what America is about. I hope the politicians listen to the farmers on this one. [B](#)



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The project described was supported by Funding Opportunity Number CA-NAV-15-001 from the Centers for Medicare & Medicaid Services. The contents provided are solely the responsibility of the authors and do not necessarily represent the official views of HHS or any of its agencies.

A portrait of Andrew McKeehan, a man with short dark hair and a friendly smile, wearing a dark suit jacket, a white dress shirt, and a bright orange tie. The background is a blurred landscape of trees with autumn foliage in shades of yellow, orange, and blue.

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