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Succession Planning:

Top businesses talk about the strategies behind their changes at the top

Plus
Casino battle heats up
and
Moog Protokraft takes off

Blackburn, Childers & Steagall Managing Partner Andy Hatfield with former Managing Partner Tommy Greer

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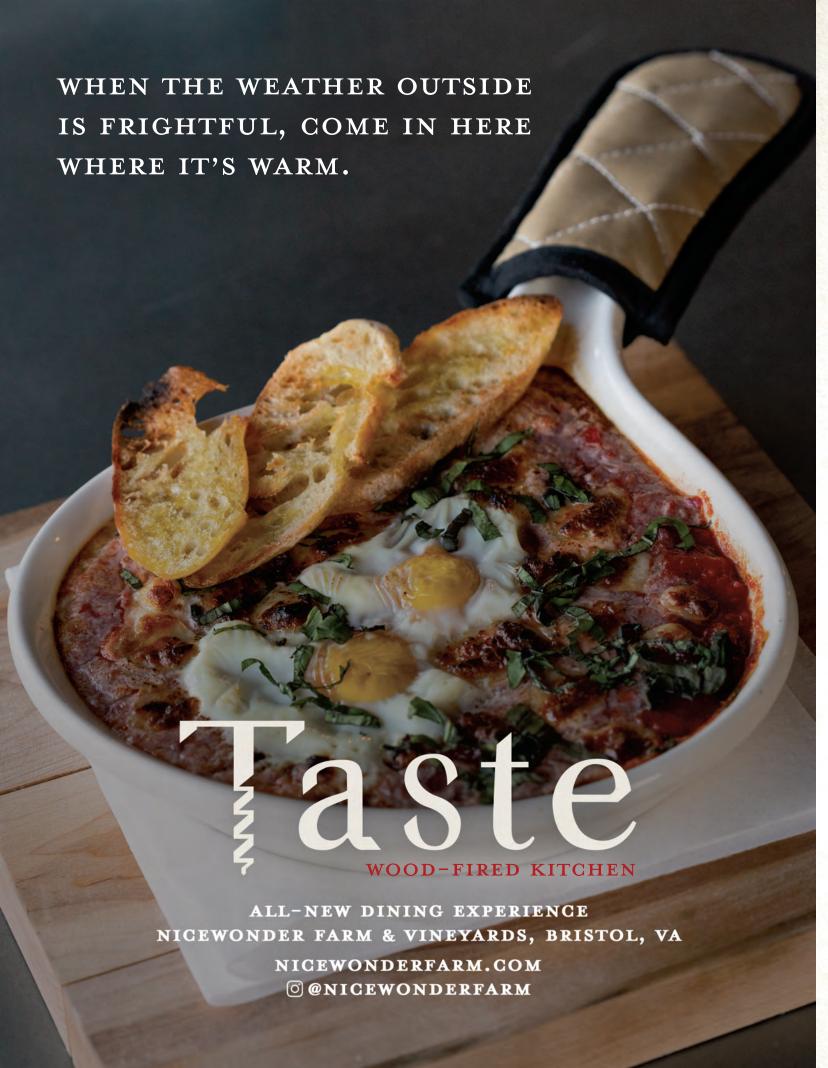
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Understanding Runs Deep



The time has come



A round a year and a half ago, I was asked to keynote the annual meeting of the First Tennessee Development District, speaking on the topic of regionalism.

For those who aren't familiar with the district, it oversees the Area Agency on Aging & Disability, as well as economic and community development efforts, environmental management initiatives and the dispersal of state and federal funds

for programs in Northeast Tennessee. Its board is made up of the 30 mayors representing the cities, towns and county governments of eight counties. Also on the board are State Senator Rusty Crowe and State Representative Matthew Hill, as well as industrial recruitment representatives from Hancock, Sullivan and Washington counties. Sullivan County Mayor Richard Venable is the board chair.

When I spoke to these government leaders in 2018, I said that to be effective, our region has to have better funding for economic development than what town, city and county governments can provide. I hope the message took.

I covered the First Tennessee Development District executive committee meeting of Jan. 22, 2020 in Johnson City. During a discussion in which FTDD Executive Director Chris Craig asked for more resources, Johnson City Mayor Jenny Brock asked that a budget workshop be held.

"We can bring the justification for this thing forward and then we can piece it all together and have everybody understand the direction that we're going," Brock said. "We continue to talk about more and more responsibility and activities for the First Tennessee Development District as we see it as that regional leader."

Hopefully, Brock meant the leader of the public sector portion of a public-private partnership.

The district, I would agree, has a potentially great role to play in regional economic development. It can bring outlying communities from Mosheim to Mountain City into the discussion. It can serve as the central public sector communications point in whatever public/private partnership develops. Its efforts on workforce development over the last few years have been exemplary.

The bottom line, however, is that the district cannot pilot

the ship. Even if the district does manage to unify every local government, the district lacks the funding to allow the region to compete effectively with other regions here in Team Tennessee, much less in the Southeast, the nation or the world economy.

I've heard that the district may ask the state government for matching funds for what local and county governments put in. That's a great idea. But the idea of getting the state involved in no way negates the need for private-sector leadership.

The only way for Northeast Tennessee's governments to put game-changing levels of funding into economic development is to significantly cut existing taxpayer services while raising taxes in their individual communities. I would not expect many hands to rise in favor of that.

If regionalism is to work, it can't be just local governments working together. First, it has to come from the grassroots. Well, we've already seen a groundswell of public support for working as a unified region because parents are tired of watching their children leave the region for better job opportunities elsewhere.

Second, regional economic development has to have the support of business, because that's where you get the funding without raising taxes. That having been said, private sector leaders aren't just going to write checks to the district and hope for the best. They're going to want accountability, which means they're going to want votes, not just voice.

And frankly, if they're going to be the ones who can – and will – put their money where their mouth is to help make this a region our kids will want to stay in, raise their families in and have careers in, they deserve that. Just so, we'll all deserve the benefit of their business expertise in the effort to recruit new jobs to the region.

The Mayors' Blue-Ribbon Task Force reports are in. The private sector has had its forum. I would urge private sector executives and public sector officials to bring what they've learned over the last year-plus of studies and meetings, and come together soon. If they do so with a common desire to create greater prosperity for all who are willing to work for it throughout the region, we can all finally move in a unified direction – forward.









the theme of 2020 vision











Former Alpha Natural Resources Chairman Mike Quillen receives the Lifetime Achievement Award.

Pending home sales increase for a 2020 sellers' market

ri-Cities pending homes sales posted a small increase over November's total while year-over-year and the moving average trend surged, according to the Northeast Tennessee Association of REALTORS (NETAR) latest report.

Pending sales are a leading indicator of housing activity based on signed contracts for existing single-family homes, condominium, and townhome resales in the 11-county area monitored by the NETAR Trends Report. Since resales go under contract typically 30 to 60 days before the sale is closed, pending sales typically lead existing-home sales by about two months. Under current conditions, five percent of the contracts fall through due to contract contingencies.

Pending sales, record-low mortgage rates, and a growing job market point to a strong start for the 2020 housing

market, which looks to continue as a solid sellers' market, said NETAR President Kristi Bailey.

According to preliminary data from REALTOR Property Resource (RPR), 935 approved contracts were awaiting closing last month as compared to 913 in November and 593 in December. The long-term, moving average trend was up 13.9 percent from December last year. The Tri-Cities pending sales trend continues increasing despite the lowest inventory level in the 11-county region since NETAR began its monthly Trends Report in 2008, said NETAR Data Analyst Don Fenley.

December's active listings were 22 percent lower than in 2018.

The region had 3.8 months of inventory in December – a small improvement from 3.2 months of inventory in November.

SINGLE-FAMILY COUNTY MARKETS								
County	Dec. Closings	Yy ch	Yy % ch	County	YTD Closings	YTD ch	YTD % ch	
Sullivan	146	14	10.6%	Sullivan	2114	153	7.8%	
Washington, TN	126	32	34.0%	Washington, TN	1829	90	5.2%	
Greene	67	26	63.4%	Greene	725	71	10.9%	
Hawkins	43	11	34.4%	Hawkins	561	20	3.7%	
Carter	33	3	37.5%	Carter	532	52	8.9%	
Washington, VA	33	9	37.5%	Washington, VA	492	45	10.1%	
Scott	12	7	140.0%	Wise	222	9	4.2%	
Johnson	11	2	22.2%	Johnson	178	32	21.9%	
Wise	11	4	26.7%	Scott	140	28	25.0%	
Lee	3	1	50.0%	Lee	44	5	13.0%	
County	Dec. avg. price	Yy ch	Yy % ch	County	YTD avg. price	YTD ch	YTD % ch	
Washington, TN	\$221,232	\$24,673	12.6%	Washington, TN	\$220,441	\$2,100	1.0%	
Washington, VA	\$186,292	\$26,596	16.7%	Johnson	\$189,071	\$7,755	4.0%	
Carter	\$182,488	\$64,705	54.9%	Sullivan	\$186,381	\$14,388	8.4%	
Sullivan	\$179,480	\$13,103	7.9%	Washington, VA	\$186,447	\$7,254	4.0%	
Hawkins	\$173,422	\$21,325	14.0%	Greene	\$167,275	\$13,420	8.7%	
Johnson	\$171,579	\$17,596	11.0%	Carter	\$161,498	\$22,712	16.4%	
Lee	\$166,966	\$77,216	86.0%	Hawkins	\$157,492	\$11,841	8.1%	
Greene	\$151,719	\$5,599	3.8%	Wise	\$113,439	\$12,304	12.2%	
Scott	\$118,666	\$14,416	13.8%	Scott	\$110,408	\$9,154	9.0%	
Wise	\$111,681	\$18,125	19.4%	Lee	\$87,782	\$5,363	6.0%	



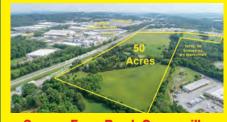


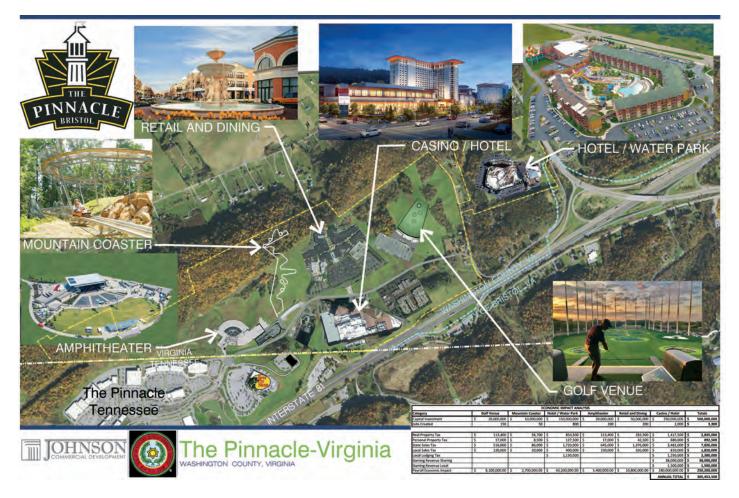
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The proposed Pinnacle development would, according to developer Steve Johnson, create \$500 million of investment and \$305 million in positive economic impact annually.

The next battle of Bristol: the casino war

by Scott Robertson

In Bristol, Va., developers Jim McGlothlin and Clyde Stacy had already been working for months on planning and lobbying for their proposed casino and resort on the former Bristol Mall property when, on Jan. 7, 2020, Chief Richard Sneed of the Eastern Band of the Cherokee Indians (EBCI) announced his own plans to build a casino about a mile away just outside the city limits in Washington County. The Washington County site adjoins both Interstate 81 and the existing Pinnacle retail development on the Tennessee side of the state line.

"I have visited the site along I-81 and I am impressed with its strategic, gateway location that serves a five-state area," Sneed said in a release sent to Bristol area news media. "It is our wish to bring new tax revenue and jobs to Washington County and the Southwest Virginia region in a positive and impactful way."

What had been a question of whether the Virginia General Assembly would allow Bristol to have one of five casinos in the state (likely) and whether the voters of Bristol would put aside social conservatism to pass a referendum allowing a casino in their city (questionable), suddenly became much more complicated.

McGlothlin and Stacy responded by essentially calling Sneed

a carpet-bagger, insinuating that the Cherokee-run project amounted to little more than a defensive play to allow the Cherokee to harvest the profits of the Virginia operation to make up for the loss of Virginians who would no longer travel to the existing Harrah's Cherokee casino in North Carolina. They pointed out the fact that they had already secured Hard Rock (owned by the Seminole tribe in Florida) to manage the Bristol casino as a partner with them, whereas the Cherokee had no manager listed, and would own or lease the property, giving the local developer little to no influence in local matters.

Under Sneed's plan, the Washington County casino would be owned and operated by the EBCI, but the surrounding acreage, slated to include a water park hotel, an amphitheater, a mountain coaster a multi-story driving range-style golf venue and additional retail and dining, would be developed by Johnson Commercial Development, the company that developed the Pinnacle retail center in Tennessee.

McGlothlin and Stacy said in a statement, "While we are not surprised an out-of-state casino owner is trying at the 11th hour

SEE CASINO, 12

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CASINO, CONTINUED

to protect their interests in North Carolina, we are surprised that the Pinnacle developer argues for his version of competition in Virginia, while at the same time hiring lobbyists in Nashville to prevent competition for the other side of his existing development.* We can't help but believe that the Cherokee don't want us to compete with them against their very successful Cherokee, North Carolina casino and Steve Johnson does not want 50 retail stores and restaurants operated by Hard Rock to compete with his Pinnacle operation."

One thing both sets of developers agree on: Bristol and Washington County, Va., could use the revenue created by a casino. The fact that Cabela's closed its location in The Falls as Steve Johnson was going to war with a proposed Bristol development goes beyond ironic. It is also relevant. A revenue-sharing agreement could be the only thing that allows Bristol to keep its charter should other retailers follow the anchor (Cabela's) out of the Falls. City manager Randall Eads has said the city will meet its obligations despite Cabela's departure, but told the Business Journal it's possible other Falls tenants will depart. "You know, some Cabela's employees probably got their gas at Sheetz. There will be some impact."

Characterization of January as the 11th hour may be hyperbolic. The legislation allowing for casinos in Virginia is very much a living set of documents as of this writing. In 2019, the Commonwealth envisioned allowing five communities to have referenda on whether to allow casinos. Those five were (and currently remain) Bristol, Danville, Norfolk, Portsmouth and Richmond. Proponents of the Bristol Mall site have made the argument that it is too late in the process to allow other geographic areas to compete for one of the five casinos, and, since the Washington County site is not within the Bristol city limits, it should be excluded from consideration. "That's nonsense," Johnson said. "There needs to be, and there will be, revenue sharing between Bristol and Washington County. When you look at the two casino projects, Bristol will come out better by having the casino at the Pinnacle and having revenue sharing than it would by doing the Bristol Mall project at all.

"Do they seriously think that a project with about 35 acres and a former shopping mall can create anywhere near the economic impact of a project that already has the existing critical mass of retail, dining and I-81 access and visibility, bracketed by two federal interchanges with 350 acres of peripheral development opportunity?"

In order for Sneed and Johnson to make that argument stick, the legislation will have to change to allow for competition in a given metropolitan area. McGlothlin and Stacy have called such a prospect "unlikely." However, a push by Colonial Downs to compete with the already-proposed Pamunkey Indian Tribe-operated project has opened the door to legislative consideration of such competition.

There is, in the study commissioned in 2019 by the Commonwealth to guide its own decision-making process, a recommendation of a competitive process for awarding casino licenses. The Virginia Joint Legislative Audit & Review Commission (JLARC)



Crews remove the Cabela's sign at The Falls

study (see *The Business Journal*, December 2019) recommends "casino licenses be awarded through a competitive selection process, overseen by a designated committee whose members have experience in business finances and operations and represent state and local interests."

The JLARC report also says, "Most of Virginia's peer states use a competitive bidding process to award casino licenses, which creates market competition. Market competition helps ensure that the few available casino licenses are awarded to the most qualified and financially stable owners/operators who submit the most realistic and responsible proposals. A competitive selection process is especially important in a limited casino market in which the limited number of casino licenses effectively creates a monopoly for casino owners/operators...Virginia could use a competitive process to maximize the financial and economic value of casino licenses and minimize risks to the state, localities, and the public."

Legislators have yet to decide whether to put the recommended process in place, and if so, what the make-up of committees should be, or the process by which they would conduct their reviews of competing proposals. Then there is the question of the referendum. If the competitive process were to favor the Pinnacle proposal, for instance, would the referendum shift from a Bristol-based vote to a Washington County vote?

Those questions and more must be answered soon if the casinos are to move forward on schedule. The General Assembly is slated to end regular session deliberations Feb. 26.

*See page 14

Dharma Pharmaceuticals receives processor permit for cannabis-based business

by Scott Robertson

Before there was talk of a casino in the defunct Bristol Mall space, Dharma Pharmaceuticals announced it would open a facility to produce and distribute cannabis-based products in the building, if it received one of five processor permits from the Commonwealth of Virginia. That approval came through Jan. 14, and the company offered a single public tour of the largely-complete facility the next evening.

The event, booked through the Bristol Chamber of Commerce, showed substantial enthusiasm from the local business community for Dharma, as the former JCPenney space was packed to standing room only with a crowd estimated to be close to 200 people. CEO Shanna Berry, COO Jack Page and Michael Johnson, chief pharmacy officer, led several tour groups of one to two dozen people each.

The company plans to offer both CBD and THC-A products in multiple formats including oils, pills, patches and lotions. Berry said the company plans to enter production within 30 days, and hopes to be ready to open its doors by late spring or early summer.



A crowd of 150-200 toured the Dharma facility in Bristol Jan. 15. PHOTO BY SCOTT ROBERTSON

Dharma will most likely relocate to another site in Bristol if the Hard Rock Casino and Resort receives all the approvals it needs to open in the former shopping mall.



Johnson: Ramsey hired to play defense for existing retail

Former Tennessee Lt. Governor Ron Ramsey is back in Nashville this legislative term, lobbying for a regional real estate developer. When Ramsey was Lt. Governor of Tennessee in 2011, he helped push through the Border Region Tourism Development District Act (public chapter 420) that created the tax breaks that incentivized retailers to come to the Pinnacle development on the Virginia state line.

Last year, though Public Chapter 420 had sunset, the Tennessee General Assembly put a similar incentive package in place for a plot of land off the Boones Creek exchange with I-26 in Washington County. Today, Ramsey, retired from public service and under contract to Johnson, is working to ensure Pinnacle retailers don't jump ship to the proposed Washington County development.

"Ron Ramsey's specific mission is that the 2019 law ought to be amended," Johnson says. "It should say that if that site can attract any new business and/or industry, it should include neither a) any business that has already taken advantage of the Border Region Tourism Development District Act, and/or currently exists in either the Pinnacle or Kingsport, and b) is an already existing business on Roan Street or State of Franklin. If it can attract new businesses that don't fit into those categories, then by all means, let it be all it can be. But if all that you're going to do is rob existing retail from the Pinnacle, Kingsport or Johnson City, you're doing nobody any good."

Incentive packages for counties near borders with other states are designed to bring out-of-state customers into Tennessee, which exists on a sales-tax based revenue model. Since Tennessee does not collect income taxes and has kept its tax rates low on other taxes, sales tax collections are vitally important to the state government. So, all sales taxes collected from out-of-state citizens can be directed toward incentivizing retailers without cutting state services.

"Chapter 420 enabled municipalities that qualified and were on the Tennessee state border to compete against a neighboring state," Johnson said, noting that before Chapter 420, Tennessee's high sales tax rate was often blamed for retail customers leaving Tennessee to make large purchases. "We can't compete on a sales tax standpoint with Virginia, North Carolina, and Georgia, Alabama and other states. So, it was a field leveler, if you will, to be able to compete for our fair share of retail, dining and entertainment around the perimeter of the state of Tennessee."

Because Washington County is not a border county, Johnson says, a development there is more likely to pull dollars from surrounding Tennessee counties, and even from other developments in Washington County, than to pull from other states.

"Having put Chapter 420 in place to level the playing field for border municipalities," Johnson told *The Business Journal*, "it makes no sense for the state now to empower a local municipality to undo what they put in place to do."

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Helping your business grow beyond your time

How two successful small businesses plan on ensuring that success for another generation

by Scott Robertson

Jane Hillhouse and Jenny Kontos have a very different view of the role of technology at Hillhouse Creative, the agency Hillhouse has run in Kingsport for more than 20 years. "I still remember a few years ago when we lost the Internet for eight days because somebody dug up a line somewhere," Hillhouse says. "So, I really like the redundancy of having everything on paper here in the office." For Kontos, that redundancy comes in the fact that if the company's documents are stored on the cloud, then if that same backhoe operator digs up that same line, she can go somewhere unaffected by the outage and have access to anything she needs. "The office can go with me," she says.

The difference in philosophies matters to the company because Hillhouse has already made public the fact that she will eventually turn the company over to Kontos. In fact, the two were part of a fireside chat about succession planning at the December 2019 KOSBE Awards in Kingsport. While the date certain of

the hand-off hasn't been announced, it will happen, and it's no secret. What's happening right now is the gradual process of moving from one management style to another, while keeping the founding principles of the company in place.

Twenty minutes away in Johnson City, Andy Hatfield is sitting in the office that used to belong to Tommy Greer at Blackburn, Childers and Steagall CPAs. That company announced Hatfield would be taking over as managing partner in December, with Greer, who had been in that role 25 years, retiring as managing partner but remaining with the company. The transition was smooth, both men say, because it was something that had been undertaken deliberately over time, with clear waypoints along the journey. "Bringing Andy into that role has been a two-year process," Greer says, "a defined two-year process."

Greer says he began thinking about stepping away from the managing partner role about 20 years into his tenure in that

position. "I began to think, 'who's next in the company's plan?" The partners' response at that time was, "you're doing great, Tommy, keep it up." Greer said that response was gratifying, especially because the average CPA firm doesn't keep a managing partner in place for more than 10 years. "But, finally, a year later, I just went to them to talk about my plan to work a little less." One key to helping partners who were comfortable with the way things were in the beginning to contemplate change, Greer says, was to help them understand that the changes were not as daunting as one might

fear. "I love what I do,' I told them," Greer says. "I love who I work with. I love where I am. I just want to do it a little less." It amounted to Greer giving the company four years notice of his desire to step away from that role, with Hatfield being brought into the circle two years in.

"To me it was pretty clear that it was Andy," Greer says of the search for his successor as managing partner. "He had managed our Kingsport office and then he took on managing our tax department along with that. He's always just shown the personal traits that you would want in somebody leading the organization. He's

got a great work ethic. He's highly respected by his clients."

Once the partners were in agreement that Hatfield was the man

they wanted in the managing partner's chair, Greer said, he and Hatfield talked about the process of transition. "In 2018, Andy asked me to put together a plan of work. So, for a year and a half, I wrote down what I did. You know, after 25 years, you do a lot of stuff without even thinking about it."

stuii without even tiiliking about it.

As time went along, that plan of work showed Hatfield exactly what the managing partner did, how and when he did it, and who in the company had responsibilities to help with each task.

At the same time, Hatfield said, he was working on another transition. "At the same time that I was shadowing Tommy, Travis McMurray was transitioning into my role on the tax side. It's been kind of a juggling act between the different roles." That so much time and attention was taken in the transition has made all the difference in seeing no balls got dropped in that juggling act, Hatfield said.

"You see it a lot in this business where CPAs work until they



Jane Hillhouse, left, and Jenny Kontos at the KOSBE Awards in Kingsport PHOTO BY TARA HODGES

Having the time to get things organized and orderly before the transition is so important.

- Jane Hillhouse

can't work anymore but then they don't know what to do with that book of business. Here they believe in giving people opportunities to have good careers and grow in the community."

Of course, not every transition is smooth. Hillhouse said before she began talking with Kontos, she had brought on another individual with the idea of transition in mind. "It was pretty evident within about six months that that was not going to be a good fit overall," Hillhouse said. Because she hadn't waited until iust before she planned to retire to work on succession planning, the

company was able to move in a different direction with Hillhouse still at the helm, Hillhouse said. "Having the time to get things organized and orderly before the transition is so important."

Just as it was Hatfield's idea to ask for a plan of work at BCS, it is apparent that Kontos is helping drive the transition at Hillhouse Creative, a fact with which Hillhouse is pleased. "I think Jenny's a better overall planner than I am as far as looking forward," Hillhouse said. "She's good at, 'what do we want to do and how do we get there?""

Part of that philosophy involves bringing

the rest of the team onboard, Kontos said. "Jane is very hands-on," Kontos said. "It's not that I don't want to be hands-on, but at the same time, I want my team to be able to operate without me being there. They don't need to feel like they'll constantly need my approval to make certain decisions."

"I admire that," Hillhouse said. "I think that's a noble goal." It's clear that while the two have stylistic differences, they agree on the overarching philosophy of the firm. That was the case at BCS 25 years ago.

Greer, who succeeded Charles Steagall at BCS, said, "Charles said to me, 'I'm tired of being the S.O.B.' Greer said he always wondered if Steagall was thinking about adding, 'And, Tommy, I think you'd be good at that." But there was no question about whether Greer would carry on the values and philosophy of the company.

The same is true in the transition to Hatfield, Greer said. "Our clients will know they're in good hands." And in succession planning, that's the bottom line.

Secure Act opens retirement plan opportunities for small businesses

by Scott Robertson

In the closing days of 2019, President Trump signed into law a bipartisan bill known as the Setting Every Community Up for Retirement Enhancement (SECURE) Act. The changes brought about by the passage of this act could affect not only your company's retirement plans but also your ability to manipulate funds you've already put into certain accounts.

Bundling employers

The prime mover for the SECURE Act was the lack of retirement options for individuals involved in a small business. According to U.S. Bureau of Labor Statistics, about half of small business employees do not have access to the same quality work-based retirement plans as workers at large

employers. For example, in 2017, only 53 percent of workers at private-sector establishments with fewer than 100 employees were offered a retirement plan versus 89 percent of workers at mid- and large-sized firms. Legislators promised the SECURE Act would level the retirement-planning playing field and close the gap.

The way it does so, says David Greene of First Covenant Trust & Advisors, is to allow multiple small businesses to bundle together and buy into a plan together. "Let's say I have a business with two employees. I don't really have time to stop focusing on my business objectives to go find a really nice benefit for my employees. But if you also have a two-employee business and our friend has a three-employee business and the guy down the street has four employees, then maybe we can pool our resources. So, our 11 employees could have a retirement plan and none of us would have to shoulder the administrative burden."

A secondary long-term side-effect of this on the economy is its likelihood of bringing more young workers into the pool of individuals building for their own retirement by making it easier for them to do so, even if they work in a very small business. The secondary short-term effect is that it puts small businesses in a better position to recruit and retain a skilled workforce when they find themselves in competition with larger businesses for the same employee base.



Steve Bulger, SBA acting regional administrator

About your IRA

Before the SECURE Act went into effect on Jan.1 of this year, the IRS would require you to start taking distributions from your IRA once you reached the age of 70 ½. The SECURE Act has changed this to age 72, so it provides some relief to people who don't enjoy taking the required minimum distributions (RMD) and paying the associated taxes, says Nick Clay, a certified financial planner with BCS Wealth Management. "Simply by taking the 'half' age out of the mix, it makes this rule easier to understand and follow. But this favorable development only applies to folks who reach 701/2 after 2019. So, if you turned 701/2 in 2019 or earlier, you must continue under the former rules."

As with the previous law, you can still delay your first RMD until April 1 of the following year, but you will also have to take the following year's RMD in that same year. One bit of good news is that you are now able to contribute to your IRA at any age as long as you have earned income, or if your spouse has earned income.

There is a bit of an adjustment to make, however, if you were a fan of the Stretch IRA. It's no longer available. This is a fairly significant law change for a small percentage of people who will inherit a retirement account.

"In the past, non-spouses who inherited an IRA or retirement account could stretch the required distributions over life expectancy," Clay says. "Starting in 2020 if you inherit as a non-spouse there is a new 10-year rule, which means the entire inherited retirement account must be withdrawn by the end of the 10th year following the year you inherit."

The timing of the withdrawals is at the discretion of the person who inherits, and there are no requirements each year as long as the account is empty at the end of 10 years. So, there is some flexibility when it comes to timing withdrawals. And, says Clay, "certain individuals are exempt from the new 10-year rule; these are spouses, chronically ill beneficiaries, disabled beneficiaries, and individuals who are not more than 10 years younger than the individual who passed away."

Hurley, Bunn see opportunity in former Studio Brew building

by Scott Robertson

Two years ago, in the February 2018 issue of *The Business Journal*, then-Studio Brew owner Erich Allen said the thriving craft beer industry in the region was due for a market correction. In December 2019, Studio Brew became the latest part of that correction. And while the doors are closed today, new owners Allen Hurley and Jim Bunn see a bright future for the building beyond the boundaries of the beer business.

"We believe that the brewery is a great part of the business, but we believe that the brewery is only a part of the business," Hurley told *The Business Journal*. "Studio Brew was kind of what the craft beer industry is – it's kind of a fad industry. People will get into it, they'll love it, but then they ease off.

"One of the things we see is that without a nice sit-down restaurant with a nice atmosphere for people to come and hang out, you limit the demographics that you serve," Hurley said. "So, our vision is to bring that nice restaurant where you can bring the kids for dinner here on the first floor." One of the weaknesses of Studio Brew was the lack of first floor table space, so Hurley and Bunn plan to extend the dining area beyond the existing front wall onto what is now patio space.

As for the second floor, Hurley and Bunn are evaluating several possibilities. "We've had conversations with many entrepreneurs over the last couple of weeks," Hurley said. "The whole idea is how do we make it a multi-use floor."

"If you want to come in with the boys or the girls and have a cocktail and an appetizer and just hang out before you go somewhere else for dinner, that's fine. After work, we'll have a nice environment for that. If you want to catch the game on Saturday or Sunday, we'll have a nice environment for that."

To that end, Hurley and Bunn have spoken with spirit manufacturers about doing more than just microbrewed beer on the second floor. In addition, entertainment will play a key role in the rebirth of the property.

"Of course, music is a big part of our downtown and our heritage," Hurley said. "We want to continue with that, but also consider other things like a dueling piano bar or potentially a comedy club – things you don't see typically in our region here, but you do see in larger areas whenever you travel."

Hurley also said he and Bunn are considering hosting car shows on the weekends, or anything else that will broaden not only the demographics the building draws, but also the geographic reach for customers. He also says anything he can do to help downtown Bristol thrive, he's all for.

"If we can bring a sense of entertainment in that no one else



Allen Hurley stands where he plans to expand the dining area in front of the former Studio Brew building in Bristol, Va. PHOTO BY SCOTT ROBERTSON

has, then it will draw people from Kingsport, Johnson City and Southwest Virginia," Hurley said. "If we can draw them in to downtown Bristol, then it's not just a win for us. It's a win for the city. The customers are not going to come to our place every time and we're okay with that. If they're eating at another downtown restaurant or shopping here, maybe going down to Ben Walls' place, we've succeeded. Our goal is to get people downtown to create opportunity for everybody."

Hurley said the target date for opening is April 1, "give or take, plus or minus 30 days." While the business will not be named Studio Brew, the new brand has yet to be announced.

StartupTri rebrands as FoundersForge, reprioritizes entrepreneurship support efforts

by Scott Robertson

One of the leading entrepreneurial support efforts in the region is making major changes in an effort to gain greater relevance and expand its ability to serve to a regional scale. The former StartupTri announced at a news conference at Spark Plaza in Johnson City Jan. 30 it is rebranding to become FoundersForge (#StartTheForge, myfoundersforge.com, @foundersforge).

"Four years ago, Startup Tri-Cities initially began as a single event. Pitches and Pints. and it was created by several entrepreneurs that wanted to see more of these types of events happening in our region," explained David Nelson, co-founder. "Four years later, the growth of the entrepreneurship landscape has grown and changed in exciting ways. This made us realize that we needed to rethink our impact and create a strategic plan on how best to move forward."

The first necessary change, Nelson said, was to the name of the organization. "Our original mission was to represent the region and push entrepreneurs

and the supporting organizations to connect with each other to help startups across our region. With the new push for regionalism we felt our name represented the opposite of this focus."

The second change was to the flagship event, Pitches and Pints. "Instead of focusing all of our energy on big showy events, we're focusing on monthly events to curate ideas, teach others how to pitch them, and on validating concepts before jumping into a startup full time," Nelson said.

That refocusing of Pitches and Pints from an annual event to a monthly one leaves the organization free to pursue other courses of action in the event space, Nelson added. "We are also organizing hackathons with the local developers' meetup, TriDev." There will be a new annual event, a three-day hackathon currently dubbed the Manhattan Project of the Appalachian Highlands. "Our goal is to bring our industry professionals together with local entrepreneurs, software developers, and other creatives to solve our regions toughest problems," Nelson said. "Similar to a Startup Weekend, we will form teams to create real world solu-

tions to the proposed problems and while the developers build the demos, the business side of each team will validate a business model and sales/marketing plan for the final presentation. Best of all, the fundraiser we are doing for this event will go toward helping the winning concepts be implemented."

"When you bring people together from diverse backgrounds

incredible solutions to once impossible problems come to light. High-impact events like this spawn deep creativity, new ventures, and a stronger network we can all use to continue to make improvements in the region where we all live."

FoundersForge's long-term goals are based on a ten-year model, Nelson said. "We are working to have 10 successful high growth startups in our region 10 years or less. Within that 10 years we want to have at least 100 high-growth startups in existence. And last, we want to help build an entrepreneurship event that has 1,000 people in attendance."

ActionVFX founder Rodolphe Pierre Louis, a member of

the FoundersForge board, told the crowd of around 100 entrepreneurs and community supporters at the news conference, "Starting any type of business is very hard, and it can be even harder if you don't have the right assistance, especially at the beginning. So, just being able to be part of something that will connect local entrepreneurs to the proper resources, the incubators, the proper funding, even just to the community as a whole is very important to me. Also, the idea of retaining local talent has definitely been a big part of it."

"Sometimes as an entrepreneur you can feel very alone," Pierre Louis said. "But the truth is, we're not alone. And the more we connect as a community, the more we can grow as a community."

Added Jose Castillo, founder of Spark Plaza, a co-working space in downtown Johnson City, "this is not something brand new. This is 20 years in the making. We have people on this team that have been working in entrepreneurship and start-ups for years and years and years in this region. We have finally come together at the right time, with the right people and the right approach."



David Nelson and Jose Castillo at the FounderForge rebranding announcement. PHOTO BY SCOTT ROBERTSON



Task force lists benefits of regional economic development

by Scott Robertson

A Blue-Ribbon Task Force formed by the mayors of Sullivan and Washington counties in Northeast Tennessee has identified several areas in which significant gains can be made by taking a regional approach to economic development issues.

Entrepreneurialism

The entrepreneurialism workgroup reported, "the region has put basic entrepreneurial ecosystem infrastructure in place yet faces a serious deficiency in venture funding and recruitment efforts." The workgroup said support of efforts to create an accelerator to recruit and retain start-up businesses in the medical, technical and advanced manufacturing areas is crucial.

Existing Business Development

This was the area in which the maintenance of local efforts was deemed preferable to a regional approach. The workgroup report stated, "A successful existing business development program will be best achieved by local government/organization programs, as local staff contacts have the strongest ties to local business."

Primary Job Attraction

The workgroup agreed that, "primary job attraction – marketing and recruitment – would see much more success with a regional approach." The workgroup noted that a joint approach to primary job attraction could spur fundraising efforts for product development, education and training and the creation of value-added incentives. The workgroup also said, "A singular voice would be more effective and impactful on many levels, the main two being with policy makers in Nashville and Washington and among site selection consultants, prospects and lead-generating partners such as TNECD and TVA."

Tourism

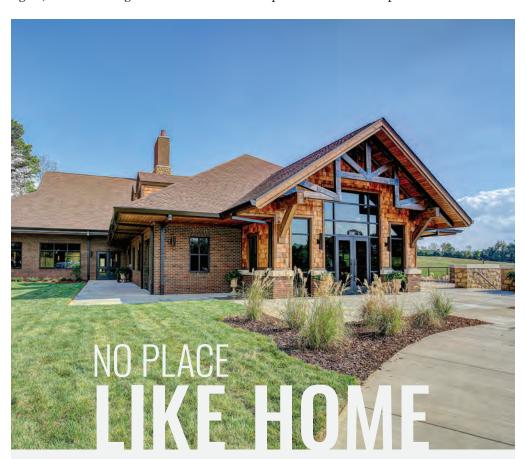
The tourism workgroup identified several potential regional courses of action, including creation of an "interpreters coalition" in which organizations including Bristol Motor Speedway, the Niswonger Performing Arts Center, HandsOn!, the Birthplace of Country Music and others would craft a cohesive regional story. The

workgroup also suggested a region-wide inventory of tourism assets including ways of improving some, the creation of VIP packages for businesses that frequently host customers or clients and the funding of an outdoor recreation master plan.

Workforce Excellence

The workgroup identified "many quality workforce development programs in the region," but noted a significant silo effect

between communities and organizations. "If leveraged fully," the workgroup said those programs, "will strengthen Northeast Tennessee's workforce to be a premier resource for the region." The workgroup concluded, "While there are many state, federal and private workforce development offerings, it was apparent during discussions that coordination to tie these offerings together could benefit the region by multiplying the impact of a better developed workforce."



HOLSTON HOME FOR CHILDREN | GREENEVILLE, TENNESSEE

Holston Home for Children is a Christian ministry providing hope and healing for children and families struggling with life's challenges. The new Christian Life Center is the first part of a long range master-planned expansion to develop a new public image for the 150 year old campus.



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Bob Sullivan with Moog Protokraft digital design engineer Caleb Taber. PHOTOS BY SCOTT ROBERTSON

Moog Protokraft expands manufacturing facility

Plans to add 150 jobs in 18 months

by Scott Robertson

Moog Inc. officials cut the ribbon Jan. 29 at the company's newly expanded Moog Protokraft manufacturing facility in Johnson City, Tenn. Bob Sullivan, product line manager, said the company plans to grow its workforce at the plant from around 50 at present to around 200 within the next 18 months.

Moog Protokraft makes products used primarily by the U.S. Department of Defense. The company builds products including 10 Gbps optical transceivers, managed GbE switches, video encoders, data aggregation/compression, and Ethernet transcoding for multiple platforms, both military and civilian.

The new facility has 25,000 square feet designed for manufacturing cells, engineering labs, autonomy lab and engineering/administrative office space.

Sullivan told a crowd of around 100 visitors at the ribbon cutting that the company invents and produces some of the most advanced technology in use today, and that it does so with a staff of engineers and technicians from Northeast Tennessee. "There's nothing we do here in this plant that's ever been done before," Sullivan said. "Everything we do is new. It's novel. It's difficult. So. It takes a unique personal attitude and a unique team to make that happen.

Bob Sullivan cuts the ribbon at the expanded Moog Protokraft facility.

"What we found here in this part of Tennessee are those people. We did not helicopter in groups of people from the rest of Moog to make this happen. We've hired people locally. We develop people locally. We work with educators here in Northeast Tennessee to develop the resources we need to grow this company, and those resources are the employees."

The Tennessee operations of what is now Moog Protokraft began as a two-man company, Protokraft, in 2003 at the Holston Business Development Center in Kingsport. In 2012, Moog purchased Protokraft with an eye toward continued product innovation, refining existing product lines and expanding product capabilities.

"We found that folks from this part of the country were very happy to share their ideas with us, and, as we're a technology company, we need new ideas to survive, and we need everybody involved in that," Sullivan said. "We found a population here that had great ideas and was dying to share them."

The company had already heard about the work ethic in the region, Sullivan said, adding that what has allowed for the expansion is the fact that the workforce is also a quality population from an engineering standpoint as well.

Surgeon General: Robust partnerships, preventative measures crucial to ending opioid epidemic

by Dave Ongie

uring his visit to the Tri-Cities Jan. 30, United States During his visit to the 111 Class can be your Surgeon General Jerome Adams took a moment to rattle off several key economic indicators often cited by those within the Trump administration to illustrate the strength of the American economy.

Jobs are abundant. The GDP is up. Unemployment is low. But then Adams paused to acknowledge a potential drag on the economy that has become all too familiar for the medical professionals, members of local law enforcement and other leaders and administrators gathered on the VA Mountain Home Campus for a roundtable organized by Rep. Phil Roe – the opioid epidemic.

"We're at risk of economic growth stalling because we don't have workers to fill jobs," Adams said, who participated in the event along with Dr. Lisa Piercey, commissioner of Tennessee's Department of Health.

Leaders tasked with recruiting businesses to our region have certainly faced the headwind of the opioid epidemic, although the problem is certainly not unique to our area. During Thursday's roundtable, Adams spoke of a business in his home state of Indiana that had to interview 200 people to fill 20 jobs because so many folks were having trouble passing the drug test that was a prerequisite of employment.

But despite the daunting challenge of curbing the abuse of opioids and other drugs, Adams insisted that progress is being made. He pointed out the decline in life expectancy in the country over the past three years has been stalled as overdose rates have started to decline for the first time in 20 years. Adams said much of this progress is due to the type of cooperation that was on display during the roundtable.

"My motto is better health through better partnerships, and one of the ways you do it is through leaders like Congressman Roe bringing folks together," he said.

Adams was particularly encouraged to see the diverse group of professionals that greeted him on Thursday morning, and he was impressed by some of the ideas he heard that have been developed through robust partnerships on the local level. Many of these ideas have a heavy focus on prevention, which Adams likened to turning off the spigot instead of continuing to invest resources to "mopping up the mess on the back end."

Roe agreed with Adams' assessment that everyone needs to get more proactive in order to make more headway. He advocated for taking the money that is currently being spent on the aftermath of addiction and instead making an investment upstream into diversion programs and interventions that will help keep folks out of the criminal justice system and in the workforce.

"The point I made is we're already paying for this," Roe said after the meeting. "The bill is being paid now. We're just paying it for incarceration and law enforcement instead of paying for



From left, Congressman Phil Roe, Dr. Lisa Piercey, commissioner of Tennessee's Department of Health, and United States Surgeon General Jerome Adams, PHOTO BY DAVE ONGIE

treatment and prevention."

During the day's exchange of ideas, Dr. Robert Pack of ETSU noted that prevention presently has too little focus and too little detail. Also, most innovative programs looking to help prevent addiction rely heavily on federal grant money, which is temporary and makes it hard for even the most successful programs to gain traction.

Adams said the current administration is striving to provide "flexibility for local leaders to customize prevention to fit their area." The goal is to provide stable funding for prevention and remove strings from federal money in order to allow decision makers on the local level to inject resources where they are needed most.

Adams also urged the private sector to explore the long-term financial benefits of taking a more proactive view toward workers who may be in the early stages of developing an addiction. He said finding ways to retain those employees and help them get treatment is often less expensive than recruiting and training

Following the roundtable, Roe applauded Ballad Health's substantial investment in fighting opioid abuse, and called for more inpatient facilities to help turn the tide in the fight against the opioid epidemic.

"We have nowhere to go to treat anyone," he said. "That is the last little lynchpin in this area we need. Our law enforcement people are begging for it, and our medical people are begging for it."

Legislative Breakfast light on specifics regarding 2020 bills

by Scott Robertson

Very few specific pieces of legislation were discussed, but a good deal was made of the current business climate in Tennessee at the 2020 Regional Legislative Breakfast sponsored by the Bristol, Johnson City and Kingsport Chambers of Commerce at the MeadowView Conference Resort & Convention Center Jan. 31.

Senator Jon Lundberg took the stage with only a post-it note of comments. He pointed to Tennessee's AAA bond rating, the state's zero debt for roads and highways, its low tax burden and its No.1



State Senator Rusty Crowe



State Senator Jon Lundberg



State Representative Timothy Hill

rating as the most business-friendly state in the nation. Senator Rusty Crowe followed by pointing out the work that still needs to be done in education and public health. Neither Lundberg nor Crowe referenced specific legislation.

District 1 Representative John Crawford mentioned the possibility of putting a sales tax holiday on food in place for two months this summer, "just to see what effect it would have on us, and to put some money back in your pockets."

After recognizing Congressman Roe, who earlier had received a standing ovation from the crowd, District 3 Representative Timothy Hill raised first his left and then his right hand, saying, "I think now it's this half of the room that's running for Congress and this half that's not." At least six current and widely-anticipated candidates were in the room. Hill himself has been rumored to be a candidate to replace Roe, who is retiring.

Though he has not been a state legislator for years, Tennessee Deputy Comptroller Jason Mumpower stole the show. Mumpower's presentation included arguably the most impactful call to action of the morning. Because the Office of the Comptroller has a key role in the administration of the United States Census, Mumpower explained the importance of full participation in the 2020 headcount, especially as it pertains to redistricting. "We will probably have fewer state representatives in Upper East Tennessee than we do today because Upper East Tennessee and rural west Tennessee are going to see seats in the legislature migrate to the booming center – to the collar counties around Nashville."

"We can't take for granted what we have," Mumpower told the 200 or so businesspeople and elected officials on hand. "The only way to make sure we keep as much of what we have as we can is to make sure that we're all counted in the census and to make sure all our neighbors are as well. It's more important this year than ever."

In addition to the loss of elected seats in the state legislature,



Dr. Phil Roe receives a standing ovation at the legislative breakfast. PHOTO BY SCOTT ROBERTSON

dispersal of both state and federal dollars that are distributed on a population basis will decline in Northeast Tennessee if the census shows a drop in population.

District 4 Representative Bud Hulsey spoke about a bill he is pushing to save Tennessee a significant sum that it currently spends incarcerating prisoners who have years of federal prison time to serve once they're released by Tennessee.

Hulsey said Tennessee is currently paying an average of \$79/day per prisoner to house more than 500 inmates who have somewhere in the neighborhood of 150 to 200 months of federal prison time to serve once they complete their Tennessee sentences. "So I'm running a bill that says if you have a federal detainer waiting on you and the time that you have to serve in federal prison is more than what you have remaining in the state of Tennessee then we will cut you loose to a federal penitentiary," Hulsey said.

Hummel to stress Christianity, accountability as new Tusculum University president

by Scott Robertson

The Tusculum University Board of Trustees has named Dr. Scott Hummel to be the 29th president of Tennessee's oldest institution of higher learning. Hummel will officially take office Feb. 17 at Tusculum. He currently serves as executive vice president and provost at William Carey University, a Baptist-heritage university in Hattiesburg, Miss.

In a release announcing Hummel's hiring, Tom Wennogle, chairman of Tusculum's Board of Trustees, said, "Dr. Hummel is an exceptional leader with a thorough understanding of

virtually every aspect of a university's operation. He has a track record of sustained achievement, has collaborated with his colleagues to attain impressive growth and has demonstrated remarkable skill when William Carey faced unprecedented challenges after a tornado.

"He is a dedicated community servant and man of faith who will build on Tusculum's tradition of civic engagement and our 225 years as a faith-based institution."

Hummel embraced Tusculum's mission of providing a comprehensive education in a Judeo-Christian environment. "Both (William Carey and Tusculum) are private, faith-based institutions," Hummel said at a Jan. 10 news conference. "That's part of what makes it exciting to come to Tusculum. I see incredible potential and a bright future for growth and new programs."

While adding new programs will likely help grow enrollment, Hummel said, so will, "being able to demonstrate a distinctive education, that there is a value and reason to come to Tusculum University

more than just building skills – you're also really developing character and engaging in civic responsibilities. Tusculum is going to be adding programs and the Tusculum family is only going to grow closer as well as, I think, embracing even more deeply our faith-based roots and our Presbyterian heritage. How many universities can say they have been providing a quality faith-based education for centuries?"

Hummel also addressed the need for academic accountability from the president's office. "Accountability is critical. We expect that of students. We test students and we expect transparency in their learning, so it's only natural that there be accountability and transparency in being able to receive an education and outcomes."

"Accreditation is an important part of a university improving, so they're looking at everything. They're looking at finances. They're looking at student success. They're looking at outcomes. They're looking at assessment."

Tusculum was placed on probation by its accrediting body, the Southern Association of Colleges and Schools Commission on Colleges in June 2019 because the school was, according to a disclosure statement, failing to, "identify expected student learning outcomes, assess the extent to which it achieves these outcomes, and provide evidence of seeking improvement based on analysis of the results for each of its educational programs." A special committee is scheduled to visit the school this spring to evaluate its progress.

Hummel's curriculum vitae corroborates his interest in Christian education. He served as professor of Biblical Studies and chair of the Department of Biblical Studies and Christian Ministries at LeTourneau University from 1998-2008. After completing a B.A. in Biblical Studies at William Carey College in 1987, Hummel received a Rotary Ambassadorial Scholarship to study at the Hebrew University in Jerusalem, Israel for a year. He completed his M.Div. and Ph.D. in Biblical Backgrounds and Archaeology at Southwestern Baptist Theological Seminary in Fort Worth, Texas.

Hummel succeeds Dr. James Hurley, who left Tusculum to become president of Tarleton State University in August 2019 after a tenure of 22 months. Dr. Greg Nelson served as acting president in the interim.

"Tusculum will benefit greatly from a president deeply connected to the classroom," Dr. Nelson said. "Dr. Hummel will keenly understand the needs of our students and faculty and will be in an excellent position to strengthen our

academic and extracurricular programs. Tusculum has made an outstanding selection for its next president, and I will enthusiastically support him."

During Hummel's time at William Carey, the number of students has doubled, and the university has added several majors, such as criminal justice, dance, cross-cultural business management, Arabic studies and contemporary worship ministry. The university has started several medical programs, such as a college of osteopathic medicine, physical therapy and a pharmacy school and created eight doctoral programs.

Tusculum has established the College of Health Sciences with programs such as nursing, psychology and behavioral health and is working through the accreditation process to launch the Niswonger College of Optometry.



Dr. Scott Hummel PHOTO BY SCOTT ROBERTSON

ETSU rolls out new need-based scholarship program beginning Fall 2020

by Scott Robertson

East Tennessee State University will begin offering four-year "last-dollar" scholarships and extensive assistance to incoming freshmen this fall. The ETSU Promise Plus program is an attempt to take price out of low-income students' decision of where to go to college. It is also an effort to boost enrollment, raise completion rates and stem the tide of students taking their first two years of college at community colleges.

The program targets those with the greatest financial hardship. It will be open to first-time, full-time freshmen eligible for the Tennessee Education Lottery (HOPE) Scholarship and the maximum Pell Grant. "It's an effort for (us) as an institution to show what we can do to wrap our arms around those students in the state of Tennessee who are interested in pursuing their dreams," said ETSU President Dr. Brian Noland at a Jan. 17 news conference introducing the program. The program will cover a student's last-dollar amount of tuition and program service fees after other financial aid, including Pell Grant, HOPE Scholarship, and institutional scholarships, are applied.

"I'm excited about the statement this provides at the beginning of a decade and the leadership role that this institution will provide throughout the decade to ensure that more students in the state of Tennessee have the opportunity to realize their college dreams, and for us to take price and cost and set it to the side and focus on message," Noland said, "a message that college is possible, college is affordable, and this is the right institution for you."

Other four-year institutions have put need-based scholarship programs in place since former Tennessee Governor Bill Haslam's Tennessee Promise initiative began offering free community college tuition across the state. The key differentiator between ETSU Promise Plus and other college and university scholarship programs is the amount of support offered by the university in addition to financial support.

Besides the scholarship itself, ETSU Promise Plus benefits include participation in pre-college programs including new student orientation, Preview ETSU and early move-in to the residence halls. Program benefits include access to faculty and peer mentors, academic tutoring services, career support, a first-year experience course, and membership in the Buccaneer Family Association. Students living on campus can receive up to \$6,000 in on-campus housing scholarships (\$1,500 annually).

"The program waives fees for university orientation programs," said Dr. Joe Sherlin, vice president for Student Life and Enrollment. "It incentivizes student to bring their parents and families to university orientation to receive critical information that we know will help students and families get off to a great start. It enables students to attend our pre-college connection programs that create a sense of belonging at the institution at no cost.

"In the most critical year in student success, the first year, we're saving seats for our ETSU Promise Plus students in our first-year experience courses. Those courses include a faculty mentor and a peer mentor. Specifically, those roles will help students connect to the institution and will provide support throughout the first year to get engaged at the institution in meaningful ways. That course will also connect them to advising career support and academic support."

The university anticipates around 100 students will take advantage of the ETSU Promise Plus program to enroll in Fall 2020 classes.

"This is not just simply an enrollment-driven initiative," Noland said. "It's really a mission-driven initiative. As an institution, it's our mission to serve students who have the desire to attend a university and realize their dreams of a baccalaureate degree. For many students, particularly low-income students, that hurdle was difficult to overcome. "We want students to make their institutional choice based on best fit, not on price. That's what this scholarship program will allow us to do."

Noland joins Harwell as TVA Board nominees

U.S. Senator Lamar Alexander, the senior senator from Tennessee, announced Jan. 28 that East Tennessee State University President Dr. Brian Noland will be nominated by President Donald Trump to serve on the Tennessee Valley





Dr. Brian Noland

Beth Harwell

Authority Board of Directors. President Trump said he would nominate Noland and former Tennessee State House Speaker Beth Harwell, according to releases from Alexander's office.

Dr. Noland was out of town when the news broke, but through the ETSU Office of University Relations issued a statement saying, "It is a significant honor to have the opportunity to represent East Tennessee State University, the Appalachian Highlands and the citizens of the Tennessee Valley region as a member of the Board of Directors. I am grateful for the support of U.S. Senator Lamar Alexander and would be proud to serve the Tennessee Valley Authority."

"Brian is a respected leader in East Tennessee," Alexander said, "and during his tenure as president, he has helped transform Tennessee's fourth largest university, East Tennessee State University. His administrative experience makes him the right person to help keep TVA on a good path – to continue to provide clean, cheap, reliable electricity at the lowest possible rates for homes and businesses through the seven-state Tennessee Valley region. I hope the Senate will quickly consider his nomination and look forward to his confirmation."

BJ

General Shale, one of North America's largest brick, stone and concrete block manufacturers, has promoted several members of its leadership team as part of a recent corporate restructuring.

Andy Hall has been promoted to chief operating officer (COO). In his new role, he collaborates with senior management on business strategies, future planning, and financial and project analysis. Hall has also assumed executive responsibility for the company's Jet Stream pipes division. During his 22 years with General Shale, he has served in multiple roles, including plant manager at Arriscraft's Cambridge, Ontario, site; corporate development manager for General Shale; and vice president of sales for Pipelife Jet Stream.



Andy Hall



Dan Green

Dan Green has been named chief technical officer (CTO), North America. His responsibilities include corporate planning and strategy related to North American expansion opportunities, capacity utilization, supply chain management and technical advancements. He also has oversight of the company's Canadian operations, in addition to its Columbus Brick and Watsontown Brick divisions. A 36-year veteran of General Shale, Green's career has progressed from production supervisor to his most recent role as vice president of manufacturing, and has also included stints as plant manager, production manager and director of manufacturing.

Corky Clifton has been promoted to vice president of sales, U.S. In his new role, he will lead U.S. sales operations, with continued direct responsibility for distributor sales, which includes more than 200 affiliated distributors. In his 23-year career with General Shale, he has risen from outside sales to district sales manager, regional sales manager and national director of distributor sales.



Corky Clifton

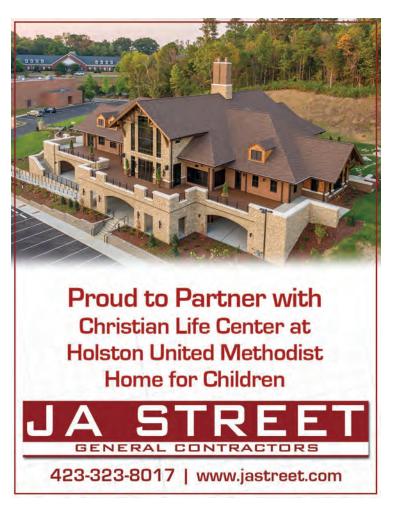
Scott Miracle

Scott Miracle has been promoted to vice president of manufacturing, with respon-

sibility for the company's 14 U.S. manufacturing operations. During his 17-year tenure with General Shale, Miracle has served as a supervisor, plant manager and regional operations manager. His career also includes 11 years as regional production manager for a company in the United Kingdom, where he had oversight of multiple plants before rejoining General Shale in 2017.

"Over the past few years, acquisitions have enabled us to

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strengthen and diversify our product platform, offer extra value-added opportunities to our customers and expand our geographical footprint," says Charles Smith, president and CEO of General Shale. "This restructuring aligns with our strategic growth effort, which will allow us to continue to take advantage of new opportunities in the marketplace."

The Kingsport Chamber recently announced **Aiesha Banks** as the new Healthy Kingsport executive director.

"Healthy Kingsport is elated to have Aiesha join as the new executive director," Roger Mowen, Healthy Kingsport Board Chair said. "She comes to us with a lot of experience in the non-profit space. I am confident she will be highly successful in her relationships with our board, our partners and our community."



Aiesha Banks

Most recently, Banks was the educational programs manager at Eastern Eight Community Development Corporation, where she developed, implemented and facilitated new programs while building partnerships and relationships with the community. Healthy Kingsport is a non-profit organization dedicated to creating a community that actively embraces healthy living by promoting wellness, enhancing infrastructure, and influencing policy.

In addition, the Kingsport Chamber announced **Sharon** Haves as the new Keep Kingsport Beautiful executive director and **Stephanie Hernandez** as the new membership events director.

Previously, Hayes served as the grants and redevelopment manager for the Kingsport Housing & Redevelopment Authority, and Hernandez served as the account executive with Holston Valley Broadcasting.

"Sharon and Stephanie are great additions to the Kingsport Chamber team," Miles Burdine, Kingsport Chamber president & CEO said. "They are notable leaders with excellent track records in their professional careers and in the community."

The mission of Keep Kingsport Beautiful is to involve the community in responsible solutions for a clean and beautiful environment. Haves' duties include leading the program, event fundraising, creating and



Sharon Hayes

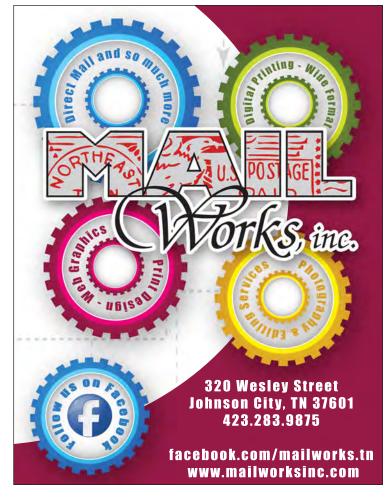


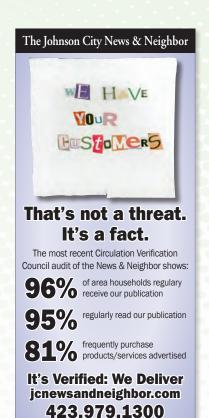
Stephanie Hernandez

managing events, grant writing and serving as a strong environmental steward.

Hernandez's role with the membership program is to secure new members and event sponsorships, create new events, manage events, build and maintain relationships with members, digital ad sales and selling other membership advertising opportunities. **3**







*Source: Dec. 2018 CVC Publication Audit Report.



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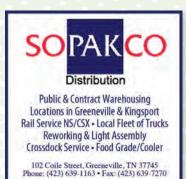
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The rest of the story

by Ken Rea

Much has been made of economic data showing the shortcomings of our region over the last decade when compared to other Metropolitan Statistical Areas (MSAs). And it is true that while the US gross national product increased from 2009 to 2018 by 42.4 percent, the Combined Statistical Area* (CSA) that includes the Johnson City and Kingsport-Bristol MSAs growth rate was 26.1 percent.



There are, however, positive trends that should not be ignored, as well as mitigating factors pertinent to the negative trends.

A positive trend was that the unemployment rate of the region dropped from 8.9 percent in 2009 compared to 3.7 percent in 2018. Many of us recall 2009 as a time when it was very difficult to find a job, students remained in school to obtain better qualifications and others dropped out of the labor force. Data on employment is often quoted as showing moderate gains in employment in the region from 2010 to 2018. There is another source, the Quarterly Census of Employment and Wages (QCEW), from the U.S. Bureau of Labor Statistics that is based on company quarterly payroll reports.

The QCEW data showed that the region added 7,667 jobs from 2010 to 2018. Sectors with the largest employment gains were Professional and Other Services (3,046 jobs) and Leisure and Hospitality Services (3,932 jobs). The number of business establishments increased from 9,969 in 2010 to 10,786 in 2018. Another article can be written on the differences between data sources, but it helps to look at the sources together.

A question that needs to be further explored is why did the region perform below other MSAs? One factor is the collapse of the Southwest Virginia coal industry affected our region more than many realize. Alpha Natural Resources (Bristol, VA) and the United Company (Bristol, VA) were significantly impacted and CSX closed the rail yard in Erwin resulting in the loss of 300 jobs. Several manufacturers in the region including Decanter and Electro-Mechanical relied heavily on the coal industry.

The impact of coal shows up in looking at Gross Domestic Product (GDP). The GDP for the Tri-Cities CSA was \$21.55 billion in 2018, representing, as we said earlier, a 26.1 percent increase from 2009 to 2018. The CSA area in Virginia (Scott and Washington counties and the City of Bristol) has a GDP of \$3.38 billion and a growth rate of 5.2 percent from 2009 to 2018. When comparing the Tri-Cities CSA to the Roanoke, VA MSA, an area that had similar coal impacts, the Tri-Cities growth rate

of 26.1 percent was higher than Roanoke's rate of 22.5 percent. Again, the region's GDP was behind the national increase of 42.4 percent from 2009 to 2018.

Another factor that needs to be considered with the Tri-Cities CSA is that it has a higher percent of its population in rural areas, 38.5 percent based on 2010 census data. The population is more spread out in the Tri-Cities and there is not one major economic center as in most MSAs or CSAs. Growth rates in U.S. employment (QCEW) have been greater in metro areas (16.8 percent) compared to rural areas (0.8 percent) from 2010 to 2018. In addition, large metro areas (1,000,000+) had better growth rates than small metro areas. Larger economic centers tend to have more businesses and educated workforces that lead to economic efficiencies. In addition, digital technology and business tend to aggregate more in metro areas.

To help improve economic efficiencies, the region is doing an excellent job of bringing high-speed internet to more rural areas to counter some of the advantages of metro areas. Bristol, Virginia and Bristol Tennessee were national leaders in public broadband. Erwin Utilities, Holston Electric, and Scott County Telephone have greatly improved the broadband coverage maps of Unicoi, Hawkins and Scott counties. Point Broadband and Skybest have increased coverage in Hancock and Johnson counties and in Southwest Virginia.

Economic development is dynamic over time as new companies form, existing businesses expand and contract and others close. During the 2009 to 2018 timeframe, local economic development efforts in Northeast Tennessee (Virginia data not available) produced 84 projects, primarily in the manufacturing and distribution sectors, that received assistance from Tennessee Economic and Community Development. These investments are projected to create 9,834 jobs and \$2.93 billion in private sector investment. The list does not include gains made by companies with fewer than 25 jobs that typically do not receive state assistance.

Other improvements in the region were noted in downtowns, outdoor recreation assets, ACT scores, higher education enrollment, and workforce development.

There is much work to do and the opportunity exists to take the region's economic development efforts to the next level. The effort should occur with a broad perspective and build on existing structure.

Ken Rea is deputy director for Economic and Community Development at the First Tennessee Development District in Johnson City.

*For the purpose of this column, data is presented for the Johnson City-Kingsport-Bristol TN/VA Consolidated Statistical Area (CSA) as it is more readily available and consistent across multiple demographics.

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