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Changing of the guard

Rolfe takes Tennessee's top economic development post as Boyd steps down to run for governor

Plus: Out with the chickpeas, in with the pork rinds **and** Exide returns to Bristol

Bobby Rolfe in Kingsport, (inset) Randy Boyd in Blountville



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cover story

Changing of the guard

Economic development has a new point person in Tennessee, Bobby Rolfe. Can he improve on what Randy Boyd left when he started his gubernatorial campaign?

Cover Photo of Bobby Rolfe by Scott Robertson, photo of Randy Boyd by Collin Brooks.

features

12 Leading the 5,000

CareerQuest Tennessee brought 5,200 secondary school students together with dozens of potential employers from across the region.

13 GO Va Southwest regional board begins its work Southwest Virginia will be represented by a mix of public and private sector decision-makers in the new GO Va initiative. They're already on the job.

14 Fill it to the rim

In Kingsport, it's out with PureFoods' chickpea cheezpuffs and in with Brim's pork rinds and popcorn.

15 Maybe Exide can succeed in Bristol after all The battery maker that once was Bristol, Tenn.'s largest non-hospital employer returns, but with only 40 jobs.

- **16** King, Tennessee join to create engineering program Students will earn B.S. degrees at both universities in five years.
- **17** ETSU Board of Trustees holds inaugural meeting The aim is to address ETSU issues in Johnson City instead of Nashville.
- 18 HMG: a plan to simplify health care delivery The president said nobody knew health care could be so complicated. One organization says it doesn't have to be.

21 Newsbriefs

NN Inc., works on correcting its books: Phil Roe and Mark Warner want to roll back retirement regulations and Broadway is coming back to NPAC.

departments

- 5 Kingsport 100 Business Minute
- 7 From the Editor
- 9 Trends
- 24 On the Move
- 24 Awards & Achievements

28 Med Briefs

30 The Last Word

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KINGSPORT 100 DEPRESSION ERA Celebrating the Kingsport Spirit > 2017

1933 was no time to go looking for investors for a major community building project. The Great Depression was in full swing. But Kingsport, 14 years into its chartered existence and growing, needed a hospital capable of providing care for its population. Two small private facilities were not getting the job done. According to historian Margaret Ripley Wolfe's book, Kingsport, Tennessee: A Planned American City, Eastman executives had already helped obtain the charter for the hospital and the Community Chest campaign had raised \$76,000 when J. Fred Johnson went to New York in search of more funds. Wolfe wrote that as Johnson rode the elevator to a meeting with representatives of The Commonwealth Fund, he prayed, "Lord, let them give us funds so we can have a hospital at Kingsport."

According to Wolfe, Johnson, "was informed that no money was available, but he told his story anyway and was able to get another appointment for the next afternoon. He claimed that he continued his prayer until he walked into the office at the designated time. He managed to secure a commitment for \$192,269." The new hospital was dedicated Aug. 9, 1935.

Today Holston Valley Medical Center is a cornerstone of the Kingsport economy and is one of the legacy sponsors supporting community events throughout 2017 to recognize the city's centennial. "Holston Valley has been a fabulous partner for the city and has

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enhanced our reputation with the world-class care it delivers every day," said John Clark, Kingsport's mayor. "Whether the hospital is supporting community events or introducing innovative procedures and technology to strengthen the quality of care in the community, Holston Valley has made us an attractive place to live and work. We appreciate the hospital for stepping forward to help the community mark this occasion in such a demonstrable manner."

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With wins like these...



I remember when presidential candidate Donald Trump promised, "We're gonna win so much, you may even get tired of winning, and you'll say, 'Please, please, it's too much winning. We can't take it anymore, Mr. President, it's too much!""

Can we skip ahead to that part?

Because the wins I see right now, at least for business, are hollow as an abandoned coal

mine. Take for instance the rolling back of the Obama administration's Clean Power Plan. This is a textbook example of closing the barn door after the horse is gone, except that we're all being asked to pretend the horse is still in the barn.

Killing the Obama regulations was the right thing to do, of course. The energy industry doesn't need to be shackled with rules written by lawyers for the Sierra Club, and deregulation is almost always a laudable achievement (See page 30 for more on that). Certainly America's energy industry is better off today than it would have been under the President's opponent in last year's election. But by defining success as "putting these wonderful miners back to work," President Trump has set himself up for failure. Better to concentrate on doing what can be done than to pretend to be able to do the impossible.

I have spoken off the record over the last year with executives from the coal industry, the natural gas industry and the electric power industry. They all say the same thing. Nothing that happens in Washington this year, or in the next few years, can bring coal back. "What are they going to do," asked one power company exec rhetorically, "outlaw natural gas?"

Vice President Mike Pence, after the executive order scrapping the Clean Power Plan was signed, said, "The war on coal is over." Pence might as well have been Mamoru Shigemitsu standing on the deck of the U.S.S. Missouri in Tokyo harbor in 1945 declaring, "The war on America is over." If the war has indeed ended, it's because the other side won.

The plain truth is that power companies wanted to switch from building coal-fired plants to natural gas-fired plants as soon as the price of gas began dropping. Obama gave them political cover to do it with his War on Coal.

Power companies began retiring coal-fired plants and replacing them with gas-fired plants more than five years ago. They're so far along in that process now that eliminating the Obama-era incentives in 2017 is too little too late.

President Trump, upon signing the executive order killing the Clean Power Plan told former coal miners gathered in the oval office, "You're going back to work."

But nobody in the energy industry believes it, and some coal

execs are even saying so on the record. Robert Murray, founder of Murray Energy met with President Trump, then told The *Guardian*, "I suggested that he temper his expectations. Those are my exact words. He can't bring them back."

That holds especially true in this region, where the cost of mining coal is higher than in other parts of the country. The quality of the coal here is great. But much of the region is already mined, and with the dropping of Obama's green standards, the fact that coal from other parts of the country burns dirtier actually matters less.

The President's executive order allows for mining on federal lands. But who will want to invest in new mining operations there when American coal supply already exceeds demand, and demand is dropping?

And we haven't even mentioned the repeal-and-replace aspect. With the Clean Power Plan scrapped, something has to be written to replace it. After that, the EPA must adopt whatever new plan is written, and it's a very safe bet that whatever the EPA adopts will almost immediately be challenged in the courts.

At best, the scrapping of the Clean Power Plan will help the coal industry limp along as it tries desperately to make carboncapture technology work. President Trump's action could slow coal's loss of market share to wind and solar power, for instance. But the most optimistic projections for carbon-capture say it's still five years away, and most industry observers say a decade is probably a better estimate. During that time, the power industry will continue replacing coal-fired plants with gas-fired plants. As one coal exec told me, "Gas may get a little more expensive over the next few years, but not enough to make a difference. Met coal will get a little bump this year, but you'd better get it while the getting's good, because that will be real short-term."

Coal's not completely going away. It has, however, become a minority source of fuel for power generation. There will still be coal miners working hard in Southern and Central Appalachia. But those jobs will continue getting fewer and further between.

For the growing number of former coal miners of Southwest Virginia, the wins will come when higher education figures out a way to let them attain certifications for the skills they already have without having to pay for an eight-week class first. The wins will come when the region's economic developers can use those certifications as proof of a skilled workforce to bring in highpaying advanced manufacturing jobs. The wins will come when politicians stop making showy but relatively meaningless gestures and start figuring out how to continue funding the Appalachia Regional Commission, how to build the Coalfields Expressway, and how to show potential employers what a resource these wonderful former miners are. That's what winning is.

Can we skip ahead to that part?

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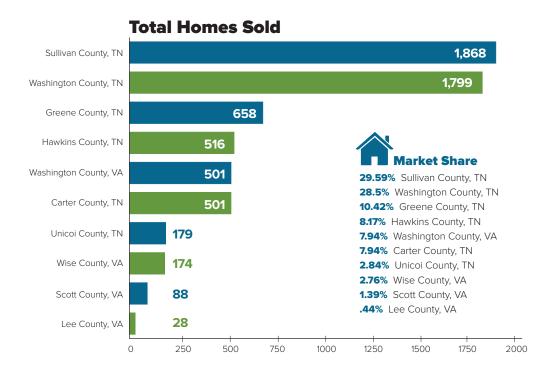
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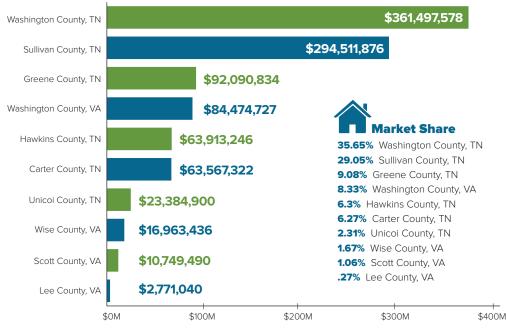
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Bobby Rolfe addresses the crowd at a town hall meeting in Kingsport March 15. Photo by Scott Robertson

Aggressive approach:

Bobby Rolfe wants to keep the good times rolling

By Scott Robertson

E conomic development in Tennessee is on a roll, and the new man heading up the state's efforts in that regard says he's not about to do anything to slow that trend. Former investment banker Bob Rolfe (he introduces himself as Bobby) told a crowd of economic developers, elected officials and reporters in Kingsport last month he plans to continue the aggressive approach that has worked so well over the last few years under preceding Commissioners of Economic and Community Development Bill Haggerty and Randy Boyd.

"Bill's focus was large projects with high-paying jobs and a whole lot of capital investment," Rolfe said, "and then Commissioner Boyd for the last two years did a fantastic job of taking what Commissioner Haggerty built and expanding it to include his own initiatives. My job is to take the balance of the two and keep us moving forward. We're not going to go left and we're not going to go right. We're going to keep the ship in the middle of the harbor."

That having been said, Rolfe added, keeping it in the middle of

the harbor doesn't mean he won't accelerate when opportunities arise. "We're going to play offense," Rolfe said, "and we're going to be successful. Our job as the chief recruiting officers for our state is to create jobs – to create good, high-paying jobs – both from our companies that are already here, and by recruiting companies from outside the state. That is top of mind every day."

Rolfe credited the rank-and-file staffers at the economic and community development department for creating the successes he hopes to build upon. "This department had great success before I got here, and they will have great success long after I depart," Rolfe said. "Our goal has been to be No.1 in the Southeast, and that has not changed."

The department could take at least some credit for the creation of more than 21,000 jobs in Tennessee last year, including 7,000 in Northeast Tennessee alone, Rolfe said. More than 55 percent of those jobs provided wages higher than the median wage in the counties in which they came to be.

In addition, Rolfe said, Tennessee benefitted from \$5.31 billion

in capital investment last year through 159 economic development projects in which the department of Economic and Community Development played a role.

At a time when many other states are cutting back on their economic development expenditures, Rolfe said, Tennessee sees the value in continuing to grow the employment base. The state spent about \$3,000 per job created last year, he said, saying it was a sound investment. Department of Economic and Community Development figures quote an annual rate of return on that \$3,000 figure at 47.5 percent.

In addition to each job created, Rolfe said, "The multiplier of that when new industry expands is other satellite suppliers." Business breeds business, Rolfe said, and business expansion breeds more expansion. "At the same time, if we didn't invest in new companies, when they have expansion opportunities, our opportunities to benefit from that are between zero and zero percent."

"We have a goal to have the lowest unemployment rate in the South by 2025," Rolfe continued. "That speaks volumes about what we're all about, which is job creation and job expansion."

The marketplace of states angling to bring in new highpaying jobs is still quite competitive, despite some states' decision to cut recruitment funding, Rolfe said. "We have observed trends in other states where the legislatures have said, 'We're not going to fund these incentives. Companies are saying, 'That's fine. We'll just take your state off our list.' So I just want you guys to know we have a host of economic incentives and our governor has made a conscious decision that we are going to be competitive. That means putting our best foot forward, and that means having all the tools in the toolbox. At the end of the day, that makes our job easier."

One potential headwind for Rolfe's metaphorical ship in the harbor is the Trump administration's plan to cut funding to entities including the Appalachia Regional Commission. Of the Department of Economic and Community Development's total budget last year, around \$30 million came in the form of federal grants. "We were successful in deploying those dollars in creating successes across the state," acknowledged Rolfe.

At this point, he admitted, the state's strategy for dealing with the possibility of those cuts isn't tremendously proactive. "I'll share with you what the governor shared with me Monday night on a recruiting trip. That is the fact that those cuts, in his opinion, will not likely happen in Washington – at least not as we look forward through the next year. We know there is a whole lot of energy around not only slashing those budget dollars, but the whole other universe that's attached to the president's proposed budget. We can just simply say, 'We don't think it's going to happen in the short term.' What happens down the road we really don't know. But sharing with you the intelligence the governor shared with us, we really don't think those cuts will stick."

In other words, the state's plan is to hope the money is still there when the federal budget is approved.

"We are hopeful," Rolfe said. "We understand that we're in a very different environment, and that it's not business as usual. I'm not sure what will happen the next couple of years in Washington, but we're confident those funds will stay intact for the next year."



Randy Boyd speaks at the announcement of Forward Air's corporate headquarters expansion in Greene County, Nov. 16, 2016. Scott Niswonger, left, is the Boyd campaign's treasurer.

From Education to Economic Development to the Governor's Mansion? By Collin Brooks

Knoxville businessman Randy Boyd visited Northeast State Community College March 16 to officially announce his candidacy for governor, a candidacy informed by his time working in the current administration in Nashville.

Boyd believes he has the bona fides to be a legitimate candidate based on his private-sector success and what he has helped Bill Haslam accomplish over the last several years. Boyd joined the Haslam administration in 2013 as a special advisor to the governor for higher education, helping create the state's Drive to 55 initiative, the Tennessee Promise and Reconnect programs and other initiatives to increase the number of Tennesseans with a postsecondary degree or certificate to 55 percent by 2025.

From there, Boyd was named commissioner of the Tennessee Department of Economic and Community Development (ECD). During his two-year tenure in that post, Tennessee was recognized as first in the nation for advanced industry job growth, first in foreign direct investment, and second in the growth of household median incomes. ECD has also set several records, generating nearly 50,000 new job commitments and nearly \$11 billion in capital investment in the state.

Boyd's private-sector success began with Radio Systems Inc., a company he founded in 1991.

The Boyd campaign's treasurer is Scott Niswonger, who said he jumped at the opportunity to have a role in Boyd's bid for election. The two have educational foundations that have worked together for more than a decade and the two grew even closer during Boyd's time as commissioner. Boyd was commissioner as Forward Air, the company Niswonger founded, negotiated to expand its corporate headquarters in Greene County.

"He is a hard driving business person who believes in giving back to his community and to his region," Niswonger said of Boyd. "As he ran ECD for the state of Tennessee we became even closer and I saw the successes that he was having by his personal input in booking business and industry in the state of Tennessee and for those reasons I support him 100 percent."



Left, A student trains for a construction job by using virtual technology. Right, Northeast State's Ron Broadwater instructs a student in the finer points of welding. Photos by Scott Robertson

Leading the 5,000

CareerQuest Tennessee puts students on the road to careers

By Scott Robertson

In one quarter of the ETSU mini-dome, a student wore a virtual reality headset, moving his hands to interact with the alternate reality in front of his eyes. Fifty yards away, another student sat in a backhoe training chair, working the controls to produce actions on a video screen. In yet another area, a young lady learned proper welding techniques while her friend investigated the inner workings of a Bell helicopter. And in the medical quarter, another young lady punctured the "skin" of a faux arm with a needle as part of a quick round of phlebotomy training.

It was all part of CareerQuest Tennessee, a massive March 21-22 effort by the First Tennessee Development District to bring 5,000+ students from Northeast Tennessee (and Bristol, Va.) into direct contact with dozens of local employers in the fields of information technology, construction, advanced manufacturing and health care. Students and educators got a first-hand view of what employers will be hiring people to do in the next few years. Employers had the opportunity to make connections with bright students whom they will want to keep tabs on as the students close in on graduation.

"In late 2015, the eight county mayors (in Northeast Tennessee) approved a collective focus on initiatives in our region that could improve our workforce and ready our students for the jobs of the future," Leon Humphrey, chair of the FTDD, said. "CareerQuest Tennessee is just one way we can do this for students in our region. More than 5,200 students are experiencing this industry-led interactive experience."

The construction and advanced manufacturing areas appeared particularly eye-opening for the students, many of whom may have thought of those fields as being dominated by dirty, manual labor-intensive types of jobs.

Matt Montgomery, a surveyor and CAD technician with J.A. Street, showed off a \$10,000 drone that can be pre-programed to survey an entire site, along with a robotic surveying station that uses infrared and radio transmission to lock onto its target. "This technology has all come about in the last few years," Montgomery said. "Everything has really jumped up. This drone for instance, you can tell it where the boundaries of your site are, and it will triangulate how many lines it will need to fly across to map out the entire property.

"It's all stepping up and getting easier to use," Montgomery told students, "but there are a lot of things you've got to learn in order to use it right."

Just as the students were learning things about their potential future employers, the employers were gaining insight into their future workforce. "I'll tell you," said Tommy Burleson, owner of Burleson Construction, "the girls are picking up this construction stuff at about five times the rate of the boys."

The event was attended by Adriana Harrington, executive director of Tennessee's Pathways program, a partnership designed to create clear paths for students to go from middle school through various different tracks into the workforce.

"Everyone in this room is creating that seamless transition for students from pre-K through K-12 on through higher education, be it through post-secondary credentials, community college, TCATs or four-year colleges, and then on to careers. The success of industry and education are seamlessly intertwined, and what's being done here today is really inspirational."

CareerQuest was part of a continuum effort being made by the First Tennessee Development District's Workforce Initiatives office. CareerQuest gives students the opportunity to explore potential career choices. The Pathways program works out roadmaps from secondary school to career success through options including four-year college, community college, certificate programs and direct to workforce options. In addition, all of Northeast Tennessee's counties are taking part in the Work Ready Diploma program.

GO Va Southwest Region Board holds inaugural meeting

By Scott Robertson

A fter attending to housekeeping duties including naming a chair (retired coal executive Mike Quillen), a vice chair (Grayson National Bank CEO Allan Funk) and a support body (the University of Virginia's College at Wise), a group of around 30 business and community leaders began discussing their hopes and plans as the Southwest Regional Board for the Virginia Initiative for Growth and Opportunity, better known as GO Va.

The regional board will be responsible for seeking out, gathering, vetting and recommending to the state board economic development projects that could use grant funding in order to create high-paying jobs in the region. The Southwest Region is bordered on the south by North Carolina and Tennessee and on the North by Kentucky and West Virginia. The easternmost counties in the region are Bland, Wythe and Carroll.

GO Va has nine regions, each with its own board. The local boards will recommend to the state board a slate of projects to consider funding. "We have 17 different jurisdictions represented here," Quillen said. "There are 15 counties and two cities."



GO Va state board member Steve Smith listens as Southwest Region Board Chair Mike Quillen speaks. Photo by Scott Robertson

"It's a broad area," Quillen continued, "but the benefit of that is we are going to get to know each other a lot better. The people in Lee County will understand what Grayson County worries about and vice versa." To that end, ad hoc committees were appointed to liaison with economic developers, educators, chambers of commerce and not-for-profits across the region.

The state board meets April 6 in Richmond, with an April 20 statewide orientation summit also slated. The next regularly scheduled meeting of the regional board is June 1 at the University of Virginia's College at Wise.

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Brimhall to occupy Pure Foods building, produce snack foods

By Scott Robertson

Brimhall Foods, Inc., of Bartlett, Tenn., won a March 7 auction to acquire the assets of Kingsport, Tenn.-based Pure Foods. The maker of the Brim's brand of snack foods will occupy the building in the Gateway Commerce Park near the intersection of Interstates 81 and 26, employing the remaining 20 PureFoods employees.

Pure Foods had announced a temporary shutdown of the facility in Oct. 2016 before filing for Chapter 11 bankruptcy protection on Jan. 30.

The 87,000-square-foot building is a certified organic, glutenfree, non-GMO snack manufacturing facility, built new for Pure Foods by J. A. Street in 2015. In addition to the building itself, Brimhall acquired a corn cooking system, a fried food manufacturing line, a baked food manufacturing line, an extruder manufacturing line, a packaging system consisting of inline conveyors, horizontal motion conveyor loops, scale platform, and both Bosch and Matrix baggers, and a state-of-the-art testing laboratory for new product line development.

Pure Foods had occupied the Kingsport facility under a ten-year



It's out with the Pure Foods chickpea cheezpuffs and in with the Brim's pork rinds in Kingsport.

lease with a purchase option at the end of the lease. The purchase price option was based on the outstanding debt, reduced by rent payments to the Kingsport Economic Development Board. The current debt is estimated to be approximately \$6 million.

Brimhall will essentially take over the terms of the Pure Foods lease, which still has around eight years remaining with an option to buy. The purchase price has not been released, but the auction included a minimum bid of \$3.2 million. Three bidders were identified prior to the sale. Resurgence Financial Services handled the auction for Pure Foods.





Exide's Bristol, Tenn., production facility

Exide plans limited return to Bristol

By Scott Robertson

Exide Technologies has announced plans to resume operations in Bristol, Tenn., where it was once a leading employer. The company said in a press release it has submitted the necessary paperwork to restart operations with around 40 new employees in September. The company said it plans to add additional shifts based on demand.

Rumors of the resumption of operations had been flying with reports of the company contacting former long-time employees via social media. *The Bristol Herald Courier* first reported Exide's January filing of its application to restart with the Tennessee Department of Environment and Conservation (TDEC) March 15 in a copyrighted story by Tammy Childress.

The Herald Courier story cited community concerns regarding potential air quality issues near the Exide plant. The company said in its release, "Upon restart, our state-of-the-art formation line in Bristol will be used exclusively for the formation of transportation batteries. Any associated air emissions will be controlled in strict compliance with all applicable federal and state laws and regulations. If the formation room operations recommence, the Bristol facility will be permitted under oversight by the TDEC Air Division.

By using the term "state-of-the-art" to describe a facility that has not operated since 2013, the company appeared to imply it would make a significant capital investment in the Bristol formation room, though no information on such investment has yet been provided.

"Protecting the health, safety and well-being of our employees and the people in the communities in which we operate and live is a clear Exide priority. New Exide leadership has established robust Environmental, Health, and Safety (EHS) processes and management that meet or exceed requirements of national, state and/or local laws and regulations."

The company specifically stated it has no plans to resume production of lead-acid batteries in Bristol, nor to restart any other lines beyond transportation batteries. That production, the company said, will classify it as a "minor source of air emissions" by federal environmental standards.

Exide, which at one time was Bristol, Tenn.'s largest non-hospital employer, operated in the city from 1994 to 2013, manufacturing and forming batteries for transportation industry customers. In 2007, the company reported having 960 employees at the peak of its reported employment in Bristol.

8:15 am	Placed an order for fifty cases of motor oil.
10:30 am	Took over for an employee who called in sick.
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BJ Features

King University, University of Tennessee announce dual enrollment engineering degree

By Scott Robertson

fficials from King University hosted colleagues from the University of Tennessee-Knoxville (UT) March 15 to announce the formation of a new dual degree engineering program. Students who take part in the program will complete three years of studies at King and two years at UT in order to receive both a Bachelor of Science degree in Applied Science and Mathematics from King and a Bachelor of Science degree from UT in biomedical engineering, chemical engineering, civil engineering or industrial engineering.

Dr. Matt Roberts, dean of Academic Affairs at King; John Tickle namesake of the Uni-

versity of Tennessee Tickle College of Engineering; Dr. Wayne Davis, dean of the Tickle College and Alexander Whitaker, King University president. Photo by Scott Robertson

"This collaboration with the University of Tennessee represents an exciting blend of disciplines and a cost-effective path for students seeking to diversify their educational background," said Matt Roberts, Ed.D., dean of Academic Affairs at King University. "Employers are looking not only for technical accuracy in a field of study, but proficient reasoning, interpersonal skills, and problem-solving practices that are grounded in creativity. This new dual degree exemplifies our comprehensive approach to learning, and is an excellent opportunity for graduates to access a spectrum of science-focused careers."

From UT's perspective, the program widens the pipeline of students who may choose to continue their education into graduate school. "We have about 3,200 undergraduate students in engineering, but we also have about 1,100 graduate students," said Dr. Wayne Davis, dean of the Tickle College of Engineering at UT. "As a Ph.D. granting college of engineering, we have grown faster in the last five years than any other college in the United States. We have 700 Ph.D. students."

The program offers female students another opportunity to enter a lucrative career field that is currently seeking to broaden its mostly-male demographics, Roberts said. "We have a very robust 'Women in STEM' program here at King coordinated by Wendy

cent and I think our freshman program this fall will probably be even higher. That means the opportunities for women are really outstanding. The challenge for us is to convince young women in the middle and high school settings that engineering is a profession that is extremely rewarding. Women are very welcome in the field and employers are begging for more diversity, so we're working very hard to respond to that. I think that's something where King University will do well. They have a very balanced university that will hopefully attract young women and men to this program."

The process of creating the program began in late 2015 as both schools looked back to a program King and UT had shared around 30 years ago. "It was only open for a small window of time then," Roberts said. "But UT said they would put as much energy into this agreement as we did, and I took that as a promise. We met around six times with them, looking at course equivalencies and matching things up to develop the curriculum."

The first class of students will enter the program this fall. Students must meet the general entrance requirements of both the UT Tickle College of Engineering and the department of their major, and receive recommendation from King, in order to begin their two years of study at UT.

Traynor, a professor of mathematics. We already have upwards of 50 women involved in that. I certainly have a mind's eye for that group of students to be participants." Davis said UT

has made strides in bringing the Tickle College to a more even match between male and female students, but that there was still a way to go in order to meet that goal. "For one thing, historically, there just haven't been that many women students in colleges of engineering in this country. For many years we were running around 12-15 percent. Today it's at 22 per-



Back Row left to right: Steven DeCarlo, ETSU Board of Trustees Vice Chairman David Golden, ETSU President Dr. Brian Noland, ETSU Board of Trustee's Chairman Scott Niswonger, Ron Ramsey and Faculty Trustee Dr. Fred Alsop. Front row left to right, Dr. Linda Latimer, Jim Powell, Janet Ayers, Student Representative Nathan Farnor and Dorothy Grisham. Photo courtesy ETSU

ETSU Trustees hold inaugural meeting

By Collin Brooks

E ast Tennessee State University's newly formed Board of Trustees met for the first time March 24, with Governor Bill Haslam as its guest. It was the Haslam administration that first proposed the ideas of each of the Tennessee Board of Regents schools having its own board. Haslam's Focus on College and University Success Act amended state law relative to the structure of the organization of state higher education. It became effective on July 1, 2016.

ETSU has been forming its board since that day. The hope for the new nine-member group is that it will solve the problems that Tennessee state universities, including ETSU, have run into as they try to remain competitive in an ever-changing landscape of societal debates, funding streams and demands from both the business community and the community in general.

The idea is for each university to be quicker in its responses to those challenges. New programs, initiatives and partnerships can be approved faster with the new 9-member board of trustees than under the old model.

"The benefit for us with the establishment of the board it that it gives us one, a relationship with the businesses in the region; two, a deeper connection with the region; but then selfishly it allows us to be a little bit more nimble than we have been in the past," Noland said. "If we want to move a new academic program through, I have the opportunity to work with the board and move that at a different rate of speed than we had if everything was moving through Nashville.

"We can respond at the speed of business to the needs of students in business and industry across the region," Noland said. "So that is why this is a paradigm change, it allows us to be more nimble."

Scott Niswonger, founder and former chairman and CEO Landair Transport, Inc. and chairman emeritus of Forward Air Corporation, was selected chair of the board. David Golden, vice president at Eastman Chemical Co., was elected co-chairman.

"Today was putting the underpinning in place," Niswonger said. "All of the rules, all the regulations, so it drew out to be a pretty long day. The meetings going forward will be more inspiration in terms of getting into the meat and substance of where we are going as a university and how we are going to meet the 21st century needs of young people to graduate."



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Holston Medical Group coming full circle

By Scott Robertson

Forty years ago, when Dr. Jerry Miller founded the practice that became the foundation of what is now Holston Medical Group (HMG), the healthcare landscape was far different than today. Back then, folks went to see their family doctor for checkups. In some cases, the family doctor still made house calls. During check-ups, one might get advice from the family doctor on what one needed to do to stay out of the hospital. And if one wasn't feeling well and was told by the family doctor to check into the hospital, that same doctor would be there too.

Over the last four decades though, specialization brought fragmentation to the healthcare industry. The primary care physician began handing a patient's folder off to specialists at the hospital who would deal with whatever the specific problem might be.



The only CEOs in Holston Medical Group's 40-year history, Drs. Jerry Miller and Scott Fowler.

Care improved as doctors who knew virtually everything about treating a specific problem set to work. But the more fragmented approach also helped create a disjointed, increasingly expensive system that has in the last few years hit a breaking point.

Re-establishing a seamless continuum of care through utilization of tools including information sharing and extensivist programs is key to what Holston Medical Group is doing today, says Dr. Scott Fowler, HMG's president and CEO. "That's the future," Fowler says, "this sort of natural state."

"We've spent a lot of time talking about what to do to move from this volume-based system that we have – this fragmented, siloed system where everybody is their own profit center with their own records – to the value-based system. But the valuebased system is actually the natural state," Fowler says. "The volume-based system was built up over time by putting various pieces on top of each other to create silos in different parts of the system. Some of what we're doing is just removing the barriers to putting the patient back at the center rather than having different pieces be the centers of their own universes.

"The most basic pieces that have to be in place concern the coordination of care," Fowler adds. "You don't want to get rid of specialists; they do extremely important things. We know more about the heart than we used to know. There are things you have to be very skilled at and do over and over again to be really good at it. On the other hand, every person is a custom model. There is no common model. So the coordination of care, especially in complex disease where you have multiple diseases interacting with each other becomes actually more important than the specialization of medicine. I think that's where we have gotten in trouble."

Fowler admits the focus on coordination isn't an absolute. HMG is a multi-specialty physicians group, after all. "When a patient has a single problem – a heart issue for instance, then going to a specialist who knows the heart literally inside and out is what one needs to do. Inter-provider coordination is far less important because one physician can simply say, "I got this."

"But when you talk about most diseases, which don't just affect a single organ," Fowler says, "you really need a coordinated system. The coordination becomes more important than the specialization."

That shift in focus has taken years, and continues to occur in, around, through, and sometimes despite whatever changes occur in the political back-and-forth over payment plan models. HMG had a unified electronic medical record 20 years ago. "Now it's a much bigger picture because we work with a lot of specialists who aren't in our system," Fowler says. "Just having an electronic record inside HMG or a hospital or another group still fragments the data. So the most important thing we have done is to try to create that common record experience for a patient amongst all the doctors caring for them."

That was the basis for the creation of the OnePartner Health Information Exchange (HIE). "We will continue to try to convince others to make the best use of the HIE, and to try to continue to make opportunities for that to be a possibility."

Currently, Wellmont Health System and Mountain States Health Alliance are sending

around 100,000 patient visit records a month to the OnePartner HIE for consumption by physicians in the community caring for the patients outside the walls of the hospitals. In total, across all communities the OnePartner HIE services (the Tri-Cities, Southeastern Nebraska, Southern New Hampshire) OnePartner receives approximately 420,000 patient visit records per month. In the Tri-Cities, around 1,500 physicians are participating.



The HMG Medical Plaza on Stone Drive in Kingsport

"Anytime you try to do something new like that you have the barrier of change. That requires a lot of explanation. Secondly you always have a financial barrier where you figure out how to pay for it. So as we do this we have to create an environment where it's pretty easy for everybody to connect no matter what the setting. We're trying to form a system where everybody can stay in their optimized relationship with the patient, but still get the system where when the patient goes to the hospital, they're not losing contact with the person who probably has the best relationship with the patient over time."

In pointing out HMG's history

of innovation, Fowler also points forward, citing the extensivist program. "We think this is the solution for the community – to say, 'Look, there are some patients who are not like others. They have more complicated disease.' Our current system creates everybody like they're the same. They're not. They're not all 1974

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Toyota Corollas. They're all custom models at different levels. We have to understand the differences if we are to apply resources in a cost-effective, value-based way.

"Forty years ago, the physician would know that this patient needs more attention than that one. The extensivist program provides additional resources for patients who need more time with a doctor or additional coordination of care. It's basically taking our hospitalist to join the primary care doctor to a doctor in the hospital in a team relationship. That allows the patient, whether in or out of the hospital, to receive coordinated care. So the hospitalist is no longer just responsible for the patient within the walls of the hospital. Now we work around the patient, not the building. All the resources we would normally apply in primary care are still there, plus this additional outpatient relationship that hopefully will prevent patients from sitting in ERs for hours and getting admitted because nobody knows who they are and what medicines they're on."

While it might sound like the extensivist program merely adds one more layer to an already unsustainably complicated model, Fowler says the idea is that the extensivist will remove inefficiency from the system. "Most of the patients that hit the ER with complex disease get admitted. They don't necessarily get admitted because they need to get admitted. They get admitted because there's no place else to take care of them and they have complicated disease. So we had built a model that forces them into the ER. It turns out those are the most expensive, and in some cases less effective places to take care of chronic diseases."

Fowler clarifies that he's not talking about acute disease, heart attacks and other perfectly appropriate instances to visit a hospital emergency department, "but the old model forced us into inefficient patterns. In order to get back to a patient-centric model, it makes more sense to go to an outpatient clinic when you get into trouble with your multiple diseases, to see doctors who know exactly who you are."

The HIE and the extensivist program are two ways HMG is trying to work within a changing system to continually improve efficiency, Fowler says. "The status quo is constantly changing. Change is both an opportunity and an inevitability.

"Personally, as HMG celebrates 40 years of service, I'm humbled by the honor of serving our patients and community as the President of Holston Medical Group," Fowler concludes. "There is no higher calling than service and no better time for being a part of leadership than during times of change."



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Roe, Warner sponsor small business retirement plan bill

Congressman Phil Roe of Tennessee's first congressional district and Virginia Senator Mark Warner are two of the four sponsors of a new bill to assist small businesses in offering retirement plans to their employees. The bipartisan, bicameral legislation reduces those businesses' filing costs with the federal government.

Under current law, despite sharing a common administrative framework, each individual plan is still required to file a separate Form 5500 to satisfy reporting requirements under the Employee Retirement Income Security Act and the Internal Revenue Code. The bill directs the Department of Labor and the Treasury Department to allow employers and sole-proprietors participating in retirement plans administered in the same way to file a single aggregated Form 5500.

"What we're trying to do was to simplify things so small businesses don't have to file such a myriad of forms," Roe said. "That's what runs a lot of small busi-



Phil Roe



Mark Warner

nesses off. It's too much trouble and too expensive. It's not that small businesses don't want to take care of their people. You have all these administrative costs that small businesses just can't absorb."

The growing number of older Americans in the workforce was a key factor in the push to streamline retirement paperwork, said Warner. "As the nature of work continues to change, increasing access to workplace retirement plans is a crucial step in providing a secure retirement to millions of Americans. For smaller employers, offering a retirement plan can be expensive and complex, so we should make it easier and reduce duplicative filing costs for them to offer retirement plans and promote retirement security for all workers."

The effective date, if the bill passes and is signed into law by President Trump this year is no later than Jan. 1, 2021. "That is, to me, amendable," Roe said. "I think it can be done quicker than that. As far as I'm concerned, it can be done tomorrow."

NN reports material weaknesses in financial reporting

Company value not affected

NN Inc., the publicly-traded Johnson City-based machine components manufacturer (NASDAQ:NNBR), is in the process of addressing "material weaknesses in our internal control over financial reporting." Because of those weaknesses, the company said in its March 16 annual report to the Securities Exchange Commission (form 10-K), "we did not maintain effective internal control over financial reporting as of December 31, 2016." That lack of control, the company said, could result in material misstatements in the company's financial statements.

Said NN in its 10-K, "With the oversight of senior management and the audit committee, we have begun taking steps to remediate the underlying cause of these material weaknesses and improve the design of controls."

The material weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting that would allow a reasonable possibility that a material misstatement in the company's financial statements would not be detected or prevented in a timely fashion.

In its 10-K filing, NN defined the specific material weaknesses: "We did not maintain an effective control environment due to a lack of a sufficient complement of personnel with an appropriate level of knowledge, experience and training commensurate with our financial reporting requirements. This material weakness in the control environment contributed to the following material weaknesses: we did not design and maintain effective internal control over: (i) the accounting for business combinations, which specifically included not designing and maintaining controls over the (a) accuracy, valuation and presentation and disclosure for allocating goodwill to its international businesses and (b) completeness, accuracy and valuation of deferred income taxes recorded in connection with business combinations; and (ii) the accounting for income taxes, which specifically included not designing and maintaining controls over the completeness, accuracy, valuation and presentation and disclosure of deferred income tax accounts, income tax provision and related disclosures."

Those weaknesses, the company said, resulted in errors in consolidated financial statements for the years ended December 31, 2016, 2015 and 2014. "Accordingly," the company said, "our management has determined that these control deficiencies constitute material weaknesses."

PricewaterhouseCoopers, an independent accounting firm, conducted an audit and confirmed the company did not maintain effective internal control over financial reporting. That audit was submitted by the company to the SEC along with the 10-K.

PricewaterhouseCoopers also stated in the 10-K that based on its audit and other audits, the company's statements in the 10-K do, "present fairly, in all material respects, the financial position of NN."

The company's response

The company told the SEC it has already, "dedicated significant resources and efforts to improve our control environment and has taken immediate action to remediate the material weaknesses identified." The company said it has (and will continue):

• Hired additional personnel, including persons with knowledge of

SEE REPORTING, 22

REPORTING, CONTINUED

and technical expertise in SEC reporting and tax matters, including a Tax Director during the 4th quarter of 2016, and established appropriate roles and responsibilities within the finance and accounting organization to improve knowledge and expertise over financial reporting. The company also promised to continue to augment the personnel within its finance and accounting organization;

• Instituted, and will continue to provide, additional training programs for finance and accounting personnel; and

• Strengthening business combination and income tax control process with improved accounting policies, documentation standards, technical oversight and training.

The market's response

Investors greeted the company's statement regarding the material weaknesses with a collective shrug of the shoulders. Shares of NN Inc., had ended the day March 15, the day before the 10-K release, at \$22.90. At the close of trading March 16, shares had dropped to \$22.55. However, by March 20, the share price had rebounded to \$24.70, a 12-month high.

Broadway comes to Greeneville

The Mountain States Foundation's Sixth Annual "Broadway Comes to Greeneville" event is scheduled for April 30 at the Niswonger Performing Arts Center. This year's event is a 3 p.m., matinee, a departure from the history of evening events.

Broadway stars including David Elder, Elizabeth Southard, Gary Mauer, and Emily Skinner will perform, joined by a cast of local youth performers from across the 29-county area served by Niswonger Children's Hospital.



David Elder

Elder, who has sung on the original cast albums of Guys and Dolls, Beauty and the Beast, Once Upon

a Mattress, Titanic, The Musical and 42nd Street, said, "I am humbled to be returning for the sixth performance. Being in this business, it is easy to get caught up in one's self. Helping to provide support for sick children and their families is an avenue to move to a higher endeavor. It is also a pleasure to encourage local youth to pursue their passion."

Gary Mauer starred in the Broadway production of The Phantom of the Opera playing the Phantom. His tour credits include Les Miserables and The Music of Andrew Lloyd Webber.

Elizabeth Southard has worked extensively in musical theater both on Broadway and in national tours. She starred on Broadway in Andrew Lloyd Webber's The Phantom of the Opera as Christine.

Emily Skinner has established herself as one of Broadway's most engaging and versatile performers. She will appear in Hal Prince's new show Prince of Broadway in the 2017 fall Broadway season.

Tickets are available by clicking "Events" at *mshafoundation.org* or by visiting *npacgreeneville.com*. Proceeds from the event support Niswonger Children's Hospital.



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On the Move

Friendship Automotive Enterprises, a subsidiary of Friendship Enterprises, has named **Tom Hall** director and vice president of Used Vehicle Operations. In his new role, Hall will coordinate and improve all pre-owned vehicle sales and marketing for all Friendship locations. Friendship Automotive Enterprises currently holds 23 automotive franchises in Tennessee, Virginia, North Carolina and Georgia.

"Tom is a perfect fit for this new position we have created as a part of our new business model," said Mitch Walters, president and founder of Friendship companies. "He has been extremely successful with Friendship in his leadership role for eight years and has been a valued friend for nearly 30 years," he said. "We are excited about his promotion and know he will do a fantastic job."

First Tennessee has named Ken Furth as vice president and

business banking relationship manager in Kingsport. Furth has more than 30 years of experience in the financial services industry and will be responsible for providing a full range of banking services to small businesses with emphases on client contact, sales, and service. Furth holds a BS in Business Administration from Florida State University and is a resident of Bristol, Tennessee.



Ken Furth

Jim Swartz has joined the Powell Valley National Bank as a vice president and credit review officer. "We are extremely pleased to have Jim Swartz join the officers and staff of PVNB", said Leton L. Harding, Jr., CEO of PVNB. "As our Bank continues to expand its lending efforts throughout the region having someone of Jim's background and integrity will play a key role in maintaining the soundness of our Bank while meeting the credit needs of our customers."



Jim Swartz

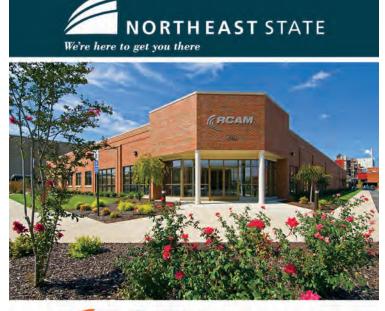
Swartz is a native of Washington County, Va. He has more than 16 years of financial industry experience, most recently as vice president and senior credit review officer for Highlands Union Bank in Abingdon, Va. Swartz is a graduate of the Virginia Bankers Association's School of Bank Management and is an advocate for economic development in the community. He is a graduate of the Washington County Chamber of Commerce's Leadership program, and has served on its board of directors, including positions as Treasurer and Board President over the years.

Awards & Achievements

Eastman Chemical Co., among Most Ethical Companies: Ethisphere Institute

Eastman (NYSE:EMN) announced recently it has been

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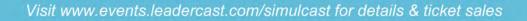


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recognized by the Ethisphere Institute as a "World's Most Ethical Company" for the fourth consecutive year. The honor, the company said, underscores Eastman's commitment to leading with the highest ethical business standards and practices.

"At Eastman, we understand that, to be successful, we must build trust and confidence with our stakeholders," said Mark J. Costa, Eastman's chairman and chief executive officer. "I'm beyond proud of our Eastman team for their commitment to conducting business with honesty and integrity every day and for earning this recognition once again this year."

"To enhance the quality of life in a material way, conducting business within a culture of the highest ethical standards is more important than ever before," said David A. Golden, Eastman's senior vice president, chief legal & sustainability officer, and corporate secretary. "As we look for innovative ways to positively impact all of our stakeholders, we operate through a lens of ethics and engagement. Our team is continuously proving this philosophy true every day."

Eastman has a number of policies and initiatives in place that allow its team members to cultivate a culture of integrity and ethical standards. The company has an Office of Global Business Conduct, led by Eastman's chief legal and sustainability officer, which establishes the Code of Business Conduct. The Code outlines the laws, principles and guidelines all employees follow regarding honesty, integrity and responsible corporate behavior.

Accounting Today recognizes BCS, BrownEdwards

The Accounting Today list of fastest growing accounting firms in the United States shows Roanoke, Va.-based Brown, Edwards & Co., at No. 8, with 27.38 percent revenue growth in 2016. The firm's total revenue for the year was 33.17 million, making it the seventh largest revenue producer in the Capital Region (Delaware, Maryland, Virginia, Washington D.C., and West Virginia). Locally, Brown Edwards operates offices in Bristol, Va., and Kingsport, Tenn.

The *Accounting Today* list of top revenue-generating firms in the Southeastern United States (Arkansas, Georgia, Kentucky, North Carolina, South Carolina and Tennessee) shows Johnson City, Tenn.based Blackburn Childers & Steagall (BCS) as No. 14. The firm is listed as having generated \$11.8 million during 2016. BCS grew at a rate of 10.49 percent last year, according to Accounting Today. Locally, the firm operates offices in Greeneville, Johnson City and Kingsport, Tenn.

Bristol Chamber earns 5-star accreditation

The United States Chamber of Commerce has once again awarded the Bristol Chamber of Commerce its highest honor – a 5-Star Accreditation, for its sound policies, effective organizational procedures, and positive impact on the community.

This is the third consecutive time the Bristol Chamber has been awarded a 5-Star Accreditation, dating back to 2005. Chambers must apply for reaccreditation every five years. The Bristol Chamber is the oldest accredited chamber in Tennessee and the second oldest







Bristol Chamber leadership celebrates the 5-star accreditation

accredited chamber in Virginia.

The Bristol Chamber, first accredited in 1965, is one of the more than 7,000 chambers in the United States. Of those only 105 have received a 5-Star Accreditation, putting the Bristol Chamber among the top 1.5 percent of chambers in the country. There are only four chambers in Tennessee and three in Virginia with 5-star rankings.

Beth Rhinehart, CEO and president of the Bristol Chamber of Commerce, was elated to learn that the Chamber had received 5-Star Accreditation once again. "It's a tremendous honor for the Bristol Chamber," she said. "To be considered among the elite chambers in the country is a testament to our staff members' hard work. The accreditation process takes a true team effort as it is

extremely difficult and time consuming - something you literally work on for months - so the credit goes to the staff. We're enormously proud of this prestigious achievement and share it with our board members, members and ambassadors, all of whom are extremely supportive of the Bristol Chamber of Commerce."

First Horizon named one of nation's best companies for women

First Horizon National Corp., parent company of First Tennessee Bank, has been honored by the National Association for Female Executives for being one of the 2017 NAFE Top 60 Companies for Executive Women. The annual list is published in Working Mother magazine and recognizes companies across the country that excel in leadership opportunities for women.

At First Horizon, the number of women executives and senior leaders has grown by 50 percent since 2010. Women make up 70 percent of employees earning promotions to the manager level and above, and more than 20 percent of its corporate executives are women. Tammy LoCascio, executive vice president of consumer banking at First Tennessee, recently was in New York to accept the NAFE honor on behalf of First Horizon. "As a woman and an executive, it makes me particularly proud that First Horizon is one of the best companies in America for female leaders. We are focused on attracting, developing and retaining top talent, period. We are dedicated to providing greater opportunities and an outstanding work environment for all our employees."

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Med Briefs

Hawkins County Memorial, Franklin Woods repeat on Top 100 list

For the second straight year, Hawkins County Memorial Hospital in Rogersville, Tenn., and Franklin Woods Community Hospital in Johnson City, Tenn., have been named among the nation's Top 100 Hospitals in an independent third-party analysis of short-term and sustained performance. The list is compiled annually by Truven Health Analytics, part of the IBM Watson Health business. The company said it used objective public data sources to calculate the outcome metrics, and it uses a national balanced scorecard as the foundation of its research. Wellmont Health Systems owns and operates Hawkins County Memorial. Mountain States Health Alliance owns and operates Franklin Woods.

"It's an honor to be recognized two years in a row, but the most important thing is what's behind the recognition – our true commitment to great patient care," said Lindy White, CEO/VP of Franklin Woods. "Our team members, medical staff and volunteers are always working to do the right thing for our patients. That is our No. 1 priority, and I'm so proud of them for their commitment and hard work."

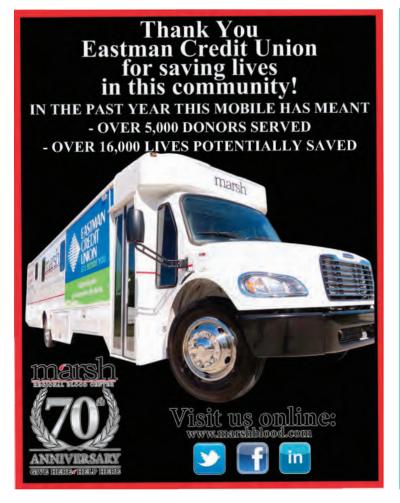
"Hawkins County Memorial has established a consistent record of superior care that has repeatedly earned notice from highly respected evaluators of quality," said Bart Hove, Wellmont Health System's president and CEO. "This is a result of exceptional stewardship from the hospital's administrative team and talented physicians, nurses and other medical professionals who are focused on delivering the best possible experience for our patients. We are extremely proud of everyone at Hawkins County Memorial and applaud the way each person elevating the quality of care at Wellmont."

In addition, Hawkins County Memorial was one of only 10 facilities in the country Truven selected for the Everest Award, a special group that is culled from the list of 100 hospitals. These hospitals are honored for setting national benchmarks for the fastest long-term improvement, which is based on 2011-2015 data. This is the second consecutive year Hawkins County Memorial has earned this award.

Truven said its scorecard is comprised of key measures of a hospital's organizational performance, consisting generally of quality inpatient and outpatient care, operational efficiency, financial health and customer perception of care.

"The overall performance score derived from these measures reflects excellence in hospital care, management and leadership," Truven said in its study. "The health care industry is changing quickly, and winners of the 100 Top Hospitals designation demonstrate how effective leaders can manage change and continue to achieve excellence in a dynamic environment."

The main sources Truven mined to complete its evaluation include the Centers for Medicare & Medicaid Services Hospital Compare hospital performance data set, the Medicare Provider and Analysis and Review patient claims data set and the Hospital Cost Report Information System Medicare Cost Report file. Truven said it had a database study group of 2,740 hospitals.



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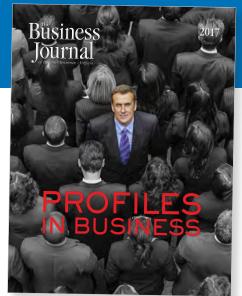
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Rolling back the Clean Power Plan

By Phil Roe with Morgan Griffith



Phil Roe



Morgan Griffith

ast month, President Trump signed an Executive Order (EO) to roll back the Environmental Protection Agency's (EPA) misguided, job-killing Clean Power Plan (CPP), a key component of the Obama administration's war on coal. I was pleased with the president's action because these regulations have been hugely detrimental to our region's economy - from southwestern Virginia's coal mining jobs to jobs at Erwin's railroad depot being just two examples. Further, if left in place, the CPP could have increased Tennesseans' energy bills.

The CPP proposes existing coal-powered plants reduce carbon emissions by 30 percent

by 2030. This approach was so unpopular that Democrats were unable to pass the plan, which was widely known as the Cap and Tax Plan, when they controlled both branches of Congress and the White House in 2009. In fact, the CPP has been challenged by over 150 entities, including 28 states, 24 trade associations, 37 rural electric co-ops and three labor unions. Fortunately, on February 9, 2016, the Supreme Court of the United States granted a stay on the CPP, halting its implementation.

As I've said before, we all want to have clean air and clean water, and according to the American Coalition for Clean Coal Electricity, the coal industry has invested nearly \$120 billion to reduce emissions by 90 percent from November 2014 through 2016. Unfortunately, the previous administration was not solely interested in reducing emissions; their goal was to end the use of coal as an energy source altogether.

Under President Trump's EO to strengthen the nation's energy security, unnecessary regulatory obstacles are reduced. Many of these regulations restrict the responsible use of our vast energy resources which help keep electricity affordable and reliable. I believe we can utilize clean energy resources and pair those with fossil fuels to boost the economy and create jobs. American electricity producers utilize cutting edge technology to deliver clean power to American businesses and families, and President Trump's plan is to have clean air and water while also promoting strong economic growth and job creation. This is what the American people expect and this is what the EPA will work to deliver under this new policy directive.

To parallel with President Trump's EO, the House passed H.R. 1430, the HONEST Act. This bill will "prohibit the EPA from proposing, finalizing, or disseminating regulations based upon science that is not transparent or reproducible." Basically, this bill will ensure that the data the EPA uses to back its regulations is transparent and publicly available. Full disclosure will ensure that the EPA has accountability within the research they produce.

I look forward to working with the Trump administration to make domestic electricity production safer, cleaner and more affordable.

Statement by Morgan Griffith

The actions outlined in President Trump's Executive Order will bring relief to the coal and energy industries that have been under regulatory attack for the last eight years.

I am pleased that President Trump and his Administration have decided not to proceed with plans to implement the costly, overreaching Clean Power Plan. From the start, I believed the federal bureaucrats at the EPA had no legal basis for implementing a policy that would have such a negative impact on our local and national economies.

The Trump Administration is correct in assessing that there was no legal authority for this unprecedented power grab, and I am hoping to see the CPP dismantled. The effects of the CPP's excessive and misguided regulations threatened the livelihoods of hardworking American families and jeopardized thousands of jobs. I am glad we will avoid the detrimental effects of its implementation.

Phil Roe represents Tennessee's first congressional district in the United States House of Representatives. Morgan Griffith (R-Va.) represents Virginia's ninth congressional district in the United States House of Representatives.

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