

The Business Journal

of Tri-Cities Tennessee / Virginia

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2016 Gift Guide and Market Facts

Gift Guide: All Things Fabulous...

A special section with ideas from local businesses for that unique gift or special occasion during the holiday shopping season

and

Market Facts: Quick hit trending data in graphic format painting a picture of where the region is headed

Plus:

Inside the HomeTrust/TriSummit merger

and

Pathways to Prosperity in Northeast Tennessee

Tara Burns relaxes after a hard day's work with the 2016 Market Facts section.

Photo by Tara Hodges, sweetsnaps.us



October 2016
\$3.00 Volume 28 Number 12





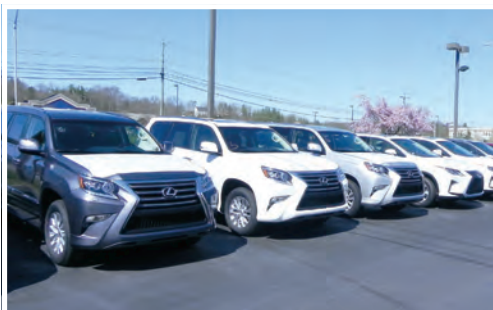
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Tara Burns relaxes with the inaugural Business Journal Market Facts.
Photo by Tara Hodges, Sweet Snaps Photography.

Special Sections

15 Market Facts

Trending facts that give an idea where the Tri-Cities, TN/VA business community is heading. If the Book of Lists is a who's who of Tri-Cities business, Market Facts is the what's what.

39 All Things Fabulous Gift Guide

Tired of hearing how shoppers are spending more online while local economies suffer from dwindling tax collections? So are we. The 2016 gift guide offers several pages of great options to help you spend your gift dollars locally.

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Shortly after announcing their merger, Lynn Shipley and Dana Stonestreet sat down for an exclusive interview with The Business Journal to explain the rationale for and benefits of the deal.

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Eight counties in Northeast Tennessee are embarking on an effort to align their career and technical education offerings with the specific needs of the region's business community.

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Tennessee and Virginia have both declared the Ballard Health applications complete. But the deal remains far from done. The landscape surrounding healthcare mergers in America is still very much in flux.

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Major Employers

Ranked by Employee Headcount

Live Endovascular	Rank	Company	Revenue, \$	Assets	2011 Employee Count
1	1	Medtronic AVEA Health Alliance 700 North State of Franklin Road Johnson City, TN 37601	\$71.421.3970 \$41.421.2910		8,670
2	2	Corvatis Medical Company 2500 South Main Street Jefferson City, MO 65105	\$41.229.2000 \$21.229.2145		6,742
3	3	Wellpoint Medical System 1800 American Way Jefferson City, MO 65105	\$42.232.8000 \$21.220.0274		6,377
4	4	K. W. P. Food Stores Inc. 1000 N. 10th Street Albany, MO 64420	\$76.221.0210 \$21.224.4644	foodcity.com	4,863
5	5	Louisiana State University 1600 East 10th Street Jefferson City, LA 70714	\$42.439.1000 (H&A) \$21.221.1111 (Admissions) 1.800.602.2752; 423.43.4030		2,375
6	6	James H. Quillen VA Medical Center 4000 Main Street Jefferson City, MO 65108	\$21.828.7172 \$21.829.3102	jefferson.va.gov	2,205
7	7	CG Group 1000 N. 10th Street Jefferson City, MO 65105	\$21.477.0000 \$21.434.6845	cgcsystems.com	1,800
8	8	Salisbury County Department of Education 1400 Highway 100 Jefferson City, NC 27157	\$21.354.1000 \$21.354.1004 salco.k12.nc.us		1,755
9	9	Advanced Call Center Technologies 3000 Business Center Road Jefferson City, MO 65101	\$21.263.3000 \$21.371.1114		1,300
10	10	Wellington-Cross (The Department of Education) 4000 West College Street Jefferson City, MO 65103	\$21.473.1111 \$21.473.1114		1,200
11	11	Heavens County Hospital 200 North Street Jefferson City, MO 65102	\$21.272.7629 \$21.422.2727	heavenshospital.net	1,195
12	12	20th Tennessee, Inc. 1000 Pennington Road Memphis, TN 38103	\$21.272.4000 \$21.422.4217		1,147
13	13	Academy City Schools 1000 East Center Street Kempers, TN 37051	\$21.376.2100 \$21.376.2120	acschools.com	1,139
14	14	Jeff's Saddle Service 207 West Street Kempers, TN 37051	\$24.247.3001 \$21.376.2120	jeffss.com	1,000
15	15	A. J. Smith Waste Products Company 1100 E. Squareway PO Box 1379 Jefferson City, TN 37055	\$24.164.1000 \$24.164.1005	ajwaste.com	1,046
16	16	Frontier Health 1000 Parkway Drive PO Box 5004 Greene, TN 37815	\$23.487.3600 \$21.426.3710	frontierhealth.net	1,025
17	17	Jefferson City Schools 100 East Maple Street Jefferson City, TN 37054	\$42.434.0000 \$21.423.2527	jeffersoncity.k12.tn.us	832
18	18	Hendrix Medical Group 1000 Main Street Jefferson City, TN 37055	\$23.827.0000		756

Meeting & Convention Centers

Listed Alphabetically

[illegible]

Local Banks

Ranked by Assets in Millions of Dollars

Bank Name	Phone/Fax/Website	2014 Assets (\$ mil.)	2015 Assets (\$ mil.)	2014 Deposits (\$ mil.)	2015 Deposits (\$ mil.)	2014 Loans (\$ mil.)	2015 Loans (\$ mil.)	Holding Company
First Bank & Trust Company 1600 N. Main St. P.O. Box 100 Waukegan, IL 60087	773.623.2269 815.492.2269 firstbank.com	1,320	1,308	\$1.18	\$1.18	\$1.18	\$1.18	First Bancorp., IL
First Bank of Illinois P.O. Box 490 Joliet, IL 60431	815.703.5500 815.703.5500 firstbank.com	\$100	\$817	\$754	\$770	\$649	\$649	First Bancorp., IL
First Bank of Springfield 900 N. Main St. Springfield, IL 62761	217.871.1000 217.871.5274 firstbank.com	\$994	\$866	\$821	\$805	\$665	\$665	New Peoples Bancorp., IL
Citizens Bank 300 West Park Elmhurst, IL 60120	630.862.2000 630.862.1000 citizensbank.com	\$945	\$800	\$708	\$724	\$574	\$574	Citic Bancorp., IL
Highlands Bank 240 West Main St. Highland Park, IL 60034	214.606.9181 214.606.9181 highlandsbank.com	\$876	\$810	\$488	\$488	\$408	\$408	Highlands Bancshares, IL
FirstBank 2008 Riverside Blvd. P.O. Box 1100 Sugar Creek, IL 60136	215.938.8161 215.938.7488 FirstBank.com	\$641	\$443	\$335	\$367	\$285	\$285	Midwest and Merchants Bancorp., IL
Mountain Community Bank 721 Beecher Ridge Court, Ste. 1002 Highland Park, IL 60034	630.320.5400 630.320.5400 mountainbank.com	\$630	\$412	\$276	\$303	\$200	\$200	Mountain Community Banc Corp., IL
The First Bank 100 West Main Street Elmhurst, IL 60120	214.763.2116 214.763.2187 thefirstbank.com	\$532	\$388	\$255	\$266	\$200	\$200	Southeast Valley Bancshares, IL
First National Bank 1124 N. Main Springfield, IL 62761	214.648.1444 214.644.2227 firstnationalbank.com	\$531	\$327	\$217	\$217	\$172	\$172	None
FirstBank 4315 East 8th Naperville, IL 60563	630.266.2200 630.266.2200 firstbank.com	\$504	\$318	\$201	\$207	\$150	\$150	FirstBank Bancorp., IL
Angelo Johnson Bank 214 West Main Street Evanston, IL 60201	847.425.2260 847.425.2260 angelojohnsonbank.com	\$500	\$300	\$200	\$210	\$150	\$150	Angelo Johnson Bancorp., IL
Powell Valley National Bank 640 Main Street Elgin, IL 60120	815.376.3500 815.376.3500 powellvalleybank.com	\$502	\$270	\$205	\$201	\$147	\$147	Powell Valley Bancorp., IL
First Community Bank of East Tennessee 800 West Main Street P.O. Box 400 Nashville, TN 37007	615.277.8861 615.271.1962 615.268.1773 firstcommunitybank.com	\$501	\$317	\$158	\$153	\$117	\$117	First Community Bancorp., TN
First Bank 275 West 2nd Street Elgin, IL 60120	815.363.8866 815.363.8866 firstbank.com	\$168	\$187	\$151	\$165	\$119	\$119	First Bank Bancorp., IL
Greenwell Federal Bank 150 West Superior Street Chicago, IL 60601	312.435.6327 312.435.6327 greenwellbank.com	\$150	\$162	\$132	\$128	\$88	\$88	NA
Leo Bank & Trust Company 600 West Market Street Peoria, IL 61601	309.698.2111 309.676.4380 leobank.com	\$150	\$150	\$140	\$137	\$A	\$A	NA
Farmers and Merchants Bank 403 West Main Street Peoria, IL 61601	309.676.4666 309.676.4666 farmersandmerchants.com	\$132	\$134	\$110	\$111	\$88	\$88	NA
150 West Main Street 150 West Main Street Peoria, IL 61601	309.672.8121 309.672.8121 150westmain.com	\$103	\$133	\$112	\$111	\$88	\$88	Farmers State Bancshares, IL
Citic Bank (formerly Citizens Bank of East Tennessee) 210 E. Main Street Knoxville, TN 37902	615.252.2200 615.252.2200 citicbank.com	\$115	\$114	\$83	\$106	\$66	\$66	WY Bank, TN
Midwest Exchange Bank 100 West Main Street P.O. Box 107 York, IL 62458	219.376.2200 219.376.2243 219.376.2243 midwestexchange.com	\$134	\$104	\$103	\$92	\$A	\$A	Lam Bank, IL

2015-2016 Business

Source: FDIC's List of FDIC-insured banks.

Eight Northeast Tennessee counties begin Pathways trek

Endeavor to align student opportunities with workforce demands



One good thing about Tennessee's state government: its leaders understand the need to grow the economy. They also understand that jobs and prosperity come from a thriving private sector – one that is supported, not hindered, by government. That's why I was grateful recently to have been given the opportunity to

serve on an advisory board for Northeast Tennessee's Pathways Tennessee effort.*

Pathways Tennessee dovetails with Governor Bill Haslam's Drive to 55 Initiative. It is designed to bring education and business together with the goal of creating more job opportunities for Tennesseans by building a better workforce for businesses.

One of the things I most appreciate about Pathways is that it does not attempt to force a top-down, uniform mandate onto each community and region in our 95-county-wide state. Rather, it asks regions to examine and then find ways to maximize the opportunities that already exist – or are on the way – in their own communities. In Northeast Tennessee, for instance, it makes sense for educators to consider the needs of advanced manufacturing concerns and medical services businesses more strongly than those of, say, information technology businesses. The opposite may hold true in the regions surrounding Oak Ridge, Jackson or Tullahoma.

In Northeast Tennessee, Pathways is headed up by Lottie Ryans, formerly a longtime CenturyLink executive now working under the umbrella of the First Tennessee Development District. In this eight-county district, there are 30 high schools, each with its own Career and Technical Education (CTE) program. Those CTE programs are a major part of what will drive Tennessee's workforce to greater employability, and thus prosperity, if such a movement is to occur.

CTE programs are targeted at the student who is not likely to attend a four-year college or university. As the global economy drives local market changes, those students are finding themselves less and less capable of finding high-paying jobs without first attaining some level of post-secondary (beyond high school) education.

Pathways is designed to make sure the institutions of educa-

tion – from middle schools through high schools through centers for applied technology through community colleges – are communicating effectively with the businesses in the region to ensure the students who emerge from education into the workforce have the skills needed to compete for the specific high-paying jobs and careers that will be needed and offered by those businesses.

You see, it does very little good for the students or the businesses if both sides aren't part of the bargain. Pathways provides a framework for both sides to spell out specifically what each is asking from the other and how each side will benefit the other. Businesses want employees who can prove they have the ability to help the businesses grow. In many cases, that ability is demonstrated by credentials attained through post-secondary work, be it through two-year degrees, a six-week training session leading to attainment of a certificate or something in between. But educators need to know precisely what credentials the businesses and industries in the region are looking for in order to offer students the educational opportunities they'll need. Frankly, hundreds of high school CTE directors and thousands of businesspeople don't have the time or the opportunity to hold those discussions on a regular basis.

That's where Pathways comes in. Pathways is working on what the bureaucrats refer to as "vertical integration." That's bureaucratic speak for "making sure both sides get what they need out of this, from as early as the seventh grade through entry into the workforce."

The state government is committed to this proposition. At the Pathways Summit last month in Nashville, more than 150 representatives of both industry and education from Memphis to Mountain City heard from not only the Education Department, but also the Department of Labor and Workforce Development and the Department of Economic and Community Development about the specifics of their departments' commitment to aid in the process.

This isn't just about creating employees with the minimum skills needed to pay the bills. This is about preparing employees for better-paying, high-growth sector jobs. This is about bringing higher-paying jobs in from out of state.

Two things are happening in the job market in America right now: the number of low-paying, low-skill manufacturing jobs is dwindling while the number of higher-paying jobs that require some level of post-secondary training is filling the gap. Tennessee needs to make sure we are a place where employers want to do business, so our people can be where the good jobs are. To do that, our people need to be ready to do those jobs. It's a simple business proposition, but one we can't afford to ignore.

For much more on Pathways, see the story on Page 12.

Scott L. Ryans

Business and the Law:

Misclassification of Independent Contractors

By Joseph B. Harvey, Esq. Mr. Harvey practices labor and employment law with Hunter, Smith & Davis, LLP. The firm is observing its Centennial Year in 2016.



“Let’s just call him an independent contractor. That way, we won’t have to pay taxes or offer him benefits or overtime pay.”

Have you ever heard a hiring manager make this statement -- or even thought it yourself? Employers routinely engage both employees and independent contractors and properly distinguishing between the two is not a new issue. But changes in regulations, in addition to increased enforcement efforts, are making this issue more important -- and violations more costly -- than ever before.

According to the United States Department of Labor (DOL), the misclassification of employees as independent contractors presents “one of the most serious problems facing affected workers, employers and the entire economy.” The DOL is making misclassification a priority by increasing funding for enforcement, hiring more investigators, and coordinating enforcement efforts with other government agencies.

The DOL has used strong language in describing its enforcement efforts: “We need to continue to find ways to make our investigation of one employer resonate throughout that particular sector and influence the behaviors of employers across that entire industry, to promote compliance across networks of business organizations.” The DOL hopes to “create ripple effects” by “increasing the cost of non-compliance” and “publicizing wage and hour violations is an effective way to educate other employers about their responsibilities and encourage compliance.” In essence, the DOL wants to make an example of a few non-compliant employers to influence other employers in the industry.

In addition to the DOL, the Internal Revenue Service (IRS) and state agencies have stepped up their enforcement activity. Several states have announced that they will coordinate efforts with federal agencies to aggressively combat misclassification of workers. Partnership agreements between the DOL and state agencies provide for information sharing and coordinated en-

forcement. This means that an investigation by one state agency could lead to investigations by other state and federal agencies.

One of the primary reasons government agencies have focused their attention on misclassification is lost tax revenues. The federal government estimated that misclassification of employees resulted in a \$34.7 billion loss in tax revenue between 1994 and 2004. More recently, the IRS reported that its initiative designed to remedy misclassification is expected to reap at least \$7 billion in additional revenue over the next ten years. The DOL reported that in 2014, wage and hour investigations resulted in more than \$79 million in back wages. In short, as a result of dwindling tax receipts, the independent contractor relationship is under fire by state and federal governments.

Misclassification is an issue businesses should bring back to the forefront because it can have a significant impact on an organization’s bottom line. The penalties for misclassification can include back wages, back taxes, fines, interest and penalties, which can add up to large amounts. Microsoft entered into a \$97 million settlement in a case brought by temporary workers who claimed they should have been entitled to employee benefits. Time Warner paid \$5 million to settle the claims brought by the DOL alleging the company misclassified temporary and leased workers as independent contractors.

Questions of misclassification can be a trap for the unwary employer because there are several different tests for determining a worker’s status. The DOL and IRS each have their own unique tests for classifying employees and independent contractors. On top of that, states have implemented their own tests for determining employment status for purposes of state laws such as unemployment and workers’ compensation. Therefore, it is important to examine the relationship from all applicable perspectives to ensure that workers are properly classified and an organization is not exposed to liability.

Recently, the IRS replaced its longstanding 20-factor test with a test that focuses on the degree of control exercised by the organization over the worker. Generally speaking, the new IRS test focuses on the degree of the control the organization exercises over how the worker performs the services. Unfortunately for employers, the change from a 20-factor to a three-factor test has not simplified the analysis.

The DOL still employs the “economic realities” test to distinguish employees from independent contractors. Under this test, the DOL focuses on whether a worker is economically dependent on the business or in business for himself. The DOL recently issued new interpretive guidance on proper classification of employees and independent contractors. According to the DOL’s guidance, “most workers are employees” under the Fair Labor Standard Act’s broad definitions.

All of these factors mean that the chances of facing an investigation, and the consequences if violations are found, are more serious now than they have ever been.

There are many steps businesses can take to ensure compliance with the law and minimize their exposure to time-consuming investigations and potentially crippling penalties. Closely analyzing and properly classifying workers is critically important. Using written contracts with independent contractors and contracting with businesses rather than individuals can also protect businesses from liability. In the current regulatory environment, employers should exercise caution before classifying any worker as an independent contractor and follow best practices when doing so.

The 26 men and women who practice law with Hunter, Smith & Davis, LLP (hsdlaw.com) serve businesses and other clients from the firm’s offices in Kingsport and Johnson City. Specialization in most areas of legal practice, including labor and employment law, is not available in the state of Tennessee.

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Overview / Comments

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Through a partnership with the Northeast Tennessee Association of Realtors (NETAR), The Business Journal of Tri-Cities, TN/VA this month will launch the first searchable online database for real-time regional commercial real estate information to use Catylist's Medialink system. The Medialink information will be available through *bjournal.com*, the Journal's website.

This new website feature makes it easy for business owners leasing or buying space to find properties and real estate professionals in an efficient manner. The new functionality provides a valuable online tool for business professionals to better understand the commercial leasing and sales market. It puts them in direct contact with a participating NETAR member in a fast, easy way. The searchable database will easily show visitors properties currently for sale or lease in a variety of categories, including:

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- Shopping Center
- Multi-Family
- Hospitality
- Special Purpose
- Industrial
- Vacant Land
- Farm/Ranch
- Investment Property

"By providing commercial real estate search data in real time, The Business Journal and *bjournal.com* will leverage the full power of the Catylist software, giving our audience of business owners and operators an easy way to find properties to lease or buy," said Jeff Williams, director of Business Development and Marketing for The Business Journal. "It also allows them to see first-hand who the major commercial realtors in the region are and how they do business. We believe this will provide great exposure to local commercial real estate companies and the agents that list their properties."

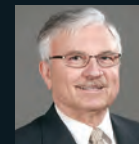


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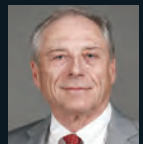
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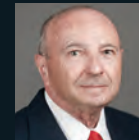
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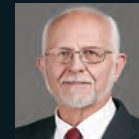
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AVAILABLE NOW



HomeTrust's TriSummit acquisition explained

CEOs detail reasons for, and benefits of, merger

By Scott Robertson

On the afternoon of Sept. 21, after issuing a press release announcing the planned purchase of TriSummit Bancorp, Inc. by HomeTrust Bancshares, Inc., HomeTrust CEO Dana Stonestreet and TriSummit CEO Lynn Shipley sat down together for an exclusive joint interview with *The Business Journal of Tri-Cities, TN/VA* and *Johnson City News & Neighbor* at TriSummit's Church Circle headquarters.

TriSummit currently has assets in the neighborhood of \$353 million. Once the TriSummit acquisition is complete in December, HomeTrust's assets will exceed \$3 billion. The difference in scale between the two banks was a key reason the merger made sense for both, the CEOs said.

From TriSummit's standpoint, Shipley said, having less than half a billion dollars in assets made further growth difficult.

"We make money by lending dollars," Shipley said. When interest rates remain at record lows for extended periods of time, margins for banks are driven down. "For the last five or six years, when we have done our budget, we would think, 'Gee whiz, this is going to be the year that rates start to move up.' Well, the fed passed again on that today, so the pressure is going to continue on margin."

That pressure is compounded by the massive increase in both the quantity and scope of regulations placed on the industry following the great recession. "The regulators won't tell you, 'You have to hire another person to handle this compliance matter,'" Shipley said. "They'll just say, 'you have to handle this matter,' and the way to do that is to hire another person, and of course, there's a cost associated with that. The compliance costs, the regulatory burden – those continue to be an issue. You've got to have a certain scale to spread all these costs over. A few years ago, I would have said we'd need to be at least \$500 million. But if I was giving the same answer today, I'd say you need \$1 billion to \$1.5 billion to even begin to be



TriSummit CEO Lynn Shipley, left and HomeTrust Chairman and CEO Dana Stonestreet pose in front of a framed copy of *The Business Journal* in Shipley's office the day the acquisition was announced. The headline on the *Journal* reads, "The Art of the Deal." Photo by Scott Robertson

in a reasonable position on the cost of all those things with the continued pressure."

Combine those pressures with the fact that every bank's legal lending limit is tied to its capital, and it's easy to see how a community bank can be too small to be sustainable, much less grow.

"We may have a commercial relationship right now where we are near the legal lending limit, so we can't really grow with that company," Shipley explained. "HomeTrust has a higher lending limit because they have \$3 billion in assets. We have \$350 million. So obviously their capital is substantially more. By being part of HomeTrust, we will have the room to grow those relationships."

From the point of view of HomeTrust, the acquisition of TriSummit, which operates entirely in East Tennessee, within HomeTrust's own footprint, offered the chance to reduce expenses in existing

markets while offering growth opportunities TriSummit would not have been able to access.

"We can expand the customer base," Stonestreet said. "Lynn's added a lot of talented people to his team that are well known in the community. We'll just be able to enable them to do larger loans and meet more customer needs. They'll keep being here and doing what they're doing today. They'll just have more to do it with."

From a market share standpoint, the merged HomeTrust will move from third to first in Hamblen County, from ninth to sixth in Sullivan County and from fifth to fourth in Washington County. TriSummit currently ranks sixth, seventh and eleventh in those counties, respectively.

In addition to simply growing market share, the newly merged bank will realize savings by preventing the former

TriSummit locations from having to make some costly purchases. HomeTrust already has up and running several tech pieces that would have proven both costly and difficult for TriSummit to put in place. An online mortgage application system and multiple treasury management tools are chief among these.

“We’ve made a lot of commitments on the technology side,” Stonestreet said. “We’re running the best software out of California. We’re set up to meet all the new regulations – irritating as they are – making sure everybody can afford to make their payments and meeting all those disclosure regulations.”

Having that technology in place also helps reduce the strain of dealing with regulations, Stonestreet explained. “We have a department that does nothing but the required disclosures within the day’s timeframe. It takes an expert team that does only that all day every day because it’s so complicated.”

That team is one part of the operations department that will allow


HomeTrust to realize significant savings from the acquisition. “We have the infrastructure to be able to handle back office operations and systems,” Stonestreet said. “We can eliminate duplication in the back office operations department which is something you see happening with every bank combination with the pressure on margins, low interest rates and the pressure on efficiency. As banks combine, one of the processes is putting together the talent so we can generate more revenue together and reduce the expense base that has raised so much in the regulatory environment.”

That means the transition will not be painless, Stonestreet said, but it will be focused on the long-term success of the business. “TriSummit will be affected in the operations areas as we leverage the infrastructure in the operation area that we’ve built in our home office. It’s one of the challenges, but it’s also one of the realities.

“Our focus is, ‘let’s do the most good for the most people we possibly can,’

because if we don’t make the hard decisions to find the efficiencies, then maybe none of us have earned the right to be here. We’re trying to build something here that’s sustainable.”

HomeTrust has said in disclosure documents published on its website that in addition to back office changes, it will consolidate three branch locations after the merger. Stonestreet declined to say which branches will be closing, or whether those branches are currently TriSummit or HomeTrust branches. Those decisions will be announced in December. Stonestreet expects full regulatory approval by the end of the 2016 calendar year. The boards of directors of both companies have unanimously approved the merger agreement.

Said Shipley, “The tough part is losing some folks you worked with for a lot of years in many cases, but this is about building a sustainable organization we can all be proud of, can return value to our shareholders and can give something back to our community.” 



Transaction Overview

Transaction Structure	<ul style="list-style-type: none"> HomeTrust Bancshares, Inc. will acquire TriSummit Bancorp, Inc. in a 50% stock / 50% cash transaction TriSummit Bank will be merged into HomeTrust Bank (expected to close early calendar year 2017) Prior to close HTBI intends to redeem TriSummit's \$7.1 million of TARP Preferred Stock
Pricing	<ul style="list-style-type: none"> \$8.80 per TriSummit common share or \$31.8 million in aggregate consideration⁽¹⁾ <ul style="list-style-type: none"> Price / Tangible Book Value (TBV) of 121% Price / 2018 EPS + cost saves of 8.2x Exchange Ratio: determined by HTBI's 20-day VWAP⁽²⁾ as of the 5th day of trading prior to closing; VWAP will have a floor of \$19.05 (0.2310x) and a cap of \$20.96 (0.2099x) <ul style="list-style-type: none"> The floor represents 100% of HTBI's 6/30/16 tangible book value and the cap represents 110%
Tax treatment	<ul style="list-style-type: none"> Tax-free reorganization at corporate level (stock / cash mix will be adjusted to ensure tax-free reorganization)
Required Approvals	<ul style="list-style-type: none"> TriSummit shareholder approval Customary regulatory approvals
Board Representation/ Management	<ul style="list-style-type: none"> R. Lynn Shipley, President and CEO of TriSummit Bancorp, Inc. will become President, HomeTrust Tennessee Shipley will also become vice chairman of HTBI's Tri-Cities Community Board All TriSummit directors are invited to join HTBI's Tri-Cities Community Board

(1) Aggregate consideration is based upon 3,208,830 common shares and 402,627 common-equivalent preferred shares, for a total of 3,611,457 shares. 67,050 of stock warrants with an exercise price of \$8 will be converted or cashed out as well.

(2) VWAP = Volume Weighted Average Price

Additional financial details of the merger, courtesy of HomeTrust

Pathways Tennessee: Education with Intent to Commit High-Paying Employment

By Scott Robertson

For three years, Tennessee's state government has been working to create a system in which each of the state's regions will align its career and technical education offerings with the needs of the major employers in those regions. The program, called Pathways Tennessee involves cooperation between the departments of Education, Labor and Workforce Development, and Economic and Community Development.

The program has slowly gained steam. Forty of the 95 counties in Tennessee are taking part this year, and Sept. 23, for the first time, educators from Northeast Tennessee traveled to Nashville to take part in the third Pathways Tennessee Summit. All eight counties in Northeast Tennessee's First Development District are working together as a region.

The Pathways premise is simple. If an individual student is shown a direct pathway from where he or she is in middle or high school to a job in the region that pays better than average wages, he or she is more likely to be successful than by simply getting a general education and hitting the want ads. Just so, employers are more likely to find the workforce they need if their requirements are clearly communicated to the school systems and those systems align their career and technical education offerings to meet those needs.

There are caveats, of course. The Pathways initiative is not targeted to students who already know they plan to attend a four-year college or university. Those students have a pathway in mind already. Pathways Tennessee concentrates on aligning needs and opportunities for those students who may want to go straight from high school graduation into the workforce, or who may find they need a two-year degree or some other training before entering the workforce.

A few facets of the overall workforce picture illustrate why the state is taking the Pathways approach, which several other states have also adopted. First, the number

of above-the-poverty-line jobs that require no post-secondary (beyond high school) education is dwindling. Where a low-skill manufacturing position once existed in a given industry, there is now more likely to be a position that requires industry certifications that prove the potential hiree already possesses the prerequisite skills. Second, that trend is likely to accelerate in the coming decade. One of the biggest drivers of that trend is automation. In many cases, machines do low-skill work more efficiently and consistently than humans. But even in heavily automated facilities, the machines still need maintenance and upgrading. That task requires skilled humans. And those skilled humans are paid better than the unskilled employees who did the jobs the machines are doing now.

"Pathways is preparing students to work in high-growth sectors with jobs that pay at least 90 percent of the region's median wage," said Nick Hansen, program director of Pathways Tennessee. "It's done through local articulation agreements and memoranda of understanding."

The 30 high schools (and their feeder middle schools) in Northeast Tennessee represented at the Pathways Tennessee Summit already have career and technical education classes in place. Pathways provides a framework for those schools to communicate with the major employers in the region and to best align their offerings. In this way, not only can the schools provide the employees needed in their county right now, they can also learn directly from industry what the trends are, and how they should address those trends with programs of study oriented in those directions.



Nick Hansen, Pathways program director for the state of Tennessee poses with First Tennessee Development District Director of Workforce Initiatives Lottie Ryans in Nashville. Photo by Scott Robertson

"We need to work together to make sure things are vertically aligned to make sure that the students have an education that will allow them to succeed in their own region," said Dr. Danielle Mezera, assistant commissioner, Tennessee Department of Education at the summit. "Everything works off a stable tax base. That's what drives our education. It drives our ability to recruit business. It's what drives our communities. Keeping people close to home and giving them a chance to be successful there is essential to keeping that tax base stable."

Some rural school systems in the state have balked at the idea of a regional approach, fearing that if they educate students to work in an industry located in the next county, those students may go to that county to live, thereby driving down the local tax base in the county that paid to educate them.

That argument, Mezera said, is fallacious. "The way we operate in the United States, right or wrong, is that we operate in silos. But people don't live their lives like

that. People who live in one city drive to work in another and vice versa. There is that cross-feeder effect that must be understood in order to grow regional strengths. We are stronger together than you could be by yourself.”

In fact, having a workforce-driven CTE plan in place makes a rural community more attractive to business, thereby driving up the chance to bring new jobs to that community. It’s an argument regionally-minded economic developers have been using for years.

Because it would be unwieldy to simply have every school create a new curriculum for every business need, even regionally, the state has bundled pathways into clusters by industry. Career clusters identify the knowledge and skills needed to follow a pathway toward career goals and provide a context for exploring the often broad range of occupational options available in a region.

There are currently 16 career clusters in Tennessee, including such diverse offerings as Agriculture, Food & Natural Resources; Finance; Human Services; Information Technology; Marketing; STEM; and Transportation, Distribution & Logistics. The Northeast Tennessee delegation, basing its decision on the major employers and potential future employers in the region, chose to focus its efforts on developing the Advanced Manufacturing and Health Science clusters.

Each cluster is divided into different pathways that are grouped by the knowledge and skills required for occupations in these career fields. So if a student is interested in both electronics and mechanical engineering, he or she would be guided toward the mechatronics field of study in the Advanced Manufacturing cluster. In four years, that student would take courses in Principles of

Manufacturing, Digital Electronics, Mechatronics I and II and/or a manufacturing practicum either at the facility of a regional mechatronics employer or in laboratory conditions designed to duplicate that setting. In addition that student would be offered electives in robotics and dual enrollment opportunities at regional community colleges. At the end of the pathway, the student would be ready to test for certification as a Level I Siemens Certified Mechatronic Systems Assistant. The average starting salary for mechatronics technicians in East Tennessee is \$48,200.

“Pathways lead to credentials with real labor market value,” Hansen said. “These credentials are not just industry-recognized, but also industry-valued. By vertically aligning our CTE courses and programs of study with these credentials, we have transference not just to post-secondary education, but to high-quality employment.”

The next steps in Northeast Tennessee include furthering the vertical integration of secondary schools and post-secondary education institutions including community colleges and the Tennessee Center for Applied Technology, as well as furthering the discussion between business and education, said Lottie Ryans, First Tennessee Development District Director of Workforce Initiatives, who heads up the Pathways effort in Northeast Tennessee.

“The first thing we need to do it validate what we have pulled as the classes being offered at these high schools,” Ryans said. “We need to understand what classes in what clusters are being offered in each school. The next thing we’ll do is start having more discussions with employers. We don’t want to give them meeting fatigue, but we need to sit down with our employers and say, ‘Here’s what’s offered. Does it make sense for you?’” **B**

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MARKET FACTS





Nuclear Fuel Services, Inc.

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Located in Erwin, Tennessee, Nuclear Fuel Services, Inc. (NFS), a subsidiary of BWX Technologies, Inc., operates a uranium fuel materials production facility to support America's fleet of nuclear-powered submarines and aircraft carriers. It also converts Cold War era government stockpiles of highly-enriched uranium into material suitable for further processing into commercial nuclear reactor fuel.

NFS is both a strategic asset for America and an economic engine for Northeast Tennessee. With more than 1,000 employees and contract workers, NFS is committed to manufacturing specialty nuclear materials for the U. S. Navy's fleet and other customers while protecting its workers, the public and the environment.

NFS Facts

- NFS is the largest employer in Unicoi County
- NFS assists more than three dozen non-profit organizations in East Tennessee through financial support, volunteerism and materials
- NFS is the largest contributor to the United Way in Unicoi County
- NFS has a robust speakers bureau program, with more than 70 employee-volunteers, reaching more than 30 schools and other educational organizations in the Tri-Cities area
- NFS routinely donates time, money and resources to school computer labs and other technology-focused organizations in support of STEM (Science, Technology, Engineering and Math)
- NFS meets twice yearly with its Community Advisory Group, which is made up of legislators, business leaders, educators and other key influencers in the community
- NFS is committed to protecting its workers, the public and the environment



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nuclearfuelservices.com

TOP EXECUTIVE:
Joel W. Duling,
President

DATE FOUNDED:
1957
NUMBER OF
EMPLOYEES:
1000+

Oooh, this looks interesting...

By Scott Robertson

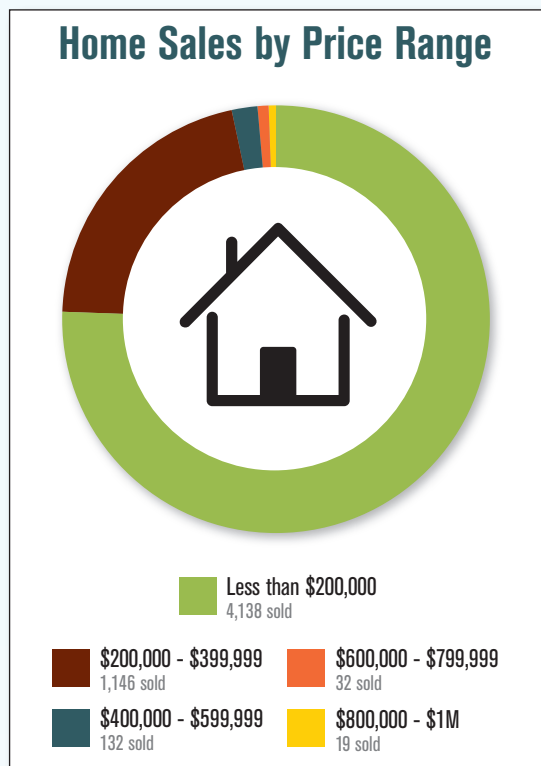
That was my initial reaction last year when I was introduced to the Market Facts publication produced by the *Charleston Regional Business Journal* in South Carolina. Our publisher, Bill Derby, had arranged with his counterpart in Charleston, Grady Johnson, for four members of our team (including Co-Publisher Jeff Derby and Director of Business Development and Marketing Jeff Williams) to visit Charleston to learn their best practices.

Johnson explained that their 100-page Market Facts special publication had been growing and evolving for several years. It was originally born from their company's own need to gather information to decide in what directions growth would be most advantageous. Through the process of gathering data on demographics, top industries in the low country, real estate and economic development, they realized how much work went into digging it all up and bringing it together. "There's value," Johnson said, "in having all this information in one place." So they published it, and found the marketplace agreed with their assessment. There is value in saving readers the time and effort of searching out this data.

Our first Market Facts effort owes much to the good folks in Charleston from whom we have learned and, with gratitude, borrowed. Johnson, Managing Editor Andy Owens, Creative Director Ryan Wilcox and Vice President of Sales Steve Fields all patiently answered our questions over the course of three different discussions, first in their offices, later at their Healthcare Heroes event, and finally at the Alliance of Area Business Publishers summer conference in Iowa.

Our inaugural Market Facts section includes charts, graphs, tables and statistics of interest and utility to owners and operators of businesses in our region. We hope it also will serve as a useful tool for businesses considering relocating to the Tri-Cities, TN/VA. Topics include demographics, wages and employment, health care, real estate, construction, retail sales and more.

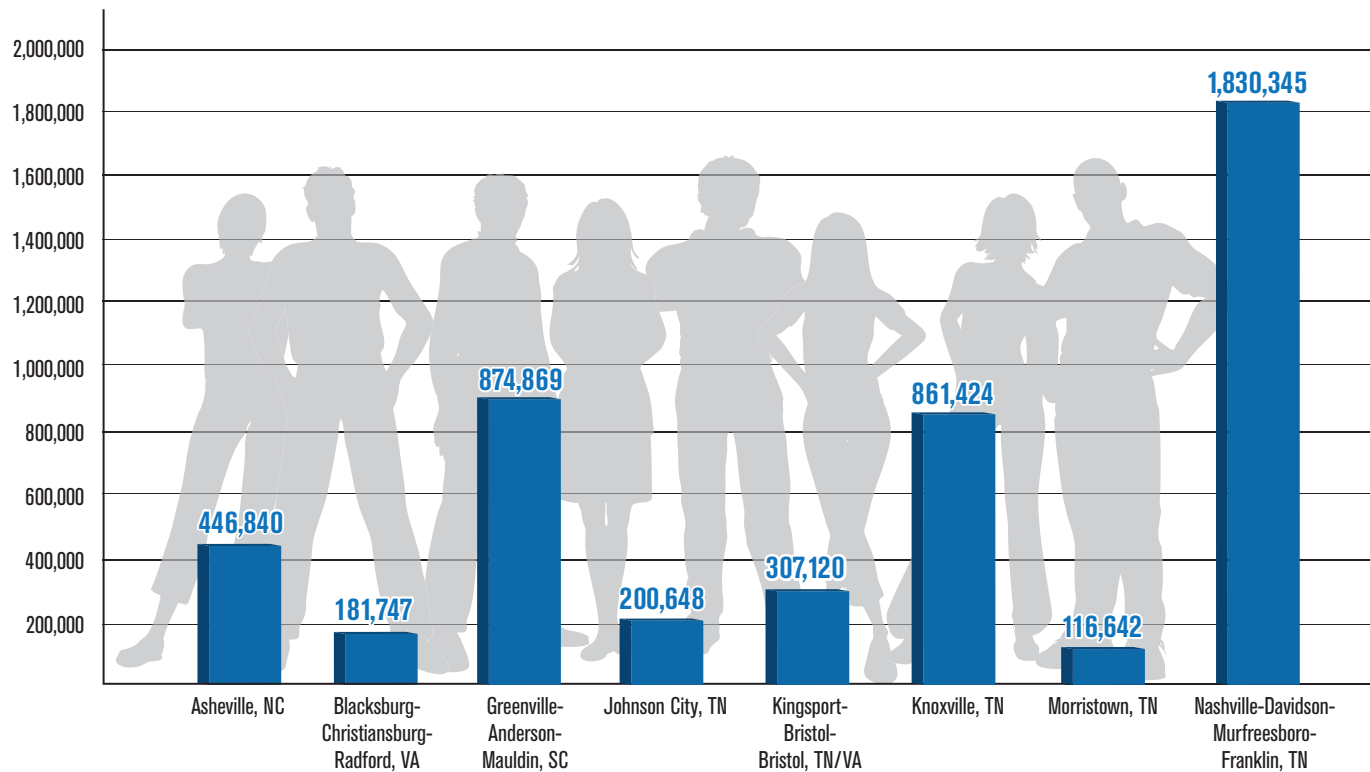
Our goal is to grow this section to the point where it takes its place as an equal companion to our annual Book of Lists. The combination of the information in that publication and this one should in the coming years serve as a remarkable way to get a quick and accurate impression of the growing business community in the region.



As with the Book of Lists, the Market Facts effort could not succeed without the extra effort given by many team members here at The Business Journal, and we would be remiss in publishing what follows without acknowledging their work. Sarah Colson and Paula Godwin conducted research. Judd Shaw, our graphics director, was responsible for the look of the section. In addition, we owe debts of gratitude to Don Fenley at the Northeast Tennessee Association of Realtors, Ken Rea at the First Tennessee Development District and Jon Smith at East Tennessee State University for sharing their own data.

Special thanks also go out to section sponsor Nuclear Fuel Services. Without their support this endeavor would not have been possible. We believe their support, and that of the other advertisers in this section, has allowed us to create a valuable resource for you, the decision-makers in our growing business community.

2015 MSA Population



Source: East Tennessee State University College of Business, Bureau of Business and Economic Research

County Population Growth



AREA	2000 POPULATION	2010 POPULATION	2015 POPULATION	% CHANGE 2010-2015
Carter	56,742	57,424	56,486	-1.6
Greene	62,909	68,831	68,580	-0.4
Hancock	6,786	6,819	6,572	-3.6
Hawkins	53,563	56,833	56,471	-0.6
Johnson	17,499	18,244	17,830	-2.3
Sullivan	153,048	156,823	156,791	0.0
Unicoi	17,667	18,313	17,860	-2.5
Washington	107,198	122,979	126,302	2.7
Scott, VA	23,403	23,177	22,126	-4.5
Washington, VA	51,103	54,876	54,591	-0.5
TN	5,689,283	6,346,105	6,600,299	4.0
VA	7,078,515	8,001,024	8,382,993	4.8
US	281,421,906	308,745,538	321,418,820	4.1

Source: First Tennessee Development District

Building Financial Relationships

How ACFCU is fulfilling its purpose one member at a time

In 1932, families across the nation were struggling from the Great Depression. In Kingsport, Tennessee the employees of the Mead Paper Mill, now known as Domtar, combined their individual financial resources to create a member-owned cooperative to serve the financial needs of their coworkers. Today, over 14,000 member-owners continue to support one another in Appalachian Community Federal Credit Union's (ACFCU) expanded service area. This area includes communities in southwest Virginia, northeast Tennessee and eastern Kentucky as well as nonprofit organizations and individuals belonging to the Human/Economic Appalachian Development Corporation.

In 2010, ACFCU set out to reinvent itself using the framework from 1932, which was to provide financial assistance to underserved individuals in local communities. Under the leadership of Ron Scott, President and CEO, ACFCU realigned its mission and purpose to do so. Ron recognized the needs within the communities and reestablished the goal of providing quality financial products and services to the underserved communities of central Appalachia. ACFCU created a variety of products designed to "stair step" individuals from financial hardship to economic self-sufficiency. This innovative approach is trademarked as myMoney Track Solutions®.

In 2013, ACFCU expanded its reach by assisting a small credit union in eastern Kentucky through an emergency merger. This important move insured continued financial services to several underserved communities. It also allowed ACFCU to become the primary sponsored financial institution of the Human/ Economic Appalachian Development Corporation (H/EAD). H/EAD is a nonprofit 501c (3) membership organization that supports other non-profits with the shared mission of economic development in the central Appalachia region through financial education, advocacy and responsible lending.

ACFCU also provides extensive services that include one-on-one financial counseling, financial workshops and free income tax preparation. In 2015, 2,817 people received one-on-one

counseling, and 1,084 people participated in an ACFCU financial workshop. ACFCU sponsored Volunteer Income Tax Assistance (VITA) with Milligan College and Berea College. Combined, VITA's impact provided free tax preparation to 3,187 people with more than \$4.4 million in tax refunds.

Today, ACFCU is even stronger as a certified Community Development Financial Institution or CDFI. The US Department of Treasury extends this certification to financial institutions that demonstrate effective support to underserved communities through their financial services. The CDFI designation requires ongoing performance evaluations and must be renewed annually. This designation further empowers ACFCU to be the best it can at fulfilling its mission. According to Ron Scott, the CDFI certification is a perfect fit for the credit union movement. "CDFIs present an exciting new chapter for credit unions and keep them aligned with their original mission of self-help and second chances."



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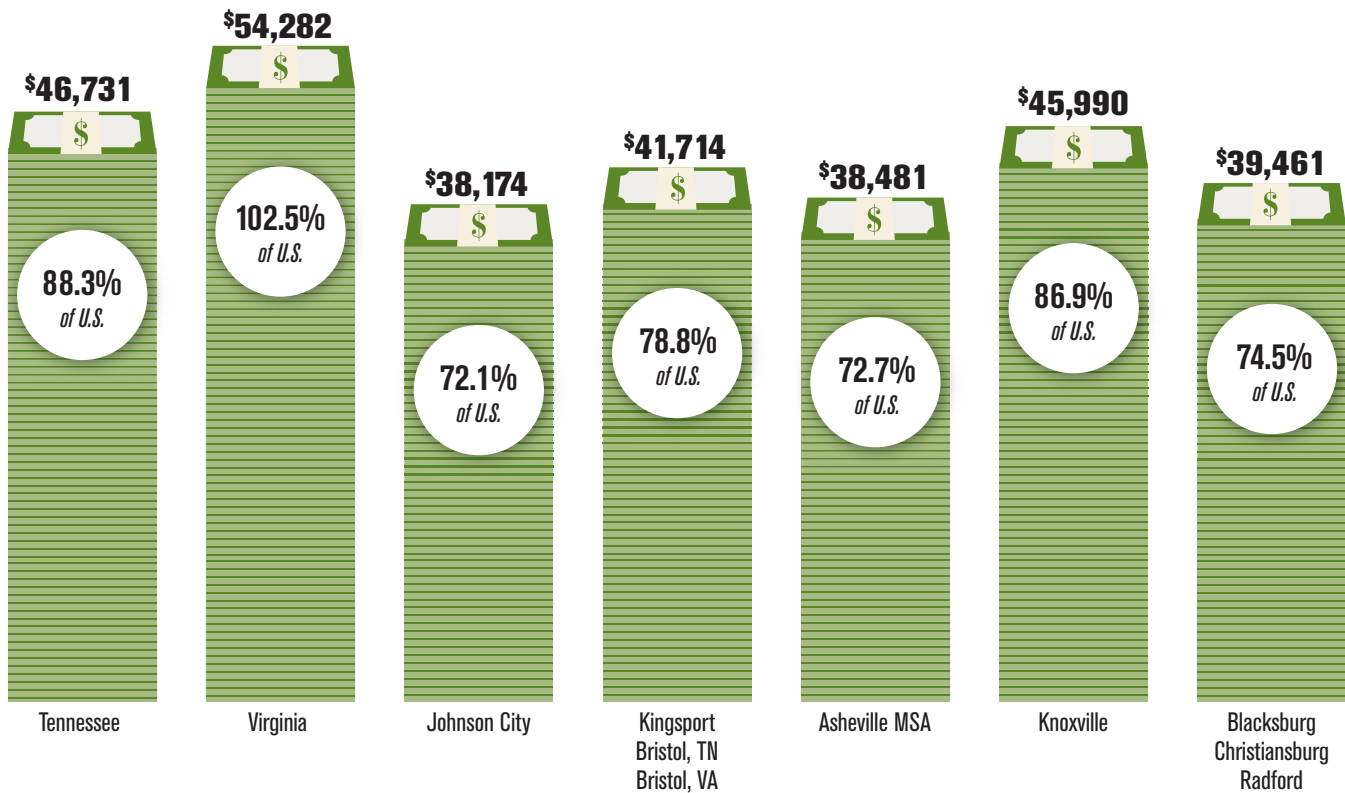



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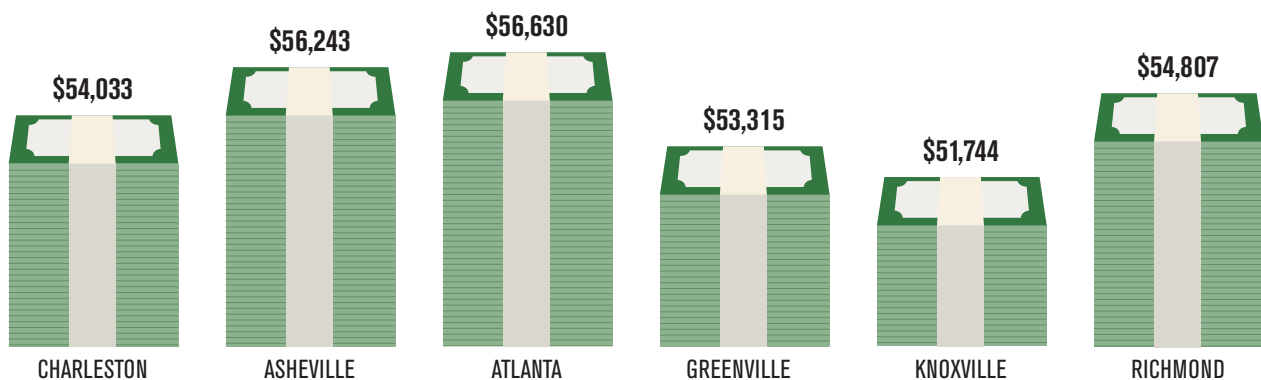
Average Wage Comparison, 2015

United States \$52,937



Source: U.S. Census Bureau

If you make \$50,000 a year in Kingsport...



...you would need to make the salaries shown in the graphic above in order to live an equivalent lifestyle in the competing markets mentioned. The data show that the long-standing truism of lower MSA salaries being offset by lower costs of living in the Tri-Cities, TN/VA markets remains in place. The data is for the Kingsport MSA only, with data for the Johnson City MSA currently unavailable, but believed to be very similar. The data is sourced from the website salary.com as of late June, 2016.

Source: Salary.com

Per Capita Personal Income



Source: First Tennessee Development District

\$35,912

Kingsport-Bristol-
Bristol, TN/VA (MSA)

\$32,627

Blacksburg-Christiansburg-
Radford, VA (MSA)

\$34,757

Johnson City, TN (MSA)

\$39,530

Knoxville, TN (MSA)

\$31,593

Morristown, TN (MSA)

\$36,470

Asheville, NC (MSA)

\$37,333

Greenville-Anderson-
Mauldin, SC (MSA)

\$47,392

Nashville-Davidson-
Murfreesboro-Franklin, TN
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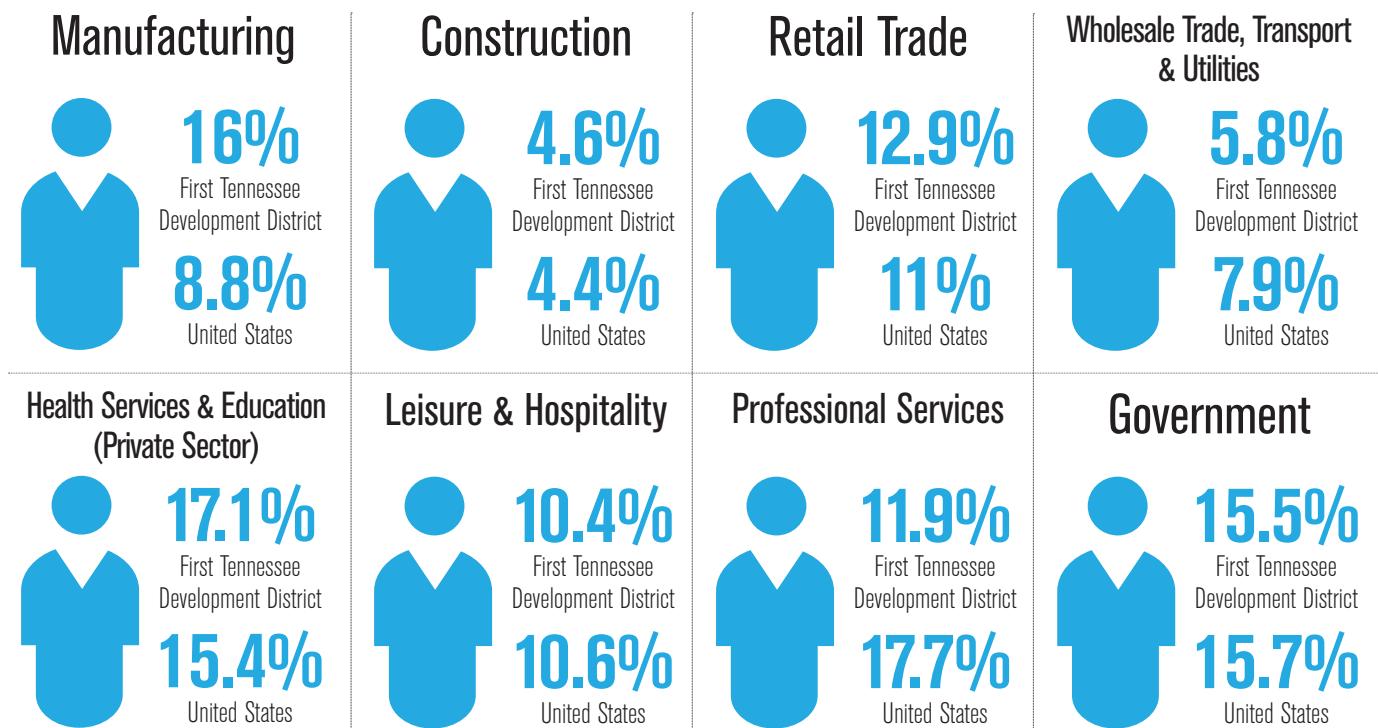
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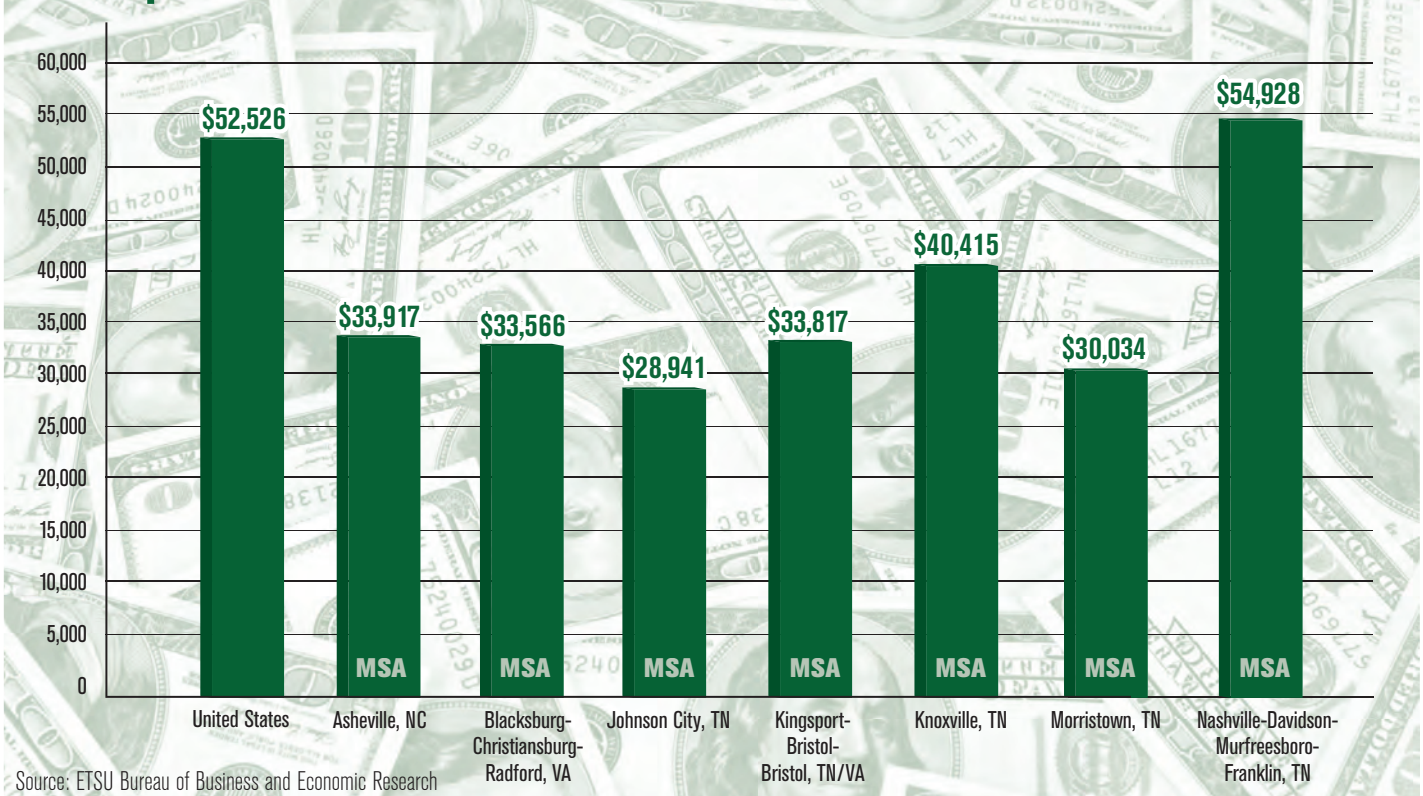
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Employment By Industry By Place Of Work First Tennessee Development District vs United States



Source: First Tennessee Development District

Per Capita Real GDP



Source: ETSU Bureau of Business and Economic Research

Employment



	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health	Leisure & Hospitality	Other Services
Buchanan County VA	1,207	400	185	1,108	N/A	182	656	850	304	155
Dickenson County VA	918	190	19	540	N/A	N/A	232	414	170	N/A
Lee County VA	221	294	87	960	N/A	132	237	614	290	90
Scott County VA	44	116	764	846	N/A	118	177	870	409	159
Smyth County VA	23	497	3,690	1,659	63	211	1,348	1,270	730	172
Tazewell County VA	659	553	1,136	3,809	62	552	985	2,377	1,395	432
Washington County VA	302	536	3,902	4,759	145	571	1,515	3,291	1,974	446
Wise County VA	587	297	281	2,571	85	312	1,149	1,695	938	179
Carter County TN	26	615	1,183	2,097	55	383	334	2,001	1,318	285
Greene County TN	131	596	6,076	5,396	204	744	2,220	4,056	1,799	417
Hancock County TN	N/A	7	N/A	125	N/A	23	N/A	159	47	19
Hawkins County TN	109	285	3,995	1,871	55	206	1,015	1,195	1,038	189
Johnson County TN	N/A	N/A	753	997	16	151	75	425	348	69
Sullivan County TN	76	5,584	11,395	13,833	N/A	2,097	6,292	11,922	7,044	N/A
Washington County TN	10	1,574	4,828	10,841	1,381	3,596	7,101	11,080	7,164	1,983

Source: First Tennessee Development District



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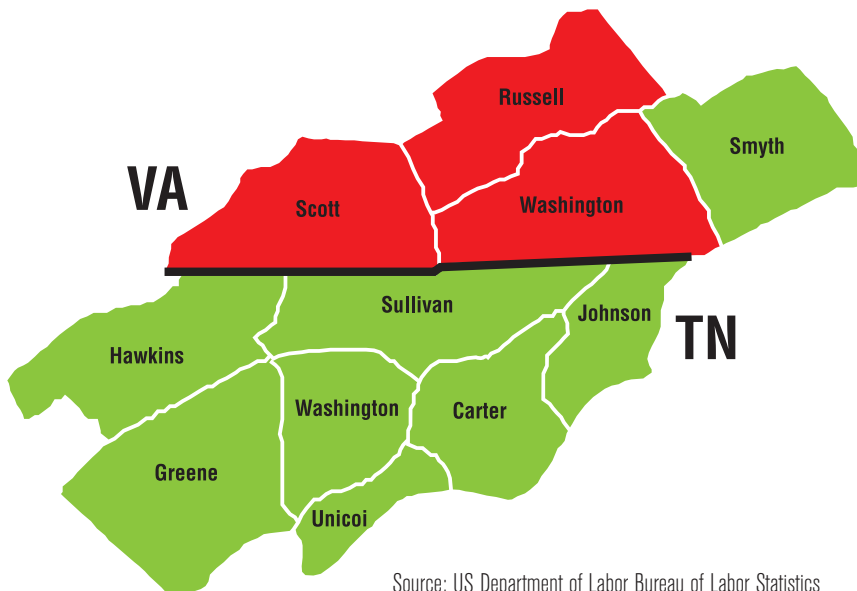
The Regional Center for Advanced Manufacturing (RCAM) is the branded outreach of Northeast State Community College. Focused on advanced manufacturing training, the programs and services offered through RCAM are designed to develop the 21st century workforce.

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Northeast Tennessee outpacing Southwest Virginia in employment gains

The good news for Southwest Virginia is that in the last 12 months, statistics from the U.S. Department of Labor's Bureau of Labor Statistics show a slow drop in unemployment rates. The recovery from the Great Recession of 2008-2009 has been slower than any other recovery in the last century, a fact that has been magnified in Southwest Virginia by the declines in the coal and tobacco industries. The bad news is

that the region still lags behind the rest of the Commonwealth, the nation as a whole, and, as these figures show, the nearby counties in Tennessee. While even Unicoi County, which lost several hundred jobs in the CSX restructuring, shows a drop of more than a percentage point, no Southwest Virginia County in the border region saw its unemployment rate drop by more than 0.9.



Source: US Department of Labor Bureau of Labor Statistics

County	March 2015	March 2016
TENNESSEE		
Carter	6.7	5.0
Greene	6.7	4.8
Hawkins	6.5	4.8
Johnson	6.4	4.5
Sullivan	5.8	4.5
Unicoi	8.5	6.5
Washington	5.5	4.1
VIRGINIA		
Russell	6.9	6.8
Scott	5.4	5.1
Smyth	7.1	6.2
Washington	5.1	4.6

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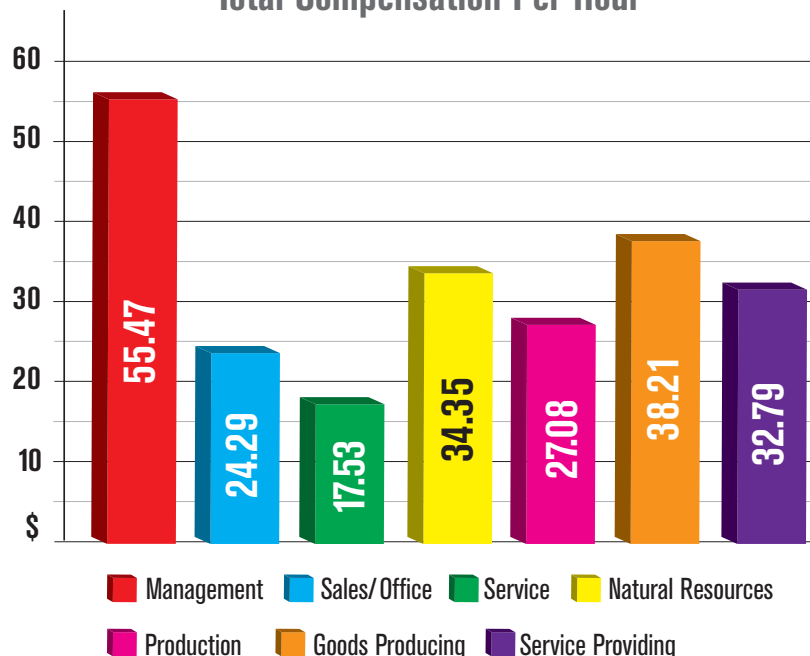
Employer Costs For Employee Compensation



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

Source: US Department of Labor Bureau of Labor Statistics

Total Compensation Per Hour



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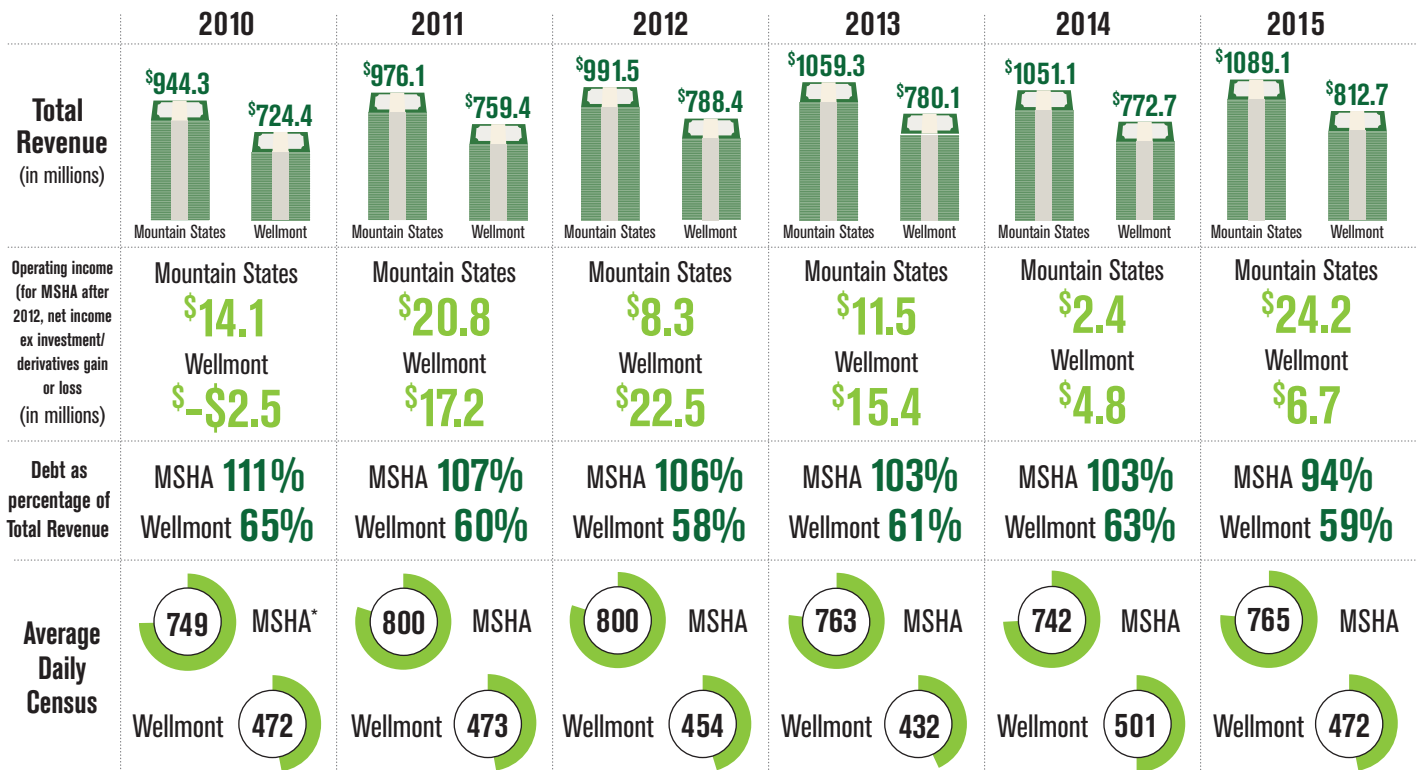
Jonesborough

• 372 East Jackson Blvd.
Jonesborough, TN

Princeton

• 207 Oakvale Road
On hill behind Bojangles.

Financial Performance of Area Hospitals



*Franklin Woods Community Hospital data unavailable for that year.

Source: Mountain States and Wellmont Financial Statements

2015 Area Healthcare Employment and Wage Estimates

	Employed Northeast TN	Employed Southwest VA	Average Total Employed	Wages Northeast TN	Wages Southwest VA	Average Total Wages
Dentists, General	65	N/A	65	\$174,860	\$185,010	\$179,935
Physicians and surgeons, all other	275	170	222.5	216,655	215,660	216,157
Pharmacists	305	370	337.5	118,310	109,560	173,935
Optometrists	35	N/A	35	114,550	N/A	114,550
Physician Assistants	35	80	57.5	92,440	71,090	81,765
Physical Therapists	185	230	207.5	88,035	84,170	86,102
Registered Nurses	2,790	2,010	2,400	51,860	51,870	51,865
Occupation Therapists	75	90	82.5	83,610	87,050	85,330
Respiratory Therapists	200	110	155	46,820	49,120	47,970
Occupational Therapy Assistants	40	100	70	57,030	65,070	61,050
Licensed practical & vocation nurses	990	1,520	1,255	34,440	34,060	34,250

Source: US Department of Health and Human Services

What does insurance cost?

Figures show the average annual health premiums for a family plan.

TN	VA	US
\$5,255 Employee Contribution	\$5,289 Employee Contribution	\$4,955 Employee Contribution
\$10,746 Employer Contribution	\$11,312 Employer Contribution	\$12,590 Employer Contribution
\$16,001 Total	\$16,601 Total	\$17,545 Total

Source: US Department of Health and Human Services

Total Medicaid Spending

United States

Fiscal Year 2014

\$476 billion



Tennessee

Fiscal Year 2014

\$9.3 billion

Virginia

Fiscal Year 2014

\$7.61 billion

Source: US Department of Health and Human Services

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*2016 FINANCIAL TIMES

Affordable Health Care Act, 2015

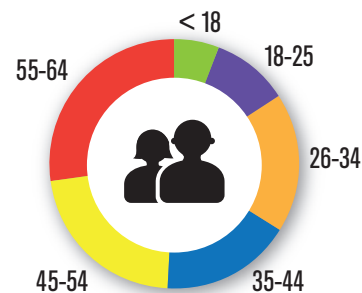
Tennessee and Virginia figures, 2015 open enrollment figures

231,440

Total Marketplace Users TN

306,785 were eligible to enroll

390,237 completed applications

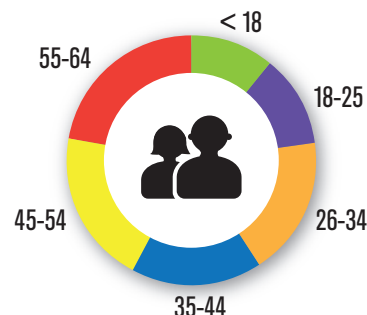


385,154

Total Marketplace Users VA

470,998 were eligible to enroll

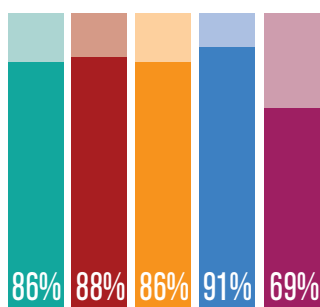
511,789 completed applications



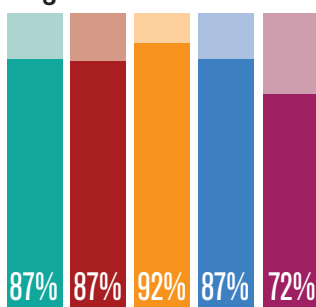
Source: US Department of Health and Human Services

Percent covered by Health Insurance

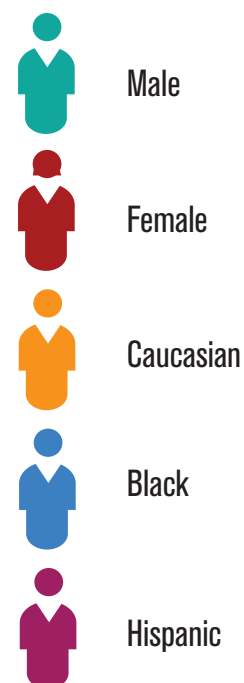
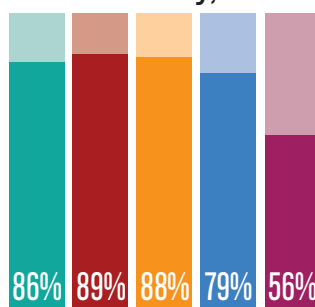
Tennessee



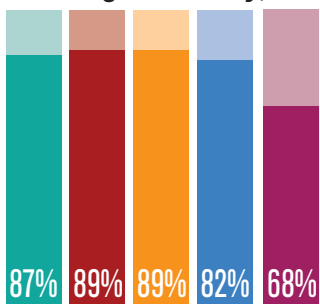
Virginia



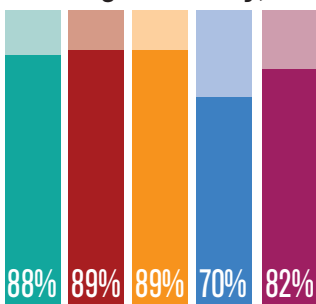
Sullivan County, TN



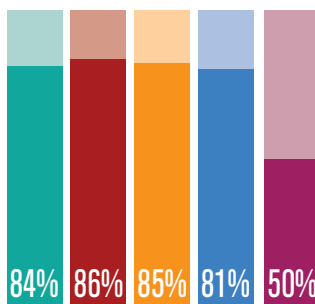
Washington County, TN



Washington County, VA



Tazewell



Source: American Community Survey

Tennessee's Health Care Rankings 1 is best; 50 is worst

No. 43

Overall Health Ranking

Strengths: Low prevalence of excessive drinking; small disparity in health status by education level; **Challenges:** Many poor mental health days; high prevalence of smoking; **Highlights:** In the past year, physical inactivity decreased 28% from 37.2% to 26.8% of adults; In the past two years, poor mental health days increased 20% from 4.0 to 4.8 days in the previous 30 days; In the past five years, preventable hospitalizations decreased 26% from 87.7 to 64.8 per 1,000 Medicare beneficiaries; In the past 10 years, cardiovascular deaths decreased 22% from 382.3 to 299.0 per 100,000 population; Since 1990, violent crime increased 11% from 534 to 591 offences per 100,000 population.

No. 44

Cancer Deaths

213.7 cancer deaths per 100,000 residents

No. 40

Drug Deaths

17.6 drug-related deaths per 100,000 residents. Up from 15.7 in 2013

No. 44

Cardiovascular Deaths

299 cardiovascular-related deaths per 100,000 residents

No. 47

Smoking

24.2% of Tennessee adults reported smoking on a regular basis.

No. 50

Mental Health

In 2015, Tennessee adults indicated that for 4.8 days out of 30, their mental health was not good

No. 2

Excessive Drinking

In 2015, 11.6% of the adult population in Tennessee reported binge drinking on a single occasion in the last month or chronic drinking weekly

No. 36

Obesity

31 % of Tennesseans are considered obese

No. 18

Primary Care Physicians

There are 126.4 primary care physicians per 100,000 residents

Source: Americashealthrankings.org and U.S. Census Bureau

Virginia's Health Care Rankings 1 is best; 50 is worst

No. 21

Overall Health Ranking

Strengths: low incidence of infectious disease; low percentage of children in poverty; low violent crime rate; **Challenges:** large disparity in health status by education level; high prevalence of smoking; low per capita public health funding; **Highlights:** In the past year, drug deaths increased 13% from 8.4 to 9.5 per 100,000 population; In the past two years, smoking increased 3% from 19.0% to 19.5% of adults; In the past 10 years, preventable hospitalizations decreased 34%; In the past 20 years, cancer deaths decreased 11%; Since 1990, cardiovascular deaths decreased 42% from 413.2 to 239.1 per 100,000 population.

No. 23

Cancer Deaths

There were 189.2 deaths per 100,000 residents in 2015

No. 6

Drug Deaths

No. 25

Cardiovascular Deaths

No. 31

Smoking

19.5% of adults smoke

No. 3

Children in Poverty

11.3% of children younger than 18 years live in households at or below the poverty threshold. That's down from 14.5% in 2014

No. 21

Diabetes

9.7% of the adult population has been formally diagnosed with Diabetes. That's down from 10.6% in 2013

No. 20

Obesity

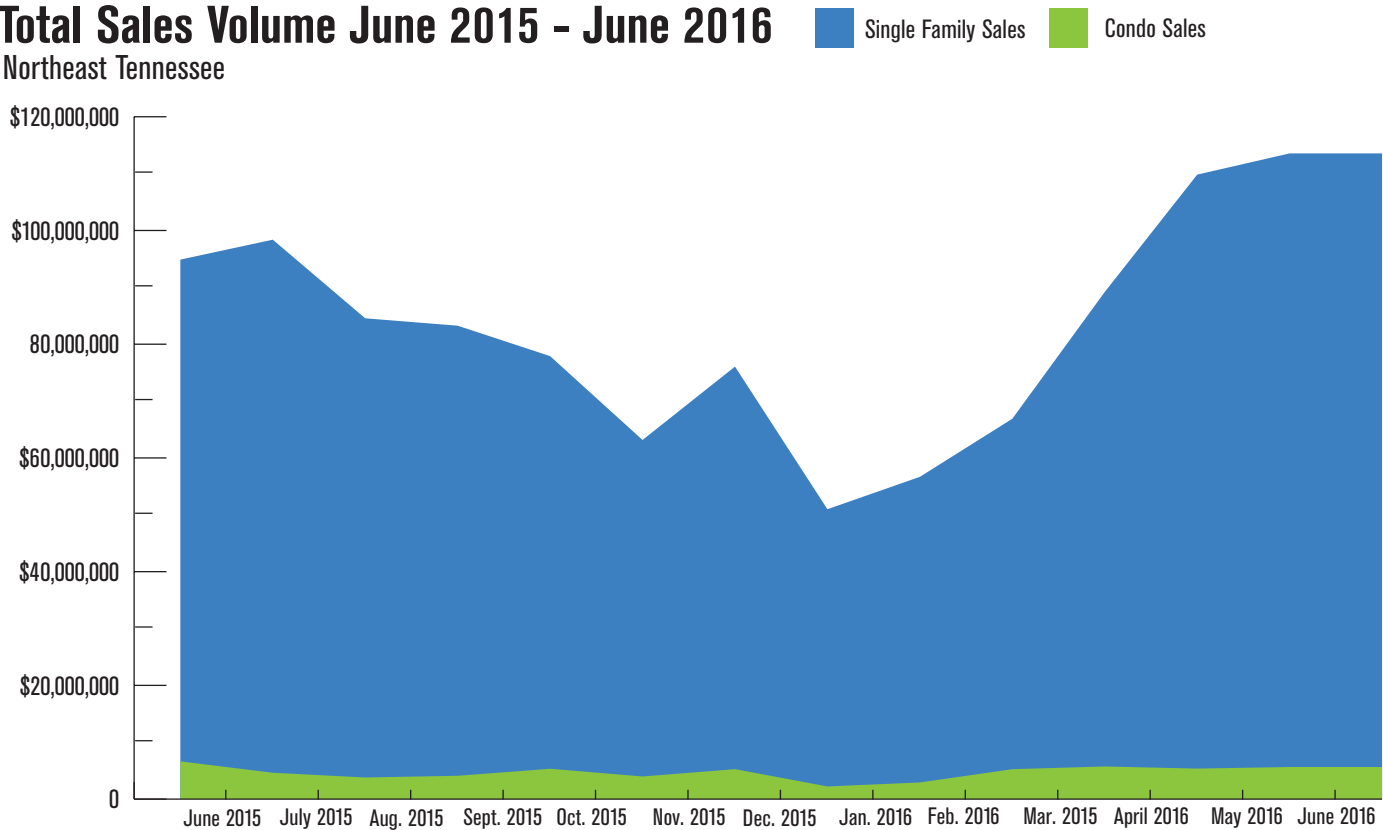
No. 24

Lack of Health Insurance

Source: Americashealthrankings.org and U.S. Census Bureau

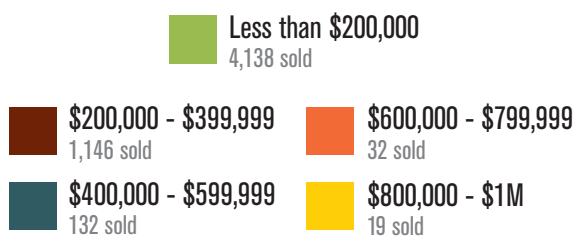
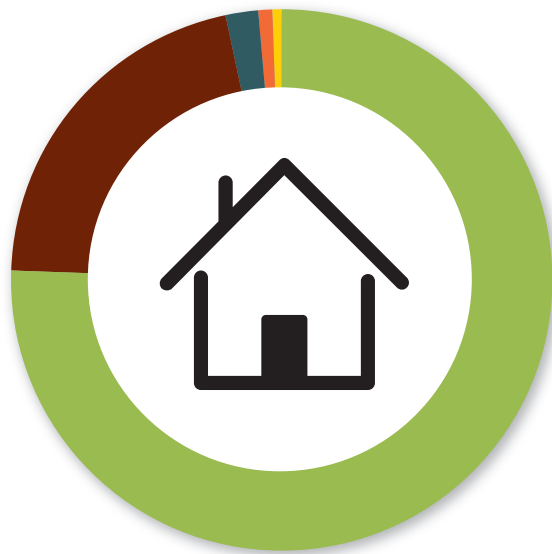
Total Sales Volume June 2015 - June 2016

Northeast Tennessee



Source: Northeast Tennessee Association of REALTORS

Home Sales by Price Range



Source: Northeast Tennessee Association of REALTORS

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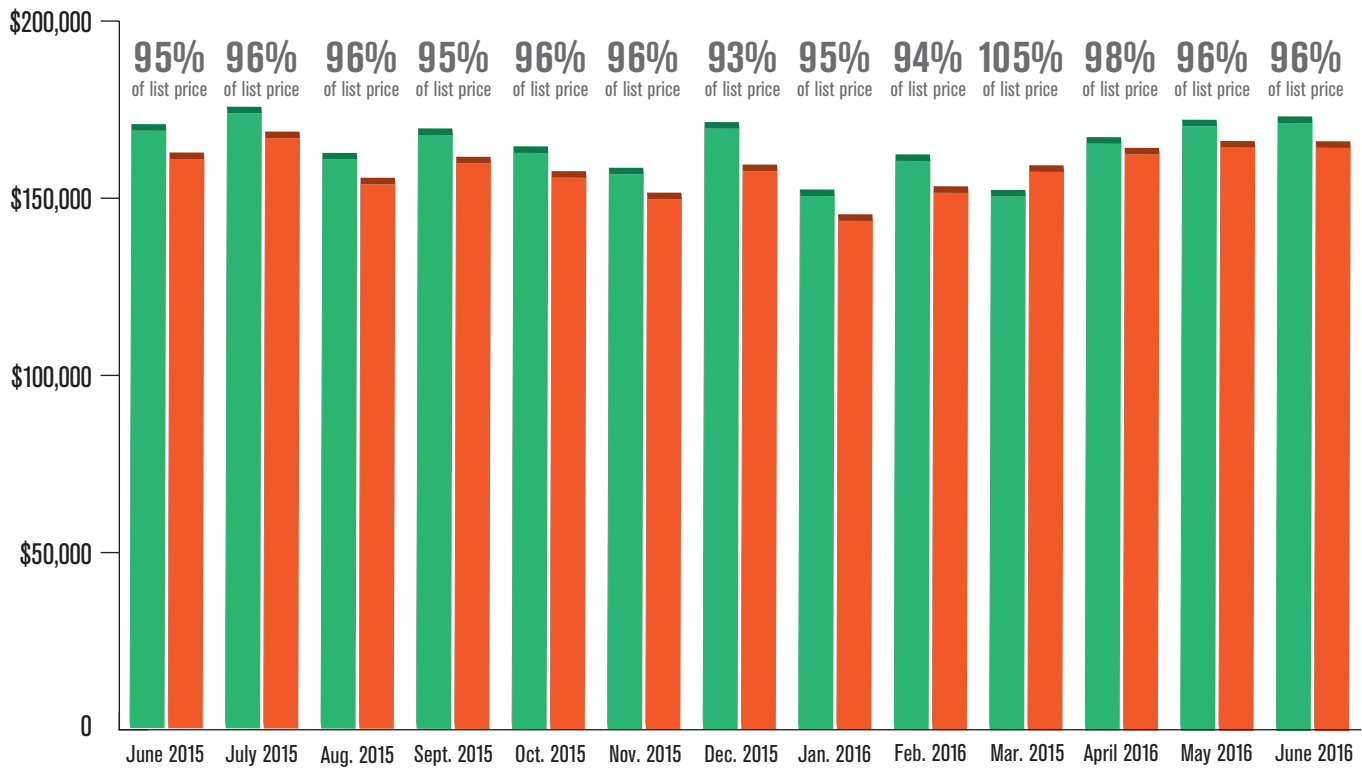
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Northeast TN Average List Price vs. Average Sale Price

List Price Sale Price



Source: Northeast Tennessee Association of REALTORS

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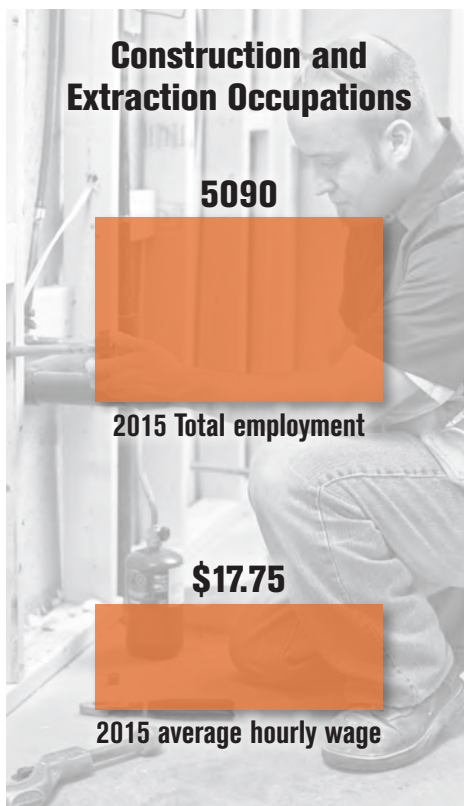
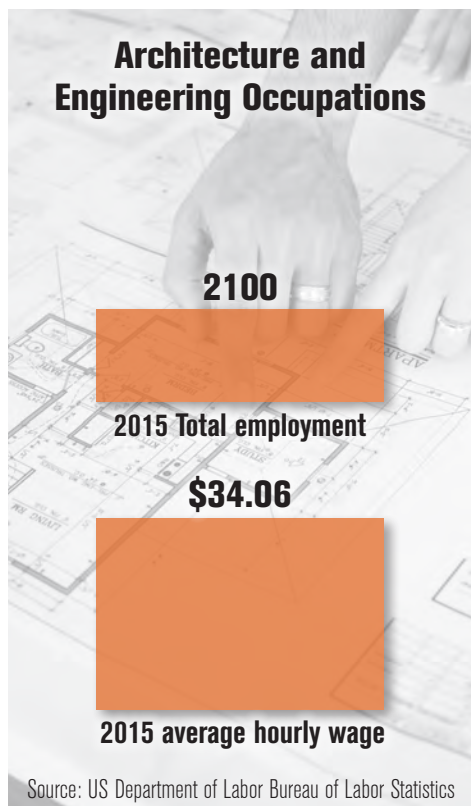


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Architecture, Engineering and Construction in Tennessee



Unionization rises in Tennessee, Virginia

Conventional wisdom is, "if it gets to a vote, the odds are good workers will unionize." Unions did a better job of getting to the vote in Tennessee and Virginia in 2015, as union membership and representation rose in both states despite declining union influence nationwide. The Tennessee unionization rate rose to 5.4 percent from 4.9 in 2014. Virginia's rate rose to 5.4 percent from 5.0.

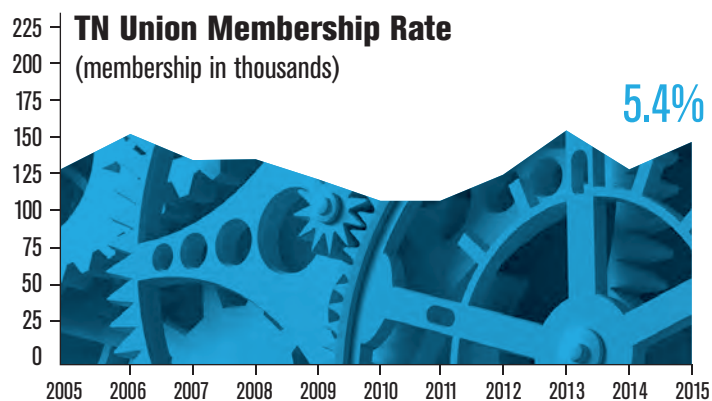
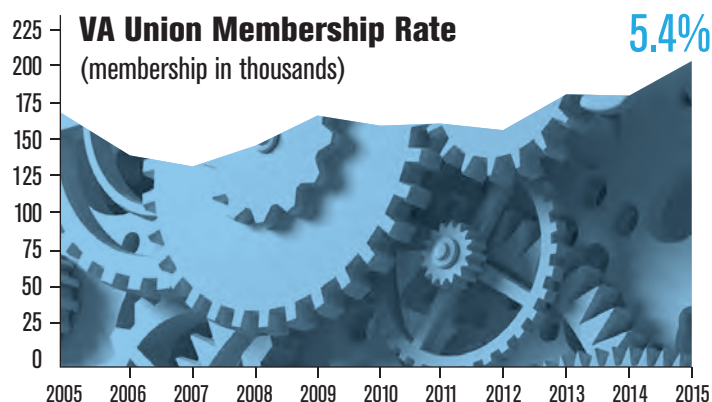
States w/ lowest union membership rates

North Carolina.....	1.9 %
South Carolina.....	2.2 %
Mississippi.....	3.7 %
Utah.....	3.7 %
Georgia.....	4.3 %

States w/ highest union membership rates

New York.....	24.6 %
Alaska.....	22.8 %
Hawaii.....	21.8%
Washington.....	16.8%
New Jersey.....	16.5 %

Source: US Department of Labor Bureau of Labor Statistics



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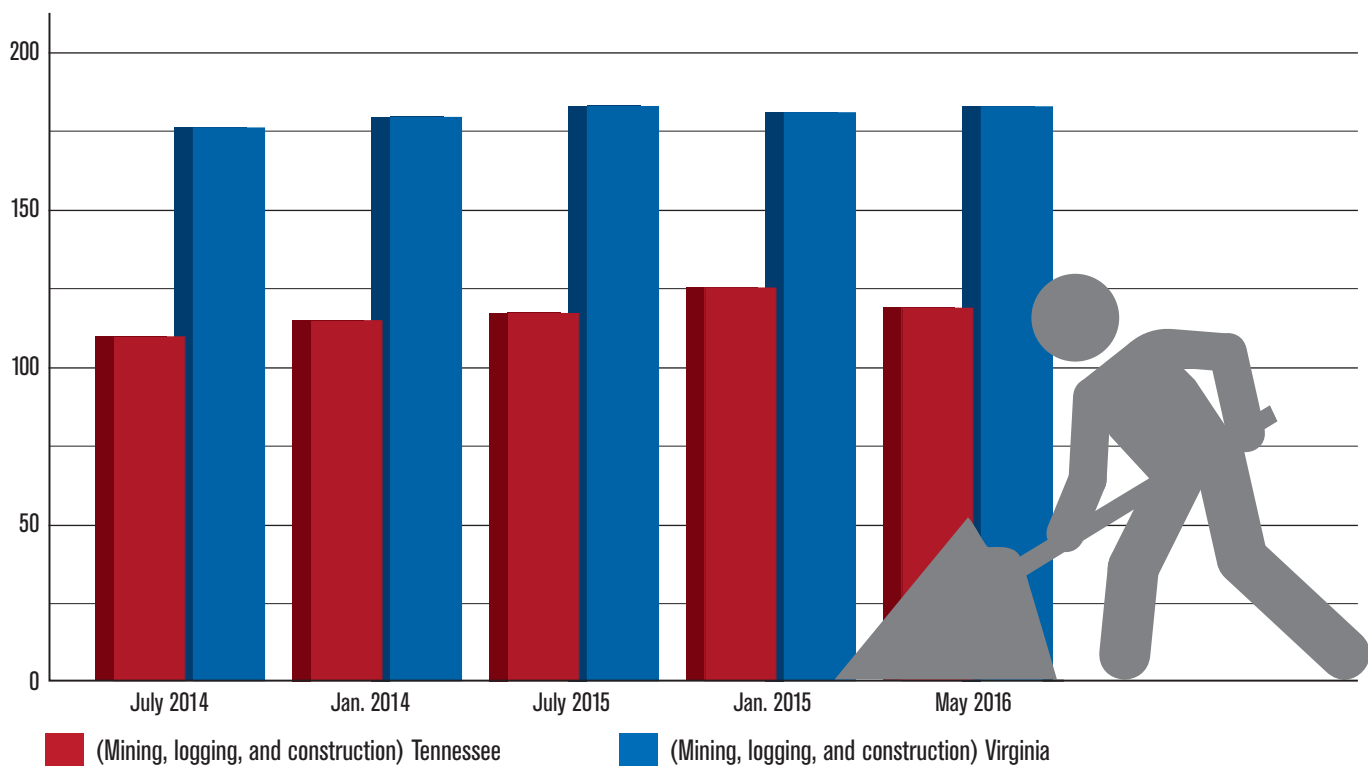


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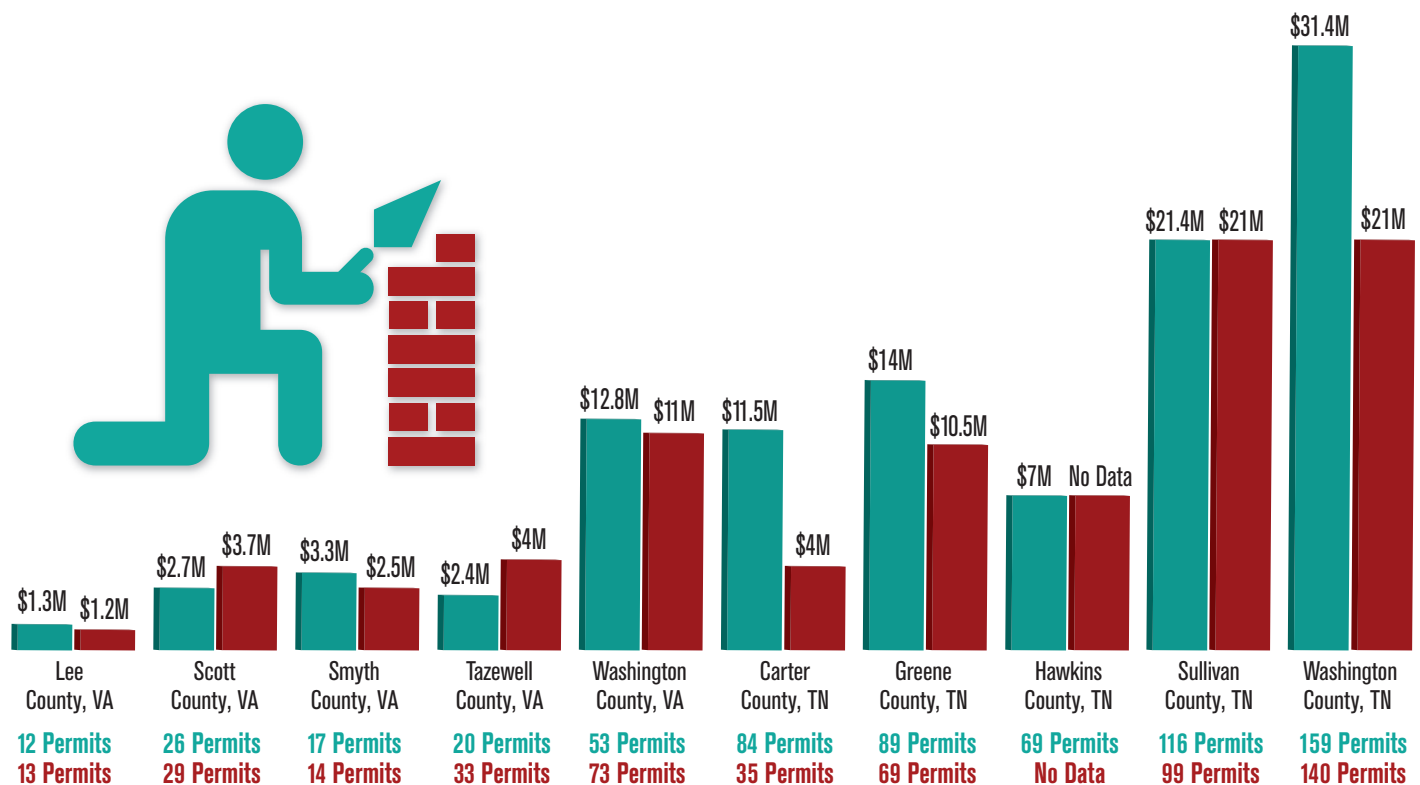
Construction Jobs in TN/VA (seasonally adjusted, in thousands)



Source: US Department of Labor Bureau of Labor Statistics

Building Permits and Construction Costs

2015 2012



Source: US Census Bureau

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359,486

25 Years and Older



Tennessee

4,336,243

25 Years and Older



United States

209,056,129

25 Years and Older

■ Not a High School graduate
 ■ High School graduate
 ■ Some College, no degree
 ■ Associates Degree
 ■ Bachelors degree
 ■ Advanced degree

*Carter, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan and Washington counties

Source: First Tennessee Development District

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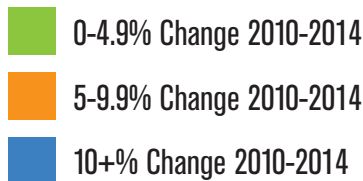
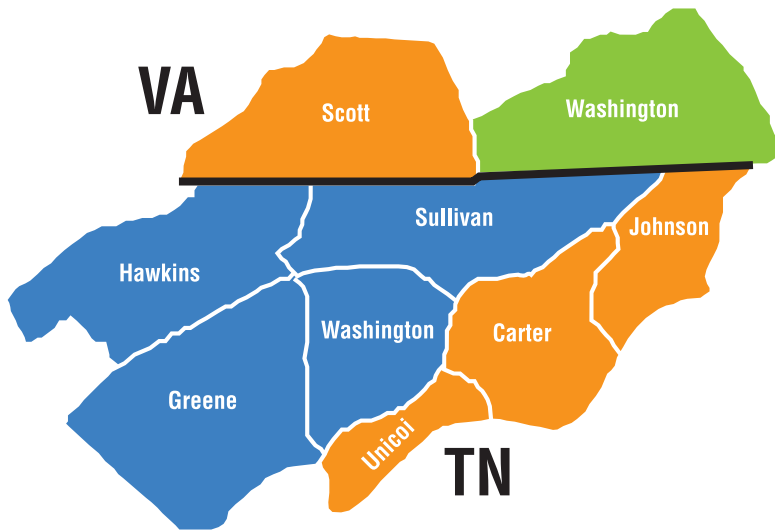
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The project described was supported by Funding Opportunity Number CA-NAV-15-001 from the Centers for Medicare & Medicaid Services. The contents provided are solely the responsibility of the authors and do not necessarily represent the official views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

Retail Sales



AREA	2010	2013	2014	% CHANGE 2010-2014
Carter	\$443,922,183	\$467,065,490	\$485,761,809	9.4
Greene	664,972,069	725,731,497	754,136,770	13.4
Hawkins	310,663,685	362,095,097	374,052,936	20.4
Johnson	91,354,639	94,212,799	96,046,539	5.1
Sullivan	2,093,488,907	2,217,629,344	2,303,655,650	10
Unicoi	124,364,147	129,479,109	133,716,629	7.5
Washington	2,004,032,830	2,168,077,265	2,218,400,283	10.7
Scott, VA	213,409,081	212,732,970	229,815,811	7.7
Wash., VA	763,253,177	779,469,105	797,520,884	4.5

United States

2010 - \$4,307,947,000,000

2013 - \$5,067,874,000,000

2014 - \$5,271,913,000,000

Source: First Tennessee Development District

Impact of Travel in Tennessee

\$34,930,000 Carter County	\$85,660,000 Greene County
\$1,250,000 Hancock County	\$37,310,000 Hawkins County
\$9,670,000 Johnson County	\$340,980,000 Sullivan County
\$8,510,000 Unicoi County	\$235,500,000 Washington County
\$753,810,000 First Tennessee Development District	\$17,185,270,000 United States



Source: First Tennessee Development District

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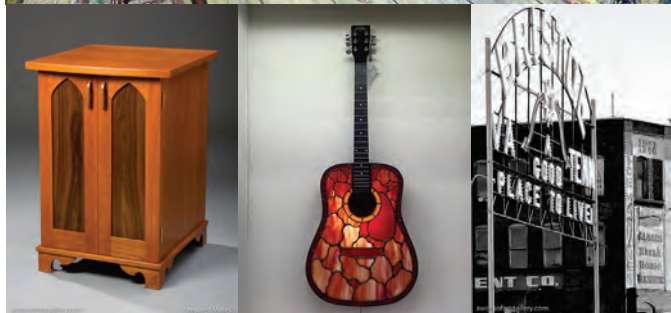
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Putting context, value to managing today's technology, Internet demands with Charter Spectrum

There was a time when Internet service was a value-added proposition for small and median-sized businesses. It was a convenient communications tool and somewhat of an ego-booster that let them proclaim, "Hey, I'm on the leading edge of this new technology." But those were the horse and buggy days for what was then called the Information Super Highway. In today's increasingly competitive business climate the Internet and the network technology that goes with it is a core utility that comes with ever-faster speeds and an ever-higher demand for connectivity. Simply put, there's an exploding need for bandwidth to stay up with the use demand.

Steve McClellan, a major accounts executive at Spectrum Business in the Tri-Cities, began grounding his computer and Internet skills 34 years ago. Now he employs that knowledge and the maturity of those years of practical experience by assisting enterprise businesses to connect with customized fiber solutions that tailor and accommodate their capacity to meet those ever-increasing demands and technical complexities that if left unattended will relegate a firm onto the slow lane of that Information Superhighway.

A 2014 Cisco forecast paints a vivid picture of where Internet traffic is heading. That forecast predicted that in five years mobile traffic alone would increase tenfold. During the year the forecast was made mobile accounted for 30 exabytes of data. By 2019 Cisco thinks the volume will be 24 exabytes a month. There are several drivers of this expansion, but mobile and video account for the lion's share.

If you Google exabyte to get a handle on how much data Cisco is talking about be prepared to find varied – and often competing – explanations. For many business people, it's an arcane explanation that walks hand-in-hand with buzz words like "big data" "cloud connectivity" "hosted services," etc. Many would just as soon leave understanding those terms to guys like McClellan because they quickly realize that the last mile – the piece of the Internet that customers interact with – is the key to their firm's interconnectivity.

McClellan's approach to personalizing a client's needs begins with an inventory of what's on site, users, customer load and growth expectations. The process helps him and the client develop a baseline they can use to build a network that enables the client to work faster, more securely and with fewer interruptions. "My focus is on identifying specific technology needs and delivering the advanced power of Fiber Internet, Ethernet, PRI and SIP Trunking services to help businesses operate at their best," he said. And he's quick to offer some examples of how the process has shown some clients that reasonable solutions were easier to achieve than what the client expected.

McClellan says his approach as a consultant is grounded in his



Steve McClellan

experience with technology over the past 34 years. "I can help clients take advantage of savings available with newer technology by offering fiber services to converge data and voice networks with dedicated fiber Internet and SIP Voice trunks."

It's a challenge for businesses straining to cope with the rapidly changing technologies and exploding demand for bandwidth to operate their networks the way they have in the past, he said. "My passion is to help customers bridge the gap and determine what works for them now and in the next three-to-five years." Once a client's personalized services are operational Spectrum's support and monitoring phase kicks in.

McClellan outlines it this way:

- Highly trained NOC technicians with advanced expertise in troubleshooting network issues, designs, configurations, and maintenance are standing by, ready to help.
- Potential service problems are monitored so clients get proactive notification before they are even aware that an issue exists.
- Once a support specialist initiates a trouble ticket, customers have direct access to technicians who assume all responsibility until open tickets are resolved.

"It's a 24-7 U.S.-based support that ensures a superior customer experience," he adds.

Healthcare merger, antitrust landscape in flux as local decision nears

By Jeff Keeling

Wellmont Health System and Mountain States Health Alliance's bid to become a single, \$1.9 billion hospital system passed a critical juncture last month. The Sept. 15 Tennessee Department of Health (TDH) decision to deem the systems' application for a Certificate of Public Advantage (COPA) complete – granted seven months after the initial application was submitted – set the clock ticking toward a final decision at the state level. A similar ruling Aug. 26 by the Southwest Virginia Health Authority (SVHA) regarding the application in that state means decisions are pending in Nashville and Richmond by the end of January. Judging by the healthcare merger landscape, though, the states' decisions may not mark the end of the journey.

Players ranging from the Federal Trade Commission (FTC) and federal judges to healthcare economists, hospital lobbyists and their opposite numbers from the health insurance industry present a picture that is uncertain at best, muddled at worst. Two days before this magazine went to press, for instance, a federal circuit court judge in Pennsylvania overturned a lower court judge's decision that had approved a merger in the Harrisburg market. A May decision that hospital advocates had hailed as a victory has now flipped to the advantage of the FTC, which had argued the proposal's disadvantages outweighed its benefits. The fulcrum at the center of this uncertainty is the federal Patient Protection and Affordable Care Act (or ACA, or Obamacare, depending on one's chosen parlance). Some say mergers, even those that reduce competition, represent an opportunity to meet the goals of the ACA and give hospital systems their best opportunity to improve care, reduce costs, and contribute to better overall population health. Others, including the FTC, argue that if competition is reduced by



Alan Levine, Mountain States Health Alliance CEO and Bart Hove, Wellmont Health System CEO

too great a degree, any benefits are unlikely to outweigh the disadvantages.

An additional wrinkle complicates the Wellmont-Mountain States situation – that of “state action immunity.” The concept that states can construct laws explicitly designed to displace competition with regulation and “active supervision” is at the heart of Tennessee’s COPA law, and is further designed to shield a merged system from standard federal and state antitrust law. Should the departments of health and attorneys general of Tennessee and Virginia decide by early 2017 that the benefits from a proposed “cooperative agreement” between the systems outweigh the disadvantages caused by reduction in competition, the journey toward consolidation may be complete – or it may not. As this article will show, even the limited but growing number of merger proposals relying on state laws designed to provide antitrust immunity are the subject of intense scrutiny. Whether their accompanying regulatory mechanisms can adequately replace competition and insure benefits continue to outweigh disadvantages remains the subject of debate. And the nation is watching situations like the one here. As TDH noted in its release about the application being deemed complete, “this process is complex and precedent-setting.” And the FTC has done more than just hint that it feels no motivation to remain hands-off even in merger scenarios where state action immunity has been invoked.

If they merge – a name and an annual bill from the state

A fair bit happened between Sept. 9 and Sept. 15 on the Tennessee side of the merger ledger. On the 9th, the hospital systems submitted to TDH a much more robust “plan of separation” that would be triggered should an approved merger later be determined not to be beneficial to the public. TDH had called the first iteration of that plan insufficient, and while the systems had argued that such a detailed plan shouldn’t have to be submitted at this stage, they relented (the plan of separation can be read at bjournal.com/separationplan).

A day before TDH deemed the application complete, the systems shared with the media a letter they had sent to employees. That letter explained that, “Once our merger is approved, Mountain States Health Alliance and Wellmont Health System will become Ballad Health. And our tag line will be, ‘It’s

your story. We’re listening.”

More broadly, the proposal continues to be scrutinized in minute detail, just as any approved Wellmont-Mountain States merger will continue to be – or so it appears. A merger would be governed by the COPA in Tennessee and the Cooperative Agreement in Virginia, with a high degree of regulation imposed in an effort to insure the benefits outweigh the disadvantages. Those regulations stem in Tennessee and Virginia from the laws that made them possible. Those laws did two main things in order to provide state action immunity from federal and state antitrust law “to the fullest extent possible” to hospitals issued a COPA. First, they established as state policy the lessening of competition among hospitals to promote cooperation and coordination in provision of health services. Second, they set up a system for “active supervision” of any such collaborations.

That active supervision won’t come cheap, and Ballad Health would foot the bill. The Tennessee General Assembly’s “fiscal note” on the bill’s impact estimated a \$353,100 annual recurring cost for oversight. That money would pay for, primarily, two new staff positions (\$223,088 including salaries, benefits and office space), an estimated \$100,000 in annual contracts with expert consultants, and \$20,000 for obtaining regionally specific data. All of it, the fiscal note said, is necessary to provide the ongoing analysis required.

On the Virginia side, rules governing the cooperative agreement mandate a \$20,000 annual fee to be due when a merged system files its annual report (an updated plan of separation must also be filed annually). If the commissioner of Virginia’s Department of Health determines the cost to the department exceeds \$20,000, that fee can rise to a maximum of \$75,000.

Doug Gray, director of the Virginia Association of Health Plans (VAHP), questions how realistic that state’s approach to the possibility of eventual oversight is, at least based on the evidence he’s seen so far. Gray has been a fixture at SVHA meetings, strongly advocating for more information. He admits that as an advocate for the health insurance industry, he anticipates opposing the merger regardless of what additional conditions are placed on the hospital systems between now and any approval that might occur. He says the ongoing oversight piece is one of his primary areas of concern.

“The idea that they will be able to steer it

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Doug Gray, director of the Virginia Association of Health Plans (VAHP) Photo by Jeff Keeling

MERGER, CONTINUED

is attached to a certain overestimation of the influence of a regulating entity,” Gray says. “There’s been no good discussion whatsoever about having the resources available to appropriately monitor such an agreement if it were approved. Staff is not in place, there’s not enough FTEs, there’s no process in place, there is no understanding of how things would be checked and when. What’s been described to us so far is an annual report that somebody reads, and that’s it.”

Even if those issues are addressed, Gray says, “it will be after the fact supervision. It might even fall into the category of accountability, maybe. We’re not talking about, when they go way off onto the shoulder, somebody being able to reach over there and grab the wheel and pull them back. That isn’t going to happen. They’re not even in the car.”

Gray, who says he plans to attend additional public meetings and hearings between now and Virginia’s decision, also anticipates the FTC stepping further off of the sidelines in this merger case, possibly even before the states announce their decision. Agency representatives have listened by phone during SVHA meetings and offered some written comment to both states, but the FTC has refrained so far from showing its hand completely.

Reading the FTC’s tea leaves

The greater Tri-Cities’ merger process is taking place within the context of ongoing changes in hospital business models, largely

precipitated by the ACA. The FTC traditionally has challenged any business arrangements it deems anticompetitive, including those in the hospital realm. As reported early this year in the *Business Journal*, the agency had enjoyed a string of successful challenges to mergers stretching into 2015. (see bjournal.com/continued-ftc-scrutiny-likely-despite-mergers-proposed-structure).

This year has brought some different results, though – results that leave far from resolved the uncertainty surrounding the broader issues of consolidation, anticompetitive effects and how those things all stack up in a post-ACA world. Judges in Illinois and Pennsylvania have gone against the FTC in its challenges of proposed mergers, but an appeal in the Pennsylvania case resulted in a victory for the FTC just two days before this issue went to press in late September.

In June, a federal judge in Chicago declined the FTC’s request that he issue an injunction to temporarily halt a merger between two area systems. A month earlier, another federal judge denied the FTC’s injunction request that would have halted a merger between two systems in the Harrisburg, Pa. area. A *Modern Healthcare* article on the cases published June 16 noted, however, that legal antitrust experts were advising caution as healthcare systems consider mergers. “(M)any experts believe the government will ultimately prevail in the Pennsylvania case,” the article by Lisa Schencker noted, adding that several dozen prominent economists and antitrust experts filed a friend of the court brief siding with the FTC and criticizing the judge’s methodology, particularly when it came to determining market share.

On Sept. 27, it appeared those experts were right to bet on the government. The Third Circuit Court of Appeals in Philadelphia overruled the earlier decision, granting an injunction preventing merger until after a hearing in the FTC’s administrative court. The merger had been stayed pending the appeal.

The director of the FTC’s bureau of competition, Debbie Feinstein, said in a statement Sept. 27 the agency was “very pleased” with the ruling, which she said found the FTC had a likelihood of successfully blocking the merger based on the merits. “We look forward to proving our case,” she said.

What about state action immunity?

The Chicago and Harrisburg cases differ significantly from the local situation in one crucial respect – the state action immunity

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doctrine. This leaves the FTC with less direct intervention power, but that hasn't stopped the agency from weighing in on such cases. Indeed, the MSHA-Wellmont proposal has generated letters from the FTC to Tennessee and Virginia.

The agency's Mark Seidman's comments at a June 7 public hearing took the standard FTC line on COPA-type arrangements. "Although our analysis is ongoing, experience shows that the kinds of commitments proposed by the parties to date, which are designed to constrain their conduct after the merger, generally do not replicate the benefits of competition," Seidman said. He added that the FTC planned to submit additional written comments after the COPA application was deemed complete, "so we can provide the most informed and complete analysis possible."

A month after Seidman's comments, on July 6, the FTC took a strong position regarding what it called, "another example of healthcare providers attempting to use state legislation to shield potentially anticompetitive combinations from antitrust enforcement." That example was a recently passed law in West Virginia, similar to Tennessee's COPA law, that retroactively provided state action immunity to a proposed merger in the Huntington market the FTC had challenged last November. The statement came following the FTC's decision to dismiss its administrative complaint from November, "in light of the passage of West Virginia Senate Bill 597."

In a three-page statement, the FTC wrote that it believed state cooperative agreement laws such as the West Virginia statute, "are likely to harm communities through higher healthcare prices and lower healthcare quality." The statement also addressed what it said are claims by COPA proponents, "that antitrust enforcement undermines the policy goals of the Affordable Care Act to improve quality and lower costs through greater coordination among healthcare providers," calling that notion "fundamentally incorrect." The statement, complete with one of its eight footnotes, claims the ACA doesn't condone mergers that substantially lessen competition. It goes on, though, to reference its own "Horizontal Merger Guidelines" and acknowledge those "expressly recognize that mergers 'may result in lower prices, improved quality,

enhanced service, or new products,' and that these possible benefits must be evaluated and weighed against potential anticompetitive harm." Any such benefits must be "merger-specific" to pass FTC and Department of Justice scrutiny.

Warning bell for Ballad?

In its July 6 statement, the FTC didn't specify its reason for dismissing its complaint in the Huntington merger. It did continue to assert its allegation that the Huntington case produced a combination, "likely to result in loss of competition that is not outweighed by improvements in quality and cost efficiencies." It said state-enabled cooperative agreements often protect transactions "that impose harms far exceeding their benefits." It called the laws, "and any accompanying promises providers may make, no matter how well-intentioned or sophisticated," an inadequate substitute for "the manifold benefits of competition."

The statement also questioned the usefulness of separation agreements meant to pave the way for a successful unwinding should a merger eventually be found not to be delivering advantages that outweigh the benefits. The FTC wrote that mergers are difficult to unwind, leaving "no easy remedy if a cooperative agreement fails to deliver its promised benefits."

In what could be considered at least an indirect message to Tennessee and Virginia, the statement promised the FTC, "will continue to vigorously investigate and, where appropriate, challenge anticompetitive mergers in the courts and, if necessary, through state cooperative agreement processes. Our decision to dismiss the complaint without prejudice does not necessarily mean that we will do the same in other cases in which a cooperative agreement is sought or approved."

Opinions vary on the matter

Following the FTC's standing down in the Huntington merger, the American Hospital Association's general counsel, Melinda Reid Hatton, took the FTC to task for its continued insistence that its traditional merger guidelines apply in the current healthcare climate. "If nothing else, this case should serve as a wake-up call for the FTC to come to grips with how the health care landscape is changing and the proper role competition policy should

play in that evolution."

John Jones III, the judge who made the initial ruling allowing the Harrisburg, Pa. merger, referenced several times in his 26-page opinion the changes the ACA is driving, including the shift to risk-based contracting. Those changes, he wrote, are changing the rules of the game and calling into question previous notions about competition, collaboration, and the need for scale to spread cost of infrastructure for population health over larger systems.

Jones wrote that his decision, "recognizes a growing need for all those involved to adapt to an evolving landscape of healthcare that includes, among other changes, the institution of the Affordable Care Act, fluctuations in Medicare and Medicaid reimbursement, and the adoption of risk-based contracting. Our determination reflects the healthcare world as it is, and not as the FTC wishes it to be. We find it no small irony that the same federal government under which the FTC operates has created a climate that virtually compels institutions to seek alliances such as the Hospitals intend here."

Of course, the Third Circuit Court saw it another way, and for his part, VAHP's Gray believes the FTC will step off the sidelines in the Wellmont-Mountain States matter.

"We are pretty confident that there will be a challenge from both the FTC and private companies," Gray says. "The private companies would be 'if necessary,' but the FTC should weigh in sooner. One of the parlor questions for folks participating in this process is, 'when is the FTC going to weigh in?' What they've said behind the scenes, and a little bit publicly, is that there's a standard for supervision of a granting of a monopoly through a COPA, and that that standard is constitutionally described by the Supreme Court in an interpretation that needs to be met. That's why you hear us say consistently they haven't met that standard. If they don't meet that standard, the FTC will intervene and the court will back up the FTC because the standard hasn't been met." ³¹

Administration

Bob Bender, an 18-year finance professional with broad experience in health care, has been named vice president of finance and operations at Bristol Regional Medical Center.

Bender comes to Bristol Regional from Banner Casa Grande Medical Center in Casa Grande, Arizona, where he served as chief financial officer and compliance officer for two years. During his tenure, Bender implemented strategic growth initiatives to increase market share and championed \$35 million in capital projects. In his new role, Bender will be a member of Bristol Regional's executive leadership team. He joins the administrative staff of the 348-bed tertiary hospital Oct. 10.

"Bob has produced tangible results that have materially improved the performance of the medical facilities he has served," said Todd Dougan, Wellmont Health System interim chief financial officer. "Due to his achievements throughout his career, he has consistently been recognized with positions of increasing responsibility. We are confident he will help Bristol Regional provide the highest quality care at the lowest possible cost."

Prior to joining Banner Casa Grande, Bender served as finance director at Banner Desert Medical Center and Cardon Children's Medical Center in Mesa, Arizona, from 2012 to 2014. There, he oversaw the annual operational budget process and assisted the chief financial officer with the financial operations of the two-hospital campus. Banner Desert had the busiest emergency department in the state in 2013, and the two hospitals provide care with more than \$550 million in annual net revenue and more than 3,200 employees.

"We are excited to select a talented and innovative leader whose experience and financial acumen will enhance our status as a premier hospital for Northeast Tennessee and Southwest Virginia," said Greg Neal, Bristol Regional's president. Before embarking on his 15-year career in health care, Bender served as an auditor for Deloitte & Touche in Phoenix for three years.

Bender has a bachelor's degree in accounting from Arizona State University and a master of business administration degree from Grand Canyon University in Phoenix.

Dr. Tricia Hunsader has been named Dean of the School of



Bob Bender

Education at Tusculum College. Hunsader will also serve as professor of education.

"I am confident that Dr. Hunsader will provide key leadership to move Tusculum College forward and that she will guide our School of Education to continue to be a model for teacher education. She will be a strong mentor to our faculty in the program," said Dr. Ron May, vice president for Academic Affairs at Tusculum College.

Hunsader is a graduate of the University of South Florida with a bachelor of arts in finance, a master of arts in elementary education, and a Ph.D. in curriculum and instruction with a specialization in elementary education and specialization in mathematics education.

Hunsader came to Tusculum from the University of South Florida Sarasota-Manatee where she served as coordinator of assessment for the College of Education, chair of the Quality Enhancement Plan Committee, president of the Faculty Senate and vice president of the USF System Faculty Council.



Dr. Tricia Hunsader

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With more than 15 years of financial service industry experience, Crockett joins SunTrust from First Tennessee Bank where he served as vice president and commercial relationship manager. Previously he served as a commercial and corporate portfolio manager for First Tennessee Bank where he focused on credit underwriting and overall asset quality.

A native of the northeastern Tennessee and southwestern Virginia area, he received his bachelor's degree in economics from the University of Virginia and his master's degree in business administration from the University of Notre Dame.



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Corker (or someone like him) for president (someday)

By Jeff Keeling



A few weeks ago, Republican Senator Bob Corker of Tennessee appeared on MSNBC to discuss his role on the host committee of the Global Citizens Festival. MSNBC was the media sponsor of an associated concert in Central Park, and the network – not known for being Republican-friendly – had learned somehow that in his role as chairman of the Senate Foreign Relations Committee, Corker was leading reforms to global delivery of food aid.

Corker told the interviewer of the work he and Democrat Chris Coons of Delaware had shepherded through the committee, and through the Senate. The reform enables food aid to reach more people on the same limited budgets, Corker said, “but we still are very antiquated. The agricultural community and the maritime community have still hemmed us in to a degree, and we could be so much more efficient. If so, we could serve and feed four to six million people more each year.”

Corker took a few extra seconds to tout the committee’s work on helping with clean water as well as the passage of Electrify Africa, which he said will help 50 million people in sub-Saharan Africa gain access to electricity for the first time. The Paul Simon Water for the World Act of 2014 sought to improve access to clean water globally without spending new money or creating new bureaucracy. 2015’s Electrify Africa Act seeks to leverage private sector resources through loan guarantees, adding 20,000 megawatts of electricity to the grid by 2020.

“These are the type of initiatives that Republicans and Democrats ought to join together in, because it enables us with the same amount of dollars to serve even more people,” Corker said.

Hear, hear. And such initiatives don’t have to be limited to America’s role globally. I encourage you to peruse our “Market Facts” section on pages 17-38. If you do, you’ll find statistics that reveal some fairly stark realities facing the greater Tri-Cities. Stagnant population. Poor population health. Low incomes. Low education levels. Low wages that, sorry to say, aren’t quite offset by our lower cost of living.

This is a beautiful area with a wonderful quality of life – although that quality of life is somewhat diminished for many people beset by the stresses of poverty or near-poverty. Empowering people here to move toward a better standard of living is certainly as important as doing the same around the world.

At the national level, the road to that kind of empower-

ment isn’t being effectively laid out by either major party presidential candidate. As I watched the first presidential debate, Hillary Clinton’s opportunistic lurch leftward was evident as she provided passing references to debt-free college and a higher minimum wage. Putting aside that the American people probably don’t have the appetite for the financial burden it would take to accomplish these things, especially given our aging demographic, they represent the kinds of policies that serve to erode people’s motivation to determinedly pursue self-improvement. Better ways exist to improve college affordability and to address the struggles many working families face while trying to make ends meet and climb the ladder of economic success.

Those better ways must include methods to, “reach more people on the same limited budgets,” to use a phrase from Corker’s comments about food aid. At the same time, they must include a willingness to increase those limited budgets – ie, raise revenues – if the programs are proving their efficiency and effectiveness. Publicly funded efforts that work to improve people’s lives should not be sacrificed at the phony altar of fiscal conservatism.

On the first count, cost-efficiency and effectiveness, Donald Trump actually had a brief moment of clarity and common sense during the first debate. In the midst of his divisive rallying cries to disaffected voters and stream of consciousness attempts to respond to questions, Trump spoke of his project converting the old post office on Pennsylvania Avenue in D.C. into a luxury hotel. He bragged – I know, what a surprise – of how the project is being completed under budget and ahead of schedule. (I’m sure each of the dozens of Hispanic construction workers who’ve helped make that happen would have been welcomed through the big door he plans to put in his giant border wall.)

Trump contrasted the hotel project with the cost overruns and delays common to government projects. He has a point, and I wouldn’t bet on a Hillary Clinton administration worrying much about “Republican” concerns like efficiency and effectiveness. Trump, though, doesn’t possess the temperament to lead America in a fashion that even approaches a standard of justice, humaneness and wisdom we so desperately need. Further, I highly doubt his megalomaniacal style would spur the kind of Congressional bipartisanship that’s desperately needed if our country is to effectively address the kinds of challenges that manifest themselves in this month’s Market Facts numbers.

I’ve often wished Bob Corker or someone like him could gain enough traction to have a viable shot at the presidency. Learning of his latest work surrounding global aid reminded me why. BJ

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