

The Business Journal

of Tri-Cities Tennessee

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Bristol, Virginia lands American Merchant

405 jobs, \$19.9 million



Plus:
Nashville considers
Aerospace Park grant
application
and
Real Estate Edition

Mayor Kevin Mumpower poses with a towel like those to be made at the former Ball Corp., plant. PHOTO BY CHRIS ROBERTSON

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American Merchant to bring 405 jobs, \$19.9 million capital investment to city.

Cover photo by Chris Robertson



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KINGSPORT 100

Celebrating the Kingsport Spirit ▶ 2017

A CENTURY OF SERVICE

As Kingsport rounds out its year of centennial celebration, a handful of local businesses have entered into their second century as well. Domtar is the largest, and the paper mill actually predates the Model City. The first pulp mill in what would in 1917 become Kingsport was built in 1916 by the Kingsport Pulp Co. That mill would later be sold to the Mead Paper Co., then to Willamette, Weyerhaeuser, and finally to Domtar.

Armstrong Construction was founded in 1915 as Anderson Purkey, building homes in the Fairacres neighborhood. Over the years, the company expanded into commercial and institutional construction in Kingsport. The firm built department stores including the Charles Store, Sobel's and the city's first Sears Roebuck & Co. Armstrong also built the old Dobyns-Bennett High School, then built the addition onto that building when it was made into a middle school. The firm also built the National Guard Armory in Kingsport.

Hamlett-Dobson Funeral Homes and Crematory was founded in 1915 when James Hamlett moved from Clarksville, Tenn., back east to Kingsport to set up his funeral operation in "The Big Store." In 1919, Hamlett and Jimmie Dobson partnered, opening the city's



Leland Leonard (left) was president of Armstrong Construction from 1977-2011. John W. Leonard II is the current president of the company.

first stand-alone funeral home in 1926. Today the firm still operates from that same location on Charlemont Ave near Church Circle.

The law firm of Hunter Smith and Davis is directly descended from the attorneys who wrote Kingsport's charter. The firm was founded in 1916 by Judge Hugh Graham Morison and F.M. Kelly. Both men had worked extensively for the firms controlled by the Carolina, Clinchfield and Ohio Railway and its interested partners. Those businesses formed the basis of the firm's original client list.

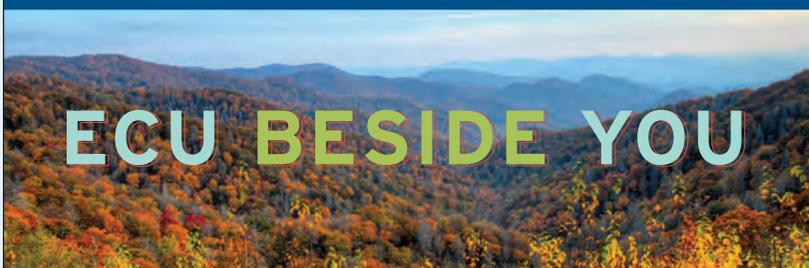
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The table is set for a remarkable year. Nationally, the tax package has been signed into law, so money that has been on the sidelines should start flowing back into the economy. The stock market is strong. Unemployment is low. We are told our trade situation will begin improving as existing agreements are modified or scrapped. Senators Collins and

Alexander say they have been told the healthcare insurance albatross will be addressed within the next couple of months.

Locally, there are several positive signs.

- Bristol, Va., is doing all it can to rebound from the folly of five years ago. The city government is implementing austerity measures and restructuring its massive debt load. The Commonwealth has kept its promises to Bristol as well. It's been less than a year (May 10, in fact) since Stephen Moret, the president and CEO of the Virginia Economic Development Partnership told Southwest Virginia leaders he would institute a six-point plan to ensure Southwest Virginia shared in the economic growth of the state. As he was making that pledge, Moret and other state officials were working to bring American Merchant's 400-plus job towel manufacturing facility to Virginia, battling seven other states for the "get." Bristol was the state's choice for where that plant should be located. For months, the state worked with the city to make sure American Merchant was comfortable with the building (a two-years' vacant former Ball Metals facility on Old Abingdon Highway), the workforce and the infrastructure.
- Regional economic cooperation is on the rise in Northeast Tennessee. The elected leaders of Bristol, Johnson City, Kingsport, Sullivan County and Washington County, Tenn., would not have stuck their necks out to recommend backing the funding for Aerospace Park without the knowledge that their business communities backed their play. At the November signing ceremony, both Mayor John Clark of Kingsport and Mayor Dan Eldridge of Washington County made

statements sounding hopeful notes about more cooperative efforts in the future. NETWORKS Sullivan Partnership is carrying great momentum into 2018 based in large part on its remarkable success in Hawkins County. NETREP, meanwhile is working to leverage the quality-of-life assets in Carter and Unicoi County to help bring more millennials into the regional workforce. And the talk of efforts to market all of Northeast Tennessee, and perhaps Southwest Virginia, as a single region, seems to be gaining steam as well. If that can be done in a way that doesn't repeat the old mistakes of the Regional Alliance days, everyone stands to benefit.

- Southwest Virginia is making progress in ways one might not have thought possible a year ago. When two of the region's top employers, Mountain States Health System and Food City, came together last year to call attention and support to the economic development activities of the United Way of Southwest Virginia, people stood up and took notice. That organization is filling a vacuum in a way that no one else has. It is working with employers, educators, governments and other not-for-profit organizations to address the workforce needs of the region in both the short and long term. For how long have we said, "Somebody should do that?" Now somebody is.
- Even second-tier indicators such as retail are showing improvements. Tenants are trickling into The Falls. The first tenant for Tri-Cities Crossing (Tennessee's largest KIA dealership) has been announced, with the promise of more to come. It's never wise to put too many eggs into the retail basket, but those jobs tend to come in greater numbers when there is a stable economy around them. So the multiple hotel, restaurant and retail store announcements are welcome.

Are there reasons for caution? Of course. The tax cut package can only produce so much improvement in an economy that's already humming along at functional full employment. We still face monumental challenges in education, opioid treatment and other economic development issues that have nothing to do with flat land and empty buildings. But here at the outset, our usual cautious optimism is perhaps a little less cautious than in previous years.

A handwritten signature in black ink that reads "Scott L. Blum". The signature is written in a cursive, flowing style.



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Kingsport Book sold

Kingsport Book, a deluxe book printing company operating in the 120,000-square-foot plant formerly known as Kingsport Press in Hawkins County, has been acquired by Printing Consolidation Company (PCC), a subsidiary of Grand Rapids, Mich.-based Blackford Capital. PCC also owns Dickinson Press. Fred Cooper, CEO of Kingsport Book and Rick Jennings, CFO, will stay on as vice presidents at Dickinson. Cooper and Dickinson say Dickinson plans to keep the current Kingsport Book employees.



Bob Corker

Community bank regulation reform passes senate committee

Senator Bob Corker told *The Business Journal* he expected community banking regulation reform to have a better than 50/50 chance of being signed into law in 2017. It didn't happen, but the bill made it out of committee Dec. 5, with consideration by the full senate possible by March. "These reforms are long overdue and not only will help our community banks better serve hardworking Americans but also will ensure small businesses have access to the credit they need," Corker said in December. The legislation provides regulatory relief to small financial institutions, allowing them to file certain reports less often; improves consumer access to mortgage credit; and provides specific protection for veterans.



Bill Haslam

Tennessee unemployment remains low

November unemployment figures show Tennessee with a 3.1 percent seasonally adjusted unemployment rate, a full point below the national rate and two points lower than it was one year previous. "The economy remains strong in Tennessee, but we are not going to let up on our Drive to 55 to ensure our workforce is ready for the demands of employers in the years to come," Governor Bill Haslam said. "And we're keeping our focus on creating a business-friendly environment that will continue to attract jobs and make Tennessee the No. 1 state in the Southeast for high quality jobs." Eight middle Tennessee counties have the lowest rates, with Knox and Sevier counties rounding out the top 10. Washington County posted a 3.4 rate, with Sullivan County posting a 3.6 rate. Hawkins County's rate was 3.8, Carter's was 3.9 and Unicoi's was 4.5. The Johnson City and Kingsport MSAs both posted 3.7. As of press time, the US Department of Labor's Bureau of Labor Statistics had not yet released Virginia's county-by-county rate information for November.



Mike Quillen, chair GO Va Region 1 Council

GO Va Region 1 Council sets grant evaluation process

The Region 1 Council of the Virginia Initiative for Growth and Opportunity (GO Va) has set guidelines for issuance of capital grants to entrepreneurs wishing to obtain funding for businesses in southwest Virginia. At its December meeting in Bluefield, the council also codified a review process for grant applications including a scorecard to be used in evaluating applications. A small pool of funds is available through the regional council, which may also recommend businesses be eligible to compete on the state level for GO Va funding.



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Virginia Governor Terry McAuliffe presents Merchant House International Ltd., Chairwoman and Founder Loretta Lee a flag from the Virginia Capitol Building as company executives, economic development officials and local dignitaries look on.

American Merchant to open towel plant in Bristol, Va.

Commonwealth steers 400+ manufacturing jobs Bristol's way

By Scott Robertson

Hong Kong-based Merchant House International, Ltd., subsidiary American Merchant will invest \$19.9 million in a towel-making plant in Bristol, Va., in 2018. The company plans to create up to 405 new jobs at the former Ball Corp., facility on Old Abingdon Highway.

“Virginia has a rich history of manufacturing textiles for hundreds of years,” said Loretta Lee, Merchant House chairwoman and founder. “With retailers increasingly challenged by e-commerce competitors, speed-to-market is vital. Therefore, manufacturing and warehousing in Virginia will be a great advantage, and we are delighted to return our industry to this beautiful state.

“We will produce the best product using American material, because you have beautiful cotton. We will work with American workers and we will sell to the American market. When we produce towels, we want to produce the best towels we can do. We will make this place, our beautiful home, this beautiful land, even more beautiful.”

Welcome news

The Dec. 12 announcement was a huge piece of good news for a city that has lost manufacturing jobs and spent itself into a debt crisis chasing retail development over the last several years.

“The city needed this,” Mayor Kevin Mumpower said. “This is important.”

Mumpower and the Bristol City Council have been working to restructure millions of dollars in bond debt accrued during the rush for retail. At one point, in 2014, Virginia had to step in to provide \$10 million to bail out the city. But Governor Terry McAuliffe, who approved that bailout, said at the American Merchant announcement he is pleased to see Bristol stabilizing itself. “I would not have recommended this to Loretta unless the city had their affairs in order because the state has its reputation on the line as well,” McAuliffe said. “They do, and I’m very proud of the work Bristol has done.”

Chris Piper of the Virginia Tobacco Region Revitalization



Mayor Kevin Mumpower talks with Virginia Secretary of Commerce and Trade Todd Haymore. PHOTOS BY SCOTT ROBERTSON

Commission, added, “I’ve had the opportunity to learn about the hard times Bristol has faced over the last few years. So when the opportunity came up for Merchant House to come to Bristol with 405 jobs, the members of the commission and our staff were very excited. It’s important to understand that what’s good for Southwest Virginia is good for the entire Commonwealth.”

Mumpower said Bristol has shifted its focus from retail to manufacturing because, “for every manufacturing job you create, you create five additional jobs. You have machine shops. You’ll have maintenance and support companies. You’ll have supply chain folks. It’s good to see this starting to come together.”

The long game

Investment in American market share by Hong Kong has been growing over the last few years, with Virginia taking the lead in chasing that foreign investment. The American Merchant deal is an example of the Commonwealth staying diligent in those efforts, McAuliffe said.

“Yeah, this one we have been working on for a while. This has been literally over a year and a half of a lot of people working – VEDP and our Commerce folks. I had Loretta up to the governor’s mansion and met with her in my office several times with the local folks, the mayor. She came to see me about three months ago and I believe at that time it was down to about three states. The great workforce here, I think, really pushed it over the top. To come invest \$20 million and take over a gigantic plant like this you have to know that community can deliver the workforce.”

Mumpower said Bristol was focused on showing American Merchant its ability to deliver the qualified workers it would need. “There was a series of meetings at city hall and here at the facility between summertime and now that led up to the culmination of the deal. We showed them the community. We showed them the training we had available at the Center of Excellence in Abingdon. We showed them the school system. The first thing a company looks at for a site,” Mumpower said, “they say, ‘Where are the workers? Where are the people with the skill set to support it? A company like this with a lot of automated equipment—the first thing they’re going to look at is, ‘Where are my industrial

maintenance folks going to come from?’ Well, with the Center of Excellence, which the Tobacco Commission gave money for, they have the support structure here to train and certify those folks.”

In addition to those workforce reassurances, the Commonwealth also provided incentives. The Virginia Economic Development Partnership worked with the City of Bristol to secure the project. McAuliffe approved a \$300,000 grant from the Commonwealth Opportunity Fund to assist the city with the project. In addition, the Virginia Tobacco Region Revitalization Commission approved \$590,000 in Tobacco Region Opportunity Funds. American Merchant is also eligible to receive additional grants and state benefits from the Virginia Enterprise Zone Program and Appalachian Regional Commission, both administered by the Virginia Department of Housing and Community Development. Funding services to support the company’s employee training activities will be provided through the Virginia Jobs Investment Program.

In all, Virginia competed successfully against seven states for the project: Rhode Island, Georgia, Florida, Arkansas, Mississippi, North Carolina and South Carolina.

Timeline moving forward

American Merchant will not employ 405 individuals on day one. The former Ball Corp., plant is currently a shell that must be fitted with equipment for weaving, cleaning, dyeing, cutting, sewing, packaging and shipping towels.

The company will take the first line employees it hires to Germany and China to train on existing machines identical to the ones they’ll be working on in Bristol, said Robert Burton, chairman of the board of American Merchant. Those employees will then return to the U.S. to train the rest of the Bristol workforce. The equipment for the plant will begin arriving in early July.

Mumpower, who is better capable of forecasting the actions of an industrial interest than most mayors because of his own experience as vice president of Product Development Engineering at Bristol Compressors, said, “They’ve got to have a good program management staff. They have to hire somebody to drive this project. There’s a lot of technical work that’s got to be done on the front end. They have to get this infrastructure ready. They’re going to be hiring electrical contractors to drop power. They’re going to be hiring mechanical contractors to mark floor, make sure they know exactly where equipment’s going, drop air services – they’ll take several months planning that out and having that happen. Once they get that equipment in shipment, then it becomes, ‘Here we go.’ Because once it goes, it goes. They’ll have riggers in here moving equipment and powering it up. So for six or eight months, you’ll see them getting everything installed, and then they’ll spend a couple of months training the new employees. They’ll do some hiring and pretraining so folks are ready when the equipment is ready. Then they’ll produce their first product and make sure it’s to spec – pilot run their process and make sure everything’s right. Then they’ll turn the switch, say, ‘We’re ready to ship,’ and start taking orders.” In the meantime, the governor said, the American Merchant announcement will catch the eye of other manufacturers, essentially putting Bristol on their map. “This allows you to get other companies. It’s a real game-changer for Bristol.” ■

Aerospace Park grant application in state's hands

TDOT's answer expected this month

By Scott Robertson

The Tennessee Department of Transportation's (TDOT) Aeronautics Division has all the applications for a one-time Aeronautics Economic Development Fund grant offering in hand, and says it will award those grants this month. Tri-Cities Airport submitted an application for \$8,150,000 of that money in December to cover construction costs for Aerospace Park, the airport authority's planned business park on the south side of the main runway.

Preflight looks good

A side-by-side analysis of the state's requirements and the airport authority's application show a project that would appear to be ideally suited for the funding mechanism. "We believe so," says Patrick

Wilson, airport director. "We certainly hope TDOT sees it that way as well." TDOT eligibility requirements state that applicants must be local governments or their funded economic development organizations, or airport authorities or comparable bodies and that, "partnerships, collaborative work and leveraging of funds are encouraged."

In the case of Aerospace Park, the Tri-Cities Airport Authority is the applicant, but it has partnered with five local governments to leverage funds. Bristol, Johnson City and Kingsport have joined Sullivan and Washington counties to match, dollar for dollar, the \$8,150,000 being sought from the state. That cooperative effort has been widely hailed as a potential stepping off point for greater regional cooperation on other economic issues as well.

TDOT's guidelines for funding say each applicant will be

evaluated based on the following criteria: Aerospace and related programs/activities, Employment and Capital Investments, and Community need and support.

In Aerospace Park's case, the relation to aerospace and related programs and activities is that the park will be the only business park in Tennessee with direct access to an existing runway for tenants. In terms of employment and capital investments, the Aerospace Park application states that, "by year five after completion of the site development project, TCAA has established a benchmark goal of MROs or aircraft manufacturers investing \$25 million in facility construction and creating 650 jobs." The community need and support piece is again addressed by the unification of the region's city and county governments

to meet the state dollar per dollar.

This is a reimbursable grant program. That means grantees will spend dollars as agreed upon in the contract for eligible activities, will submit respective receipts and other documentation to TDOT, and will then receive reimbursement from TDOT for allowable expenditures. All expenditures must take place within the timeframe of the grant period as designated by the grant contract.

Grants will not be eligible for amendment in scope or amount.

Who's the competition?

When talk of this grant began in earnest more than a year ago, only two projects were under consideration: Aerospace Park and a general aviation airport for Oak Ridge. Because of the long period of time between the release of the state budget and the opening of the application period Nov. 8, other municipalities

ESTIMATED PROJECT COST		
Engineering Services Design/Bid/CA/Close Out	\$	704,000
Engineering Special Services RPR/Survey/Geotech/QA	\$	503,800
Construction	\$	14,242,910
Construction Contingency	\$	1,424,290
Administrative: Legal/Advertising/Project Administration	\$	125,000
Total Estimated Project Cost	\$	17,000,000

Grant #1: TVA InvestPrep Grant - Design Phase (approved and available)		
City and County Local Funding (approved November 2017)	\$ 350,000	50%
TVA InvestPrep Grant Funds (approved October 2017)	\$ 350,000	50%
Total	\$ 700,000	100%

Grant #2: TDOT Aeronautics Economic Development Fund		
City and County Local Funding (approved November 2017)	\$ 8,150,000	50%
TDOT Aeronautics Economic Development Fund (requested)	\$ 8,150,000	50%
Total	\$ 16,300,000	100%

Total Aerospace Park Development Funding	\$ 17,000,000
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Project Task	Status	Schedule
Preliminary Engineering Study	Complete	February 2017
Environmental Review	Complete	December 2017
Detailed Engineering Design	Pending TDOT Grant	Feb. - June 2018
Issue Plans for Bid		June 2018
Receive Bids		July 2018
Construction		Aug. 2018 - Nov. 2020

Source: Aerospace Park grant application

and airport authorities have had the opportunity to come up with their own ideas as well.

Were this a tournament, Oak Ridge and Aerospace Park would likely still be considered the top seeds. Both projects check off all the boxes on the TDOT list. Oak Ridge has been working with the FAA and has support from Oak Ridge National Laboratory and lists the Knoxville Metropolitan Airport Authority among its partners. The airport, and its proposed 5,000-foot runway, would sit adjacent to the East Tennessee Technology Center. Oak Ridge City Manager Mark Watson recently told WBIR-TV the project, “looks probable.”

What could go sideways

Politics.

TDOT was the main beneficiary of the revenues from the gas

tax increase at the heart of Governor Bill Haslam’s IMPROVE Act in 2017. Northeast Tennessee’s State House delegation voted almost unanimously against that bill. Only Representatives John Holsclaw and Gary Hicks voted aye. So when Northeast Tennessee goes back this year asking for TDOT grant funds, the memory of that vote may still be fresh.

Tennessee Speaker of the House Beth Harwell led a delegation of five of the six IMPROVE Act no-voters from Northeast Tennessee to meet with Haslam Nov. 21 with Aerospace Park as the only item on the agenda. In the press release from Harwell’s office that followed that meeting, Representatives John Crawford, Bud Hulsey, Timothy Hill, David Hawk and Matthew Hill all spoke of the importance of the project. None mentioned the governor’s

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response. Two Republican sources with knowledge of the meeting have told *The Business Journal* that the meeting left the delegation with no reassurances.

Harwell, speaking at a Chamber of Commerce function in Johnson City, later said of the meeting, “The governor was certainly open to how critical the project was. I feel like it was a positive meeting. Here’s what I will tell you as Speaker of the House. I work with whomever the wisdom of the electorate chooses to send to the General Assembly, and I will work well with your delegation. The governor has a lot on his plate, as you can imagine, and this is one of many, many things across the state. But I do believe we had his undivided attention, and ultimately I think he will be fair in his review. I do think it was important that we went directly to the governor. I feel good. I do. I really do. I do.”

Harwell credited Sullivan County Mayor Richard Venable and Wilson for providing her with a full slate of talking points to present to the governor in that meeting. “This could be a game changer for this area. It’s a remarkable asset for this area, so I’m very hopeful that you’ll get your grant money this time,” Harwell said. “But if not, we’ll keep working on it.”

TDOT has committed to announcing the grant awards this month and to issuing the contracts in, “Spring 2018.” There is no mention of a grant program being offered in the coming budget year. **BJ**



Tennessee Speaker of the House Beth Harwell in Johnson City
PHOTO BY SCOTT ROBERTSON

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2017 a banner year for Tri-Cities real estate

Trends bode well for 2018 as well

By Don Fenley



Pickens Bridge Village PHOTO COURTESY UDC

For the first time since the Great Recession, the Northeast Tennessee – Southwest Virginia real estate industry heads into a new year with more checkmarks in the positive column than the negative. By all measures the market is fully recovered from the recession. The consensus of real estate professionals who spoke to *The Business Journal* for this report is to expect more good news in 2018.

At the close of 2017, previously owned-single family home sales had posted a second consecutive record year, condominium and townhome sales saw their best year since the recession and new home builders were scrambling to keep up with demand that exploded in the third quarter. That demand is reflected in a 26 percent increase in new home permits.

Although new commercial real estate building permits are down, the number of transactions is pacing 2016. The exception is Bristol. Kelly Graham, agent/broker at Graham and Associates in Bristol Tenn., describes the retail and restaurant sale market in the twin city as “hot, hot, hot.”

Residential

- 2017 was the second that year sales exceeded a billion dollars. It was also the year that price appreciation showed bigger gains.

- The fundamentals are in place for more of the same in 2018. While there are no visible short-term bumps in the road, there are challenges on the horizon.

One of Eric Kistner’s first public duties after his installation as president of the Northeast Tennessee Association of Realtors (NETAR) a year ago was to announce that the 2016 existing home market had set a new benchmark. Combined single-family, condominium and townhome closings broke the 6,000-sale mark for the first time. But the jewel in that year’s crown was the housing market became a member of the billion-dollar-a-year sales club.

“Getting that billion dollars in sales was huge for real estate,” Kistner said. It’s the number that affirmed real estate is a major component of the regional economy. “Those of us in the profession look at real estate as an industry. But since it doesn’t have a brand like Eastman or Domtar, the public doesn’t see it that way. To correct that we set a goal to raise public awareness about the



Eric Kistner

Regional Commercial Property Available Market Summary

December 2017

Types	Listings	Avg Lease Rate	Avg Sale Price	Total Available	Avg Space Size
Industrial	53	\$3.80 PSF	\$29.62 PSF	1,424,718 SF	26,882 SF
Office	244	\$10.80 PSF	\$86.61 PSF	1,227,462 SF	5,030 SF
Retail-Commercial	116	\$8.27 PSF	\$77.12 PSF	782,676 SF	6,747 SF
Shopping Center	66	\$10.36 PSF	\$113.86 PSF	233,925 SF	3,544 SF
Totals	479				

Statistics courtesy of Northeast Tennessee Association of REALTORS®

nature of the business which led the local economy out of the recession.” Transactions of existing home sales and the economic activity those sales generate in other sectors account for an estimated 15 to 18 percent of Gross Domestic Product (GDP). A drill down identified a local real estate impact of 12.5 percent of the Tri-Cities GDP. “It would have been higher, but we couldn’t put a number on some things like private investments for single-family rental properties.”

The biggest challenge Realtors faced in 2017 was sustaining the market’s momentum. “We thought an increasingly tighter inventory would hold us back,” Kistner said. “But it didn’t. The bar was raised again.”

Single-family sales started out strong but hit a soft patch in the second quarter of 2017. At the same time, condo and townhome sales were on a roll. Double-digit gains were the name of the game. August was the only time they took a breather. Karrom Boonsue, managing broker at Keller Williams Realty, attributes the sales spike to a combination of new financing terms and the health of local home owner associations. “At the end of the recession, there were some homeowner associations with reserves that were not large enough. That made investors and buyers wary of purchases.” When the situation was resolved sales took off.

The fact that residential sales were barely keeping up with the 2016 pace for the first half of this year was

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REAL ESTATE, CONTINUED

overshadowed by something that had been missing since May 2015 when home sales took off like a rocket. Sales were at record levels, but prices were not increasing proportionally. May 2015 is when investors and bargain hunters zeroed in on the lower price tier of the market – homes in the \$200,000 and below price range. Cash was king and sales exploded. Combined with a steadily increasing demand from consumers those record-level sales extinguished the excess inventory that had built up during the recession. By the latter months of 2016 tight inventory was the market catchphrase. And it got tighter last year. Tight enough that it unleashed higher prices.

One measure of the pulse of the local inventory picture is months of inventory. It simply described the number of months it would take to exhaust active listings at the current sales rate. Six months of inventory is the real estate rule of thumb for normal market conditions. The local norm has traditionally been more like nine to 10 months. But that was yesteryear's market. At the beginning of 2017, "normal" dropped to five months, then four months beginning in April.

While investors and first-time buyers continued their assault on the lower-market price tier, sales in the higher price ranges began catching up. During the 12 months ending in November 2016 sales in the \$200,000 and below price range accounted for 76 percent of all homes sales. During the 12-months ending in November 2017, that share had declined to 72 percent while total sales increased. Sales in the next higher price range - \$200,000 to \$399,999 increased by 2 percent. Sales the price ranges above that also saw small increases.

Boonsue thinks that market dynamic will carry over into 2018. "I don't see anything in the near term that will hurt us. In fact, rising interest rates will help us in the short run" because rising interest rates tend to push both buyers and sellers who have been sitting on the fence waiting for something better back into the market.

At the same time, "I don't see any massive growth," Boonsue added. There's room for some owners in the middle price ranges to move up, but many of the folks who say they would like to move are holding back because they can't find what they want in the existing inventory. "It's a continuing saga of what has been going on for a year or so." We are in a strong seller's market in some price ranges, but it's not universal.

Two concerns Boonsue has about the market are beginning to be heard more often these days. They are the affect of wage stagnation and the lack of product for first time buyers. "Our lower end inventory was boosted during the recession and investors and individuals bought many of those properties to flip and put back on the market or for rentals." The problem is when you flip a home and put it back on the back market at a higher price it raises the ante for the first-time buyer, and many of them are saddled with the area's wage stagnation and the area's chronic underemployment problems.

NETAR's incoming president Aaron Taylor says the top market challenge he sees for 2018 is a continuation of the squeeze on inventory. "We don't have a lot of new product in the most affordable price ranges, and if first-time buyers get squeezed too

hard, there's a danger it could drive them into renting instead of buying. There's no fast or easy solution.

"Realtors did a good job of managing the inventory crunch in 2017, and I'm confident they will do the same this year, Taylor says. "We are seeing a little relief because new listings are beginning to trend higher." That should continue as the market gears up for the prime buying and selling season, "but I suspect inventory will be one of our top issues in 2018."

Renting vs. owning and the affect the region's rising inventory of apartment complexes may have on home sales was and remain hot-button real estate topics this year. Several big complexes have come online in Sullivan County, and more are in the construction or planning phases across the region. The most recent is Crossgate Partners' Town Park Lofts in Kingsport. The \$32 million development is on the old Supermarket Row site in downtown Kingsport. According to Randy Moore of Crossgate, when completed the development is expected to be a 263-unit housing complex on seven areas with one and two-bedroom apartments, along with 8,000 square feet of retail space on the ground floor. The development features what in becoming a staple for new apartments in the region - a resort-style swimming pool, clubhouse, and fitness center. Construction began in November and is expected to take 18 months.

City officials in both Bristol and Kingsport eye the new apartment complexes as incentives to attract new residents. City and civic officials want to attract Millennials. It's a top issue for localities trying to come to terms with the region's aging population and population decline. Northeast Tennessee has an older population than the rest of the state and nation. The Tri-Cities region is on the leading edge of the trend by five to six years. The demographic reality is for every 10 live births the region records there are 13 deaths. The only population growth has been new residents, and in recent years Washington County, Tenn., has attracted most of it. The hope in Sullivan County is more new, high-end apartments will help Kingsport and Bristol retain some of the immigration, plus attract apartment dwellers from outside the area to relocate. So far, the results in Kingsport have been a redistribution of occupancy from the older apartment complexes to those that recently opened. There's also been a slight increase in the number of elder homeowners who have elected to move to apartments when they sell and downsize for retirement.

Shane Abraham, founder and principal of UDC, says the supply-demand mix for apartments in the Washington County area is the best he's ever seen it. He adds there is almost always room for infill in some areas. An example of that infill is a 175-unit expansion to UDC's Pickens Bridge Village in Piney Flats. Occupancy rates are



Karrom Boonsue



Shane Abraham

Market Summary - November 2017

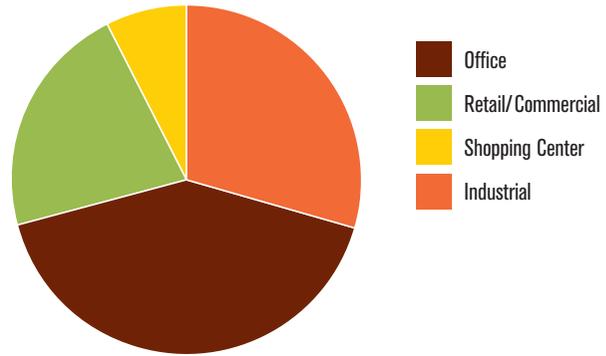
Kingsport-Bristol-Bristol

2.4 million SF
Commercial Space For Sale

706,124 SF
Commercial Space For Lease

1,077 Acres
Land & Farm For Sale

\$125.7 million
Total Sale Price



Current Statistics for Kingsport-Bristol-Bristol

Property Type	Listings	Asking Lease Rate	Asking Sale Price	Below List	Days on Market	Total Available
Industrial	20	\$3.79 PSF	\$37.05 PSF	-	171	490,078 SF
Office	120	\$11.20 PSF	\$65.71 PSF	-	-	681,187 SF
Retail/Commercial	42	\$6.73 PSF	\$75.06 PSF	-	-	367,358 SF
Shopping Center	30	\$11.35 PSF	\$65.34 PSF	-	-	128,456 SF

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REAL ESTATE, CONTINUED

also reportedly high in the major Washington County complexes. Abraham isn't as confident about the supply-demand mix in Sullivan where most of the recent construction was centered. Other real estate professionals are also wondering if the rapid increase of so many apartment complexes in areas that are not seeing population growth is a good idea.

New Home Market

- New home demand exploded in the third quarter. Demand continues to exceed inventory capacity.
- The outlook for 2018 is positive, but with some pragmatic considerations.
- Rising building material costs and higher interest rates could put a damper on growth.
- Builders continue coping with the scarcity of ready-to-build lots, skilled workers and credit.

Local builders entered 2017 with a projection that new home construction – as measured by new residential building permits - would increase by a little over 7 percent. That would have made it another year of painfully slow growth. And there wasn't a lot of reason to question the projection. The region's population picture was flat at best, jobs were being created, but chronic underemployment and wage stagnation had a chokehold on traditional growth. Things

went according to the projection for the first half of the year, then the world turned upside down – in a good way – for many builders.

Tri-Cities new residential permits outperformed both the Knoxville and Chattanooga metro areas in the third quarter. New permits rose 28 percent, and all but one county saw double-digit increases. Washington and Sullivan counties led the expansion followed by Greene, Carter, and Hawkins counties in Northeast Tennessee and Washington County in Southwest Virginia.

Washington County, Tenn., and Washington County Va., dominated new permits for high-end homes with 29 and 20 new permits followed by 15 in Sullivan County. During the first nine months of the year, there were 74 new permits for homes that were more than 4,000 sq. ft. or had a construction cost of more than \$400,000. During all of 2016 there were 77 high-end homes built in the area.

The explosion of the new home sales handed Lisa Luster, executive officer at the Johnson City Area Homebuilders Association, a headache and a good problem to have. In the final weeks of preparations for the associations' Builders' Showcase of Homes, the number of homes to showcase began dwindling. She had a lot of interested consumers and fewer models to show because builders were "selling new homes faster than they could build them."

Washington County, Tenn., continued its domination of new home construction and high-end permits in 2017. Michael Garland, 2017 president of the homebuilders' association, said

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Market Summary - November 2017

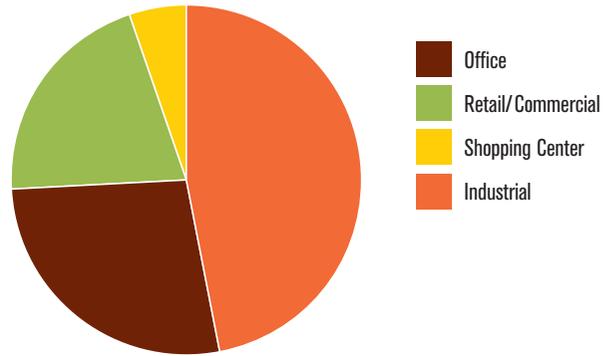
Johnson City

1.2 million SF
Commercial Space For Sale

883,275 SF
Commercial Space For Lease

1,443 Acres
Land & Farm For Sale

\$152.8 million
Total Sale Price



Current Statistics for Johnson City

Property Type	Listings	Asking Lease Rate	Asking Sale Price	Below List	Days on Market	Total Available
Industrial	33	\$3.82 PSF	\$22.19 PSF	-	-	934,640 SF
Office	124	\$10.39 PSF	\$107.51 PSF	14.2%	327	546,284 SF
Retail/Commercial	74	\$9.82 PSF	\$79.19 PSF	20.0%	114	415,318 SF
Shopping Center	36	\$9.38 PSF	\$162.38 PSF	-	-	105,469 SF

Statistics courtesy of Northeast Tennessee Association of REALTORS®

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REAL ESTATE, CONTINUED

demand now exceeds supply. Those conditions mesh well with his expansion at Garland Farm Estates. “As long as job development stays strong we’ll continue to grow. The bottom line is it always comes back to the strength of the jobs market.”

Tim Hicks of Hicks Construction, a former association president told *The Business Journal* that on a scale of one-to-10 “I’d say the market is probably an eight. I’m getting a call a day, and that’s about as hot as I’ve seen it.” His comments came just weeks before the Builders’ Showcase of Homes. Conditions haven’t let up.

Kelly Wolfe, Wolfe Development, agrees, adding, “We’re pinching ourselves about just how good it is and how good it feels to not have the anvil of a poorly performing economy and high gas prices hanging over our heads. Things are as good as we’ve seen since the recession hit in 2008.”

While the region’s new home industry is dominated by Washington County, Tenn., and Sullivan County, growth isn’t limited to those counties. Hawkins and Carter counties have seen spikes in new home construction. The same goes for Greene County. It’s a welcome reversal for a sector that has been performing at a little better than half its pre-recession capacity. The challenge is sustaining the momentum.

While new residents to the area make up part of the new home buyers, most of them are local residents. And the mix of buyers is across the board. Matt Lorencen of the Gouge/Lorencen team at Re/Max Checkpoint handles many of Orth Homes’ sales. “We have seen and worked with all kinds of buyers – retirees and empty nesters sizing down and couples sizing up.” Washington County builders say they’re seeing residents from other local counties relocating to the new home hot spots in northern Washington County.

Travis Patterson, Patterson Homes, Kingsport, has targeted the Surgoinsville area for a new home development intended to attract buyers in the \$200,000 price range. Why Surgoinsville? Simple, Phipps Bend is seeing a growth spurt, and job creation is high. Hawkins County is also one of the two counties in the region showing population growth. The development is a Patterson-Petzoldt Build Fund LLC project. They acquired 20 lots from Appalachian Credit Union’s foreclosure inventory in the Allenwood development. The \$200,000 price point is a base the partners hope will attract buyers who are put off by much of the new home inventory in the \$300,000 price range.

Like the Washington County builders, Patterson says he’s seeing demand exceeding supply. During a recent Chamber of Commerce after hours event, Patterson said that at the beginning of the year he said he would be happy with 12 builds in 2017. “So far we have 23. I’ve never seen new construction demand as high as it is now.”

Kistner, who is also a contractor, auctioneer and broker at Bridge Pointe Real Estate, said even with the major ground that has been gained “we’re still not building enough new homes. All year we’ve seen people who want to downsize but they couldn’t



Kelly Wolfe

because they couldn’t find the new home they wanted. That keeps their existing home off a market that’s hungry for fresh resale inventory. It’s a cap on sales and higher equity of all residential.”

Kistner thinks the key to more new homes lies with the area’s major employers’ employment plans and the pending merger of the region’s two health care providers. The merger will position Ballad to attract research grants that will dramatically expand the health care delivery, education and research components of the regional economy, he said.

When asked about the disparity of new home development in Washington and Sullivan counties Kistner pointed out that topography is a big advantage for Washington County. “Drive down the highway and pay attention to the lay of the land as you get into the Gray, Tenn., area,” he said. Flat land is one of a developer’s best friends, and the Washington County homebuilders have it.

Commercial Real Estate

- Commercial real estate transactions were slightly higher than 2016, but new construction permits were down 19%.
- Bristol’s retail and restaurant markets are hot
- Renovation and repurposing continue as the main drivers in commercial properties
- Everyone is waiting and watching what will happen after the hospital merger

Graham says there’s no question about the status and outlook for commercial real estate in Bristol. “Riding on the success of the Pinnacle and other developments we’re seeing a lot more activity,” he said. “Several new restaurants are looking or have announced they are coming to Bristol. Retailers who have thought of Bristol as the third sister now realizing it’s a player at a major retail and restaurant crossroads. Bristol is hot. It’s our turn for things to happen,” and there’s still an opportunity for infill in both the retail and restaurant sector of Bristol proper.

John Speropulos, president of Mitch Cox Realtor, Inc. in Johnson City, isn’t quite as animated as Graham but adds 2017 was a banner year for him and his colleagues. “There’s not been a lot of new commercial development, but we’ve had one of our best years.”

Tri-Cities new commercial real estate construction permits were down 19% in the third quarter. The Knoxville metro region was the only area that saw an increase. By way of comparison, Chattanooga permits were down 20 percent.

Speropulos points out that renovation and repurposing of existing commercial inventory continues driving much of the local sector as it has for several years. “There’s not a ton of inventory out there. For example, when I look at medical office space there’s not much to choose from.”

The cost of construction is up, and several trends are holding new construction at arm’s length, Speropulos added. Technology has given employers the ability to work with fewer employees, retailers are consolidating multiple outlets and constantly looking for a way to maximize the use of their space. “It’s not entirely a ‘is the glass half-full or half-empty property issue.’ The real issue is we need a bigger glass.”

Jerry Petzoldt, general manager and principal broker at the TCI Group, also cited the technology factor. “many businesses have decreased the space they need by 20 percent solely

because of the way they do business with technology.” In some ways technology is the biggest headwind facing the commercial real estate inventory, he added.

“Some of the Johnson City retailers I’ve talked to say sales are up,” Speropulos added, “but I do think there are a lot of people sitting on the sideline waiting to see how things shake out with the hospital’s merger before they commit to major investments.” That’s an observation shared by Boonsue. He thinks the region is poised for growth of slightly larger physician’s groups and that will create churn in demand for medical office space. “In the near term, we could see some development of new space.”

Boonsue also echoed Speropulos’ observation on the repurposing and renovating of office and retail space. “For small businesses or startups, the question is how do I compete with the national franchises and how space is utilized is a big part of that decision,” he added. “We have a lot of inventory that has to be absorbed before we see much expansion.”

Petzoldt said the main barometer for the health of retail and office inventory is the vacancy rate of existing space. Unfortunately, that’s a metric that isn’t available on a city or regional basis. He thinks the occupancy rate for office space is high now and it could get warmer because of the medical demands after the merger.

Confidence got a big shot in the arm with low gasoline prices since they act as a virtual tax cut – what’s not spent at the pump goes directly into other consumer spending. “But in the long run, we

won’t see a whole lot in commercial retail until we see population growth,” Petzoldt said.

Population growth was also on Graham’s mind, with Southwest Virginia as his focus. “What we need is for the people in the areas of Southwest Virginia who took it in the teeth in the coal industry downturn to migrate into the Tri-Cities area – Bristol in particular. We have a place for them here. New apartment complexes have been built – another is under consideration - and there are jobs,” he added.

Several studies estimate that the coalfield region of SW Virginia will lose 9 percent of its population by the end of the decade. It’s the nature of commercial Realtors to pay close attention to the business cycle since it drives commercial real estate. They also keep a weather eye on what happens with governance. There’s optimism among local commercial Realtors that regulatory reform and the new tax code will release some of the reservations of investors in 2018.

“I’m more optimistic now than I have been at any time since the Great Recession,” Petzoldt said. **BJ**



Jerry Petzoldt

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The Business Journal Q&A

Top trends for 2018: East meets west

Rudyard Kipling famously wrote, “East is East and West is West and never the twain shall meet.” Rudyard Kipling never bought a home here.

From Greeneville, Tenn., in the west to Abingdon, Va., in the east, the Tri-Cities region is seeing many of the same trends in almost exactly the same measures when it comes to residential real estate. Factors affecting the manufacturing and distribution-heavy west end of the region are producing similar results seen in the manufacturing-starved east. *The Business Journal* spoke with Brad Johnston, broker/owner of Hometown Realty and Auction in Greeneville and Jim Rowlette of Highlands Realty in Abingdon about the trends they’ve seen in 2017 and anticipate in 2018.

Business Journal: The National Association of Realtors (NAR) predicts a decline in home price increases once the tax bill is signed in Washington. Do you agree and are you planning to temper sellers’ expectations?

Brad Johnston: Our market is different from the national market. Our market is different from Greeneville to Johnson City and from Greeneville to Knoxville. Housing prices may drop up north and in Florida because of the tax bill, I don’t know. I just don’t see how things here are going to be affected. If it’s any indication, December has been a fabulous month.

Jim Rowlette: (Lawrence Yun, NAR’s chief economist) predicted the median price growth for 2018 would be 5 percent as compared to 6 percent in 2017. So he’s predicting a one percentage point drop in price growth. He’s also predicting an increase in new home sales by 100,000 and existing home sales a slight uptick from 5.5 million to 5.7 million. We here in Southwest Virginia have been very vigilant on tax reform and its potential impact on homeowners and the community overall. Our research indicated home equity will be affected by the reduction or elimination of the mortgage interest deduction, but one thing I noticed in Mr. Yun’s report was that he predicted that tax reform would produce more disposable income, though the mortgage interest would be less as far as a cap on it. So that may spur buyers to buy.

Business Journal: What is your inventory situation like right now?

Brad Johnston: That’s one reason I can’t foresee how the tax bill would lower home prices. Our inventory is so low. Housing prices still have not recovered all the way from the crash of 2008-2009, but we’ve had more multiple offer situations because inventory is so low. We’ve had two or three

offers on the same houses this year.

Jim Rowlette: What we’ve seen is a decline in the houses available in the price range that is very popular – the \$100,000-\$150,000 range. We just don’t have that many for the entrance level as we have had in the past. We take that as being because a lot of the people who would normally move up out of those houses into a medium- or higher-priced house are just not moving. They’re staying put, so that puts a lot of pressure on the lower end entrance level homes. And that holds true, we’re finding, from Washington County all the way up into Wythe County.

The average sold price for a home in Southwest Virginia in 2016 (through Dec. 19) was \$139,343. That was on a volume of 1,771 units sold. The average sold price for the same period in 2017 was \$140,618 with 1,794 units sold.

Business Journal: Has the rise in digital communication made your job easier or has it actually made it more confusing for buyers, sellers and realtors to come together productively?

Brad Johnston: It’s made it easier for the buyers because they go online. The Internet is where everybody goes. They find lenders on the Internet. They find houses on the Internet. When they come to us, they usually have three to five houses they already know they want to look at. So it does make it easier for them.

Now sometimes it does make it harder for us because they feel like they stayed at a Holiday Inn Express because they feel they’re so knowledgeable. That can put us at a disadvantage sometimes when they think they know what a house is worth. People look at county tax appraisals, and those are just not very accurate. So someone might say, ‘Well, this house only tax-appraised for \$82,000 and you’re selling it for \$119,000. Well, then you get three offers on it and they’re not what they thought. Zillow is another one that sometimes misleads people. You get that Zillow “zestimate” and that can be very misconstruing.

Jim Rowlette: The digital world we live in for entertainment, news and consumption, we’ve seen growing by leaps and bounds. Our realtors are very smart about that technology and try to use it to their advantage to connect with clients in that digital arena. What we’re finding new is that our buyers are much more informed. They have done a lot of the legwork digitally, which helps us as realtors because we don’t have to show so many homes that get discarded. They can shop online and narrow it down to the homes we’re interested in. **BJ**

KOSBE Awards fete Tri-Cities entrepreneurs



The 2017 KOSBE Award winners PHOTOS BY LINDA COFFEY, COFFEY SHOTS PHOTOGRAPHY

The Kingsport Office of Small Business Development and Entrepreneurship (KOSBE) honored a dozen area businesses at the 2017 KOSBE Awards Dec. 14 at the MeadowView Marriott Conference Resort and Convention Center.

Special guests Fred Cooper and Rick Jennings of Dickinson, which recently purchased Kingsport Book, shared with attendees their journey from corporate life through entrepreneurship to selling their business.

The KOSBE Awards promote economic impact for the Tri-Cities by recognizing small businesses that are leading by example and making an extraordinary contribution to the communities they do business in. The winners exemplify leadership and excellence in overcoming adversity, and a passion for helping others succeed. Award winners serve as inspirational leaders to other local small businesses, and they model best practices that will progress the region as a whole.

Several contenders and winners also received bonuses including print and radio advertising, marketing, co-working space, memberships, financial analysis, legal aid, training, and expert coaching.



Rick Jennings, left, and Fred Cooper, right, of Dickinson Press are interviewed by *Business Journal* Editor Scott Robertson at the KOSBE Awards.

2017 KOSBE Award Winners*

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- Kayla Marie Hernandez**
IMPACT Award

*Awardees were determined via a competitive process including a judging panel.

ON THE MOVE

Legal

Stephen M. Darden, Managing Partner of Hunter, Smith and Davis, LLP is pleased to announce that **Caroline Ross Williams** has been named a partner and **Sarah E. Blessing** has become an associate attorney with the firm.

Williams' practice concentrations include insurance defense, commercial litigation, insurance coverage, personal injury and creditors' rights. She is licensed to practice law in both Tennessee and Virginia. Williams received her law degree from Liberty University School of Law in 2010, and her B.B.A. from East Tennessee State University in 2007. While a student at East Tennessee State University, she was a member of the prestigious Roan Scholars Leadership Program, and served as Secretary/Treasurer of the Student Government Association. Williams is currently president of the Northeast Tennessee Young Lawyer Association. She is also a member of the Kingsport Bar Association, Tennessee Bar Association, Virginia Bar Association, Virginia Association of Defense Attorneys, and ETSU Foundation. Williams is a graduate of the Leadership Kingsport Class of 2012, and was recognized by *The Business Journal of Tri-Cities Tennessee/Virginia* as a member of its "Forty Under 40" class in 2014. She and her husband, Jason Williams, live in Kingsport with their daughter, Charlotte.

Blessing is a native of Kingsport. After graduating from Dobyns Bennett High School in 2011, she attended Milligan College where she graduated summa cum laude with a Bachelor of Science degree in business administration. Blessing received her law degree from the University of Tennessee College of Law in Knoxville. She became Hunter, Smith's most recently-licensed attorney at a swearing in ceremony before the Tennessee Supreme Court Nov. 6, 2017 and, like Williams, is a member of the firm's litigation practice group where her primary area of practice is medical malpractice defense. In recognition of her efforts while a law student, Blessing was presented the prestigious "Attorney for Justice" award by Kingsport native and current Chief Justice of the Tennessee Supreme Court Jeffrey S. Bivins at a ceremony in Kingsport Oct. 13, 2017.

The second year of Darden's term as managing partner began Jan. 1. He is also chair of the firm's Labor & Employment practice group.

Administration

Trish Baise, a registered nurse with experience in hospital leadership and quality improvement, has been named chief executive officer (CEO) of Franklin Woods Community Hospital and Woodridge Hospital as well as administrator of Overmountain Recovery.

Baise has served in various nursing leadership roles within Mountain States since 2009, and has been chief nursing officer of Franklin Woods and Woodridge since 2014. During her tenure,



Stephen M. Darden



Caroline Ross Williams



Sarah E. Blessing

Franklin Woods and Woodridge have received multiple national awards for clinical quality, patient satisfaction and nursing excellence. Franklin Woods has been twice named one of the top 100 hospitals in the U.S. by Truven Health Analytics and has received Pathway to Excellence designation from the American Nurses Credentialing Center. Woodridge Hospital has received the Press Ganey Guardian of Excellence Award for patient satisfaction three years in a row.

Baise will succeed Lindy White, who has served as CEO of Franklin Woods and Woodridge Hospital since 2014. Prior to that appointment, White served as CEO of Smyth County Community Hospital in Marion, Va., where she had been since 1992, earning successive promotions from accountant to vice president of finance, then chief financial officer and finally CEO. Most recently, White successfully launched Overmountain Recovery, a regional addiction treatment clinic that is now helping more than 80 clients in their journey to recovery from opioid addiction.

"Trish and Lindy have made an outstanding team and together have developed a culture at Franklin Woods and Woodridge that has allowed us to achieve top-tier results in quality," said Dr. Jocelyn Medina, chief of the medical staff at Franklin Woods. "I am confident that Trish is just the right person to carry forward that momentum and lead our team to even greater results. We are so grateful to Lindy for her leadership in getting us to this point, and we wish her the best as she takes this next step in her career."

White has accepted a position with LifePoint Health as CEO of Providence Northeast Hospital in the system's Columbia, S.C., market. White will remain with Mountain States until mid-January, when Baise will transition into her new leadership role.

"I am both extremely proud of Lindy for being presented this opportunity, and personally sad to see her go," said Alan Levine, president and CEO of Mountain States. "She has excelled as a leader and has set a great example of caring, integrity, and positivity throughout her career. When an outstanding leader like Lindy departs, she leaves some big shoes to fill, and I could not be more proud that we have such excellent internal talent capable of stepping in and continuing the great work going on in these facilities. It says a lot about an organization when we consistently develop leaders from within, and I have no doubt that Trish will excel in her new role."

Baise earned her doctor of nursing practice degree with an emphasis in health system leadership from Vanderbilt University, as well as a master's in nursing from Vanderbilt. She is a fellow of the American College of Healthcare Executives and is a certified nurse executive through the American Nurses Credentialing Center. She also serves on the board of directors of the Tennessee Nurses Association.

Southwest Virginia Community College has a new president. **Dr. Thomas F. Wright**, currently of Cleveland, Tenn., will become the institution's third permanent president. Wright's selection concludes a national search that attracted 83 applicants and took six months to complete.

"Thomas Wright is an impressive higher education leader who really connects with the people and the culture of Southwest



Trish Baise

Virginia,” said Glenn DuBois, chancellor of Virginia’s Community Colleges. “His selection is the result of a competitive process that attracted a great deal of talent. We are eager to see what he accomplishes.”

Wright has worked in higher education for more than 25 years. He most recently served as vice president for finance and advancement at Cleveland State Community College, as well as the executive director of the college’s education foundation. Wright previously served as the college’s interim vice president for academic affairs.



Thomas Wright

Prior to that, Wright worked for a decade at Appalachian State University, rising to the position of director of housing operations. He began his higher education career at Middle Tennessee State University where he served in several roles including interim assistant dean of students. He earned a doctorate from Tennessee State University, and a master’s degree and bachelor’s degree from Middle Tennessee State University.

“Our college’s local board was impressed and delighted to see the talent that this competitive search process brought to our college,” said Peggy Lowe, chair of the Southwest Virginia Community College local board. “This wasn’t an easy decision. Each of the four finalist who came to campus had something special to offer. We are excited to work with Dr. Wright. He displays a firm grasp of the challenges and opportunities that are unique to our region, and we

are eager to see what the college can do under his leadership.”

Wright will succeed Dr. Mark Estep, who is retiring from the college’s presidency after serving in that role since 2007.

Dr. Rene Rodgers has been named head curator of the The Birthplace of Country Music (BCM) Museum. The previous museum director & head curator, Dr. Jessica Turner has accepted a new position as executive director of the American Folklore Society.

Rodgers joined BCM in 2012, in a part-time role, as a member of the content team working on the exhibit script and design for the Birthplace of Country Music Museum. Once the museum opened in 2014, Rodgers joined the BCM team full time as the Curator of Exhibits & Publications and has overseen the special exhibits at the museum.

“We are extremely fortunate to have someone of Rene’s caliber on our staff,” said Leah Ross, executive director of the Birthplace of Country Music. “Rene is fully knowledgeable regarding the curatorial aspects of our museum as well as its staff and volunteers. I look forward to working with her going forward as we move towards fulfilling our mission and improving our museum and its related programs.”

Economic Development

The Northeast Tennessee Regional Economic Partnership (NeTREP) has completed another step in its Partnership 2021

SEE **ON THE MOVE**, 28

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ON THE MOVE, CONTINUED

Plan by hiring an outdoor development manager. After reviewing more than 200 applications, NeTREP CEO Mitch Miller and select members of the organization's outdoor task force, chose **Kayla Carter** to fill the position.

"We are excited about having Kayla join the team," Miller said. "She has experience with tourism and in the outdoors. She knows what makes this area unique."

The fact that so many applications were submitted confirmed Miller's notion that people in this area recognize the importance of the outdoors to the region's economic viability. "The pool of applicants for this position were highly qualified," Miller said. "This proves that our region has a very talented workforce ready to go to work in the outdoor industry."

The mission for the outdoor development manager position is to promote the outdoors as a form of economic development. With this in mind, Carter said she is eager to put her energy into generating wealth, recruiting jobs and people, educating citizens and encouraging environmental stewardship.

"We want to inspire all of our employers to embrace the outdoors as a recruitment tool," Carter said. "It's a great way to highlight the area's quality of life when hiring talent. On the other hand, we also want to support organizations who are dedicated to improving, maintaining and protecting the quality of our natural resources."

Carter will be expected to create a highly marketable outdoor

brand for the region, support existing outdoor-based businesses and jobs and work to secure the federal designation of a National Recreation Area for land in Carter, Unicoi and Washington counties.

"I'm eager to bring both my professional skills and personal passions to the table," Carter said.

Carter's most well-known outdoor accolade is the completion of an Appalachian Trail through hike in 2014. Upon her return, she joined the Tennessee Eastman Hiking and Canoeing Club as a trail maintainer. She is also a member of the local Southern Off-Road Biking Association.

"I used to have a bad case of wanderlust," Carter said. "After my through hike on the Appalachian Trail, I realized just how blessed we are to live here in Northeast Tennessee. I have found many friends and mentors within the local outdoor industry and community. I plan to serve and support them all in any way that I can."

Carter has a bachelor's degree in journalism from East Tennessee State University and an associate's degree in speech communication from Northeast State Community College. Prior to being named Outdoor Development Manager, Carter served as the tourism coordinator for Carter County. She has also worked as a journalist for several news organizations including the *Johnson City Press*, *Erwin Record* and *Elizabethton Star*. BJ



Kayla Carter



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Poll: early education needs attention

Tennesseans are starting to see the benefits of prioritizing education. As the state has risen in education rankings over the last few years, unemployment has fallen and the state's economy has boomed. A group of business, law enforcement, faith, education and civic organizations and individuals in Tennessee believes now is the time to double down on that success for the long-term by prioritizing early education. Tennesseans for Quality Early Education (TQEE) recently released the results of a November 2017 poll suggesting the majority of Tennessee voters agree.

Eighty-six percent of likely voters surveyed in the poll agreed that education from birth through second grade comprises the "building blocks" of all learning. "A primary reason these results are important is the public support for the issues in the poll mirrors our top policy priorities, Improving Teaching and Learning in the Early Grades, Improving Childcare Quality and Accessibility, Empowering Parents to be a Child's First, Most Effective Teacher and Strengthening Accountability Systems for Continuous Improvement," said Lisa Wiltshire, TQEE Policy Director. Wiltshire managed a Pre-K expansion plan for Nashville Public Schools in 2014-2015 before becoming director of the Office of Early Learning at the Tennessee Department of Education through April 2017.

Poll respondents were presented with the statement, "Investing in early education will save taxpayers money long-term by reducing poverty, lowering healthcare costs and reducing criminal justice costs." Eighty-five percent of respondents agreed and 62 percent strongly agreed.

The poll showed almost total unanimity in support of programs to ensure all students can read at third grade level by third grade. Ninety-eight percent of respondents agreed to that statement, with 89 percent saying they strongly agreed.

Up until third grade, children learn to read. At the third grade level, having learned to read becomes more important because it is at that point that the reading skills are critical in a child's ability to learn more. It is often said that until third grade, a student learns to read, and that afterward, he or she reads to learn.

A second, critical message the organization wants to send to policymakers is that the poll shows voters believe Tennessee's public education system by itself is failing to prepare children for employment. Sixty-seven percent of respondents answered "no" when asked this question. Fifty-eight percent of likely voters surveyed said education in Tennessee is "on the wrong track" with 81 percent of those respondents saying the state's public education system needs "major change."

"A part of what these results tell us is that voters believe our state leaders should emphasize early education more, rather than putting all the emphasis on K-12 and higher education," said Mike Carpenter, Executive Director of TQEE. "The entire education continuum from birth to career is important and every year matters when it comes to children being successful in life."

Underscoring voter comments about support for early education and concerns about the quality of public education is how they feel about their state legislator's support or lack of support for early education policy. When asked if their state legislator supported early education policies would they have a favorable or unfavorable impression of their lawmaker, voters overwhelmingly (69 percent) said they would have a more favorable impression of their legislator.

The survey, conducted by Public Opinion Strategies, a Washington, D.C. polling firm tested sixteen different policy proposals. Fourteen of the 16 proposals scored 80 percent or higher favorability among voters with the remaining two proposals also receiving favorability scores above 60 percent.

Tennesseans for Quality Early Education is comprised of business, law enforcement, faith, education and civic organizations and individuals in communities across Tennessee. The group's members support high quality early education standards to achieve stronger academic results as a strategy to improve education, boost workforce development and enhance quality of life in our communities.



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