

The Business Journal

of Tri-Cities Tennessee / Virginia

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The craft beer bubble

Why local brewers say the craft beer boom isn't sustainable

Plus:

For Aerospace Park, it's \$13 million down, \$4 million to go

and

Ballad Health merger completed



A pint of pilsner awaits a customer at Studio Brew in Bristol, Va.
Photo by Tara Hodges




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Office 423.854.0140 or 423.979.1300

Publisher William R. Derby bderby@bjournal.com 423.979.1300

Co-Publisher Jeff Derby jderby@bjournal.com 423.306.0104

Managing Editor Scott Robertson srobertson@bjournal.com 423.767.4904

Director of Business Development and Marketing Jeff Williams jwilliams@bjournal.com 423.202.2240

Robin Williams rwilliams@bjournal.com 423.794.6938

Creative Derby Publishing, LLC Graphics Director / Judd Shaw jshaw@bjournal.com 423.833.2726



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KINGSPORT 100

Celebrating the Kingsport Spirit ▶ 2017

On March 2 of last year, the 100th anniversary of the signing of the charter of the city of Kingsport, the Model City began a centennial celebration. The nickname “Model City” stems from the fact that the city was laid out by business leaders with a vision for a manufacturing-based municipality. As the 101st anniversary nears, the city’s business and government leaders have been working with residents to create a pathway to an even more prosperous next 100 years.

Five “One Kingsport” initiatives have been identified as ways to build on the city’s strengths moving forward. “The secret for our city’s success in the future is to focus and leverage what makes us unique within the region,” says Mayor John Clark. “We believe that is the only way Kingsport will be able to retain and attract residents and grow in population in a manageable and affordable way.”

The first, a neighborhood commission designed to improve communications between neighborhoods and between the city government and the neighborhoods, has already kicked off.

The second is an effort to improve and better utilize Bays Mountain Park. The park annually draws around 200,000 visitors. “We want to increase that by upscaling the park to a world class operation,” Clark says.

The third is to vitalize the riverfront. “The group that is

working on that has presented a three-phase project to better utilize that natural asset,” Clark says.

The fourth goes back to Kingsport’s roots as a business-based city, while at the same time looking forward. “It’s called the Inventor Center,” Clark says. “It focuses in job creation and taking responsibility for entrepreneurship. “We are really strong in our city with intellectual capital around STEM. What we want to do is leverage that more than we have in the past. We have a lot of the services that complement the whole aspect of entrepreneurship but what we are missing is the center where you can create a prototype of your product.”

The final initiative is an effort to make downtown more livable. “The downtown playground is going to big because that is going to give us the greenspace we need to really improve our population density downtown,” Clark says.

Funding is being sought for the Bays Mountain, riverfront, Inventor Center and downtown playground initiatives.



John Clark

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Tennessee finally addresses opioids



When it comes to economic development, the topic of opioids is dull and depressing. It just is. Nobody wants to talk about it. But talk we should and talk we must. And talk should be just the beginning.

One of the most disappointing moments for me last year came when I asked Tennessee's Commissioner of Economic and Community

Development, Bobby Rolfe, how the Volunteer state was faring in comparison to neighboring states in addressing the opioid crisis, and whether that crisis was affecting our ability to recruit new jobs and investment. Rolfe, in a rare and complete abdication of accountability, said he would prefer to, "set that question aside for now."

There are two alternatives to explain his non-answer. Either he was unable to respond or he was unwilling to respond. That's a no-win choice.

It's not like the question came out of left field. We've all known the opioid crisis is growing, yet till now it seems to have caught Tennessee pols flat-footed. When I asked gubernatorial candidate Bill Lee what surprised him most on the campaign trail, he said he had been taken aback by the number of law enforcement officers who told him opioids were the state's biggest problem.

Last month, Tennessee's state government, of which Rolfe is a part and which Lee wants to run, finally announced its opioid crisis response. Governor Bill Haslam calls the program TN Together. It includes:

- Legislation to address prevention by limiting the supply and the dosage of opioid prescriptions, with reasonable exception and an emphasis on new patients. Initial prescriptions will be limited to a five-day supply of drugs with daily dosage limits of 40 MME (morphine milligram equivalent).
- Limiting coverage for TennCare enrollees to an initial five-day supply with daily dosage limits.
- Increasing prevention education in grades K-12 through revisions to the state's health education academic standards.
- An executive order, issued today, establishing a special commission to formulate current, evidenced-based pain and addiction medicine competencies for adoption by the state's medical and health care practitioner schools.

- Identifying women of childbearing age who are chronic opioid users and providing targeted outreach about risks and treatment in order to aid in the prevention of Neonatal Abstinence Syndrome (NAS) births.
- Investing more than \$25 million for treatment and recovery services for individuals with opioid use disorder. These services will include an increase in peer recovery specialists in targeted, high-need emergency departments to connect patients to treatment immediately.
- Improving the state's data systems to better and more timely identify critical hot spots for targeting resources and increasing information about patient and community risks.
- Legislation that expands residential treatment and services for opioid dependence within the criminal justice system and creates incentives for offenders who complete intensive treatment programs while incarcerated – a best practice that is proven to reduce recidivism, improve lives and communities and save taxpayer dollars.
- Attacking the illicit sale and trafficking of opioids by providing additional resources to the Tennessee Bureau of Investigation for rapid response teams and, through legislation, penalizing the use and unlawful distribution of dangerous and addictive drugs, including those that mimic the effects of fentanyl, a drug that is up to 100 times more potent than morphine and is linked to an alarming number of overdose deaths.
- Providing every Tennessee state trooper with naloxone for the emergency treatment of opioid overdose.

In total, the 2018-2019 budget proposal will include a \$30 million investment (using both state and federal funds) to support TN Together.

We can debate the merits of any individual point in the plan, and I assume the members of the Tennessee General Assembly will do so, rather than accepting it without revision. God bless them in their efforts. As Lee told me back in June, "it's time to address this."

Appalachian Regional Commission figures say 7 of 10 drug overdose deaths in the region are opioid-related. Opioids are removing good people from the workforce, all too often permanently. With all due respect, Mr. Lee, for too many Tennesseans, it's past time to address this.

A handwritten signature in black ink, which appears to read "Scott L. Bell". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.



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What is Bitcoin?

By John Cannon

In 2017, Bitcoin burst onto the global scene. Unfortunately, most of the finance experts in popular media started their analyses of Bitcoin with “I don’t understand Bitcoin, but ...” and then proceeded to say how bad it was.

On the other hand, Bitcoin has a growing number of true believers. Lou Kerner, co-founder and partner at *CryptoOracle.io*, said, “by any measure, Bitcoin is a much better store of value than gold is today.”

Currencies are used as a store of value and to engage in trade. When we earn money, we put it in the bank - or store it - for another day. We use currencies to buy and sell goods and services. Money enables us to sell one product and use that income to buy other products without the need to barter. We currently use many things as a store of value: gold, stocks, real estate.

Our money, the U.S. dollar, is called a fiat currency. It is subject to the monetary policy of our government and the Federal Reserve Board. The Fed decides when to print more money and how much to print. Since we no longer have currencies backed by gold, we simply trust that the currency has value because we trust the government to ensure that value. However, we know many governments print money much too freely generating inflation and devaluing the existing money in circulation.

Bitcoin is different from fiat currencies. It is a digital currency defined in a white paper in 2008 by Satoshi Nakamoto that is not controlled by a government or a central bank and cannot be copied or spent twice. It is managed by a network of computers all over the world that validate and record transactions on a public ledger called the blockchain. The blockchain contains all Bitcoin transactions that have ever occurred.

Bitcoin has a number of interesting characteristics. It is a digital currency that can be sent to anyone anywhere in the world quickly and easily. There is a fixed number of Bitcoin, 21 million coins. As such, the price of Bitcoin is very easy to calculate. Take the amount of money in the system, divided by the number of coins in circulation and you get the per unit price. If more money comes into Bitcoin, the price goes up. If money is taken out, the price comes down.

Bitcoin can be used in trade by anyone anywhere in the world. It does not require an individual to have a bank account and as long as the user protects his password, it is very safe and secure.

As countries like Argentina, Venezuela or Zimbabwe have political unrest or runaway inflation, it is common to see individuals protect their wealth by moving away from the local fiat currency and into Bitcoin.

It is not without problems. The technology supporting Bitcoin is still in its infancy. Features one expects in other currencies are still being developed. And governments all over the world are wrestling with Bitcoin and how to regulate it to protect the consumer ... and to protect their control of money.

As for trade, it works well in some applications and not so well in others. Efforts are underway to improve the technology for trade and reduce transaction costs. Other cryptocurrencies are coming online, with more specific uses, such as the one created by Kodak. We cannot say today whether Bitcoin is, as some have said, “the most important technology since the creation of the Internet.” What we can say for sure is, we have never seen anything quite like Bitcoin.

John Cannon is the Founder and CEO of Symply Health, a local software company at symplyhealth.com.



John Cannon

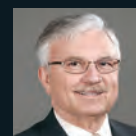


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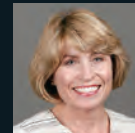
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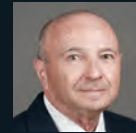
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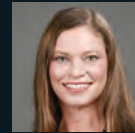
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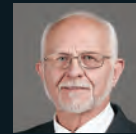
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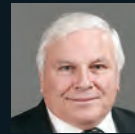
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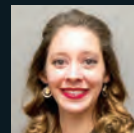
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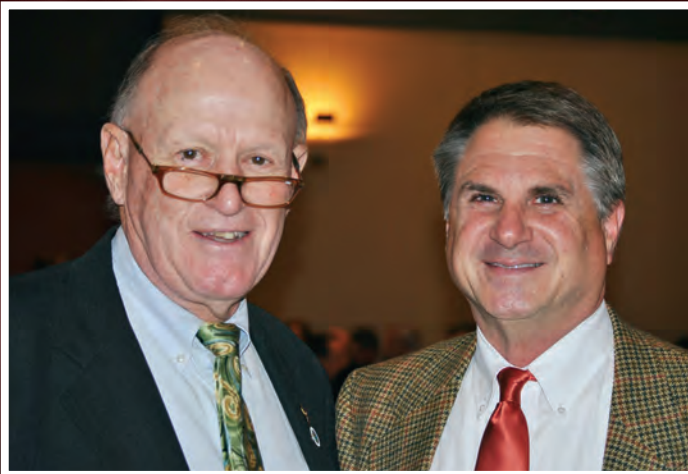
Chamber chums

The Chambers of Commerce of Johnson City and Bristol held their respective annual luncheons last month, honoring award winners and passing the gavels to new board chairs. Kingsport's annual meeting was held Feb. 2, after this issue of *The Business Journal* went to press.

PHOTOS BY SCOTT ROBERTSON



Kelly Price and Andy Dietrich



Phil Carriger and Steve Darden



CeeGee McCord and Clay Walker



Dr. Mike Browder and Timothy Hill



Randy Sanders and Brenda Whitson



The Johnson City Chamber this year welcomed representatives from the Bristol and Kingsport Chambers onto its board (L-R): Kingsport Chamber CEO Miles Burdine, Johnson City Chamber Chair Andy Dietrich, Bristol Chamber Chair Jerry Caldwell, Kingsport Chamber Chair Bob Feathers, Bristol Chamber CEO Beth Rhinehart and Johnson City Chamber President Gary Mabrey.



David Tomita and Dr. Brian Noland



Joe Stanton, Dr. Gene Couch and David Matlock



Claudia Byrd and Dr. Jerry Punch



Becky Cox, Beth Rhinehart and Logan McCabe

Ballad Health moves forward with multiple long-awaited initiatives

By Scott Robertson

With the Tennessee Certificate of Public Advantage (COPA) approved Jan. 31, and a companion document already in hand from the Commonwealth of Virginia, the merger of Mountain States Health Alliance and Wellmont Health System was formally announced Feb. 2 at MeadowView Conference Resort & Convention Center in Kingsport. Alan Levine, who now serves as chairman and CEO of Ballad Health, stood very near the spot where he had first taken part in announcing the planned merger in April, 2015.

Levine acknowledged the length of time necessary to bring the



Alan Levine PHOTO BY BILL DERBY

merger to fruition, but only in the context of thanking Tennessee Commissioner of Health Dr. John Dreyzhener for his work in assessing the merger's merits and overseeing the COPA approval process. "John did not ask for this," Levine said. "He was minding his own business doing his job in Nashville when all of a sudden, this bill pops up giving him this extraordinary responsibility. The department and the attorney general did not ask for the volume of work this created for them, nor did Marissa Levine in Virginia, nor the attorney general of Virginia, but they took it on."

Levine then focused on a list of forward-looking statements regarding what can happen now that the merger has been approved. "Today, I can announce that the planning has now commenced to bring a new pediatric trauma center to our region, the only region of Tennessee that does not have one. Planning has now commenced for the development of a residential addiction treatment campus. Planning has now commenced for the development of a pediatric emergency department here in Kingsport and in Bristol.

"Discussions have now begun between us and academic institutions, most notably East Tennessee State University, to develop a regional education consortium to help guide the planning for our emergence as a center for research and academic advancement. We have formed a population health organization within Ballad Health that will serve as a conduit for targeted improvement in the health of our communities. I believe what we spend will be important, but I also think we are going to attract significant outside investment in what we're trying to do as we tell our story nationally.

"Just this week Scott Niswonger and I met to discuss strategies for how we can contribute to improve third grade reading proficiency in our region. Those efforts began simply because the commissioner signed the document."

Levine did not shy away from the fact that the financial condition of both hospital systems was already serious coming into the merger. "Both Wellmont and Mountain States have seen over the last eight months a substantial decline in our cash flow. That obviously concerns me, not because of anything we've done, but because the 340B program has been cut back now by HHS, because of Medicare reductions, because of things that some of the insurance companies are doing unilaterally. The shift from inpatient to outpatient is having an effect on us...I think you'll see (in our next financial report) a deterioration in the financial performance of both of our systems, which is consistent with what is happening all over the country.

"Bringing two systems together is tough," Levine said. "The headwinds in the health system are not going away...Those aren't going away, so there are challenges ahead. But there are some very good things that are going to happen." **BJ**

Tri-Cities Airport receives TDOT Aerospace Park grant, seeks final funding

By Scott Robertson

The long-awaited Tennessee Department of Transportation Aeronautics Development (AED) Fund grant announcement January 11 gave the Tri-Cities Airport Authority (TCAA) \$4.1 million to put toward development of its Aerospace Park project, a business park designed to attract high-paying jobs and capital investment. It also left the authority with \$4 million more to raise before site preparation work on the park can be completed.

\$4 million down...

"We are extraordinarily pleased to receive this grant," said Jon Smith, chairman of the TCAA on Jan. 11, the morning the grant was announced. "We believe it is a significant step in moving the region forward by attracting jobs and investment from the aerospace industry." The Aerospace Park grant application stated, "by year five after completion of the site development project, the TCAA has established a benchmark goal of MROs or aircraft manufacturers investing \$25 million in facility construction and creating 650 jobs."

Patrick Wilson, airport director, said the grant would allow the project to move forward on schedule. "The combination of local city and county funding and some from TVA combined with this \$4.1 million grant from TDOT is really going to move the site development significantly ahead. We're ready to move right into design and would hope to be bidding the project out in mid-summer, then start construction in early fall."

A portion of the Aerospace Park site has already been graded. The Tri-Cities Airport Authority estimates the cost to have the full 140-acre site ready for occupancy at \$17 million, \$9 million of which was covered before the AED grant announcement. The governments of Bristol, Johnson City and Kingsport, along with Sullivan and Washington counties have committed a total of \$8.5 million toward development. TVA has also committed \$350,000. The TCAA had applied for \$8.15 million in AED funding.

"We're happy to get that assistance and appreciate it," said Clay Walker, CEO of NETWORKS Sullivan Partnership. "We really appreciate it that the (AED) program exists to further legitimize the significance of airports as economic development engines and recognize the economic impact they have around the state. Obviously, this doesn't get us to where we need to be to have Aerospace Park finished in the manner we'd like it finished but it's a nice step in the right direction. Four million dollars is certainly a significant amount of money. We're getting closer and closer. We just need to keep after it."



Patrick Wilson



Clay Walker



Ron Ramsey

...\$4 million to go

Keeping after it is precisely what the TCAA and its supporters in regional governments and economic development organizations are doing. The authority has hired Stones River Group, a public affairs and government relations (read: lobbying) firm in Nashville to help secure the additional funds, possibly through legislative

appropriation in the coming term of the General Assembly.

"I think there is a determination on the part of the partners that we are going to finish that project," said Sullivan County Mayor Richard Venable. "The only question is, will the state continue to assist us, and I believe we can expect that."

At the Regional Legislative Breakfast sponsored by the Chambers of Commerce of Bristol, Johnson City and Kingsport Jan. 26, however, Fifth District State Representative David Hawk sounded a cautionary note regarding that appropriation. "We are hoping that we were going to be able to find somewhere through legislative or administrative budgeting that we would be able to come up with the additional \$4 million," Hawk said. "That is certainly on our radar screen. And just a little inside baseball, our Chairman of Finance in the House of Representatives (Charles Sargent) is a great guy but, as he looks at budgetary issues he is the first one to tell you he grades off of local, regional, statewide initiatives. Local projects will get a C rating, which rarely ever gets funded. A regional project gets a B rating. It very seldom gets funded. Statewide initiatives get funded more often than not. We have been up against a rather challenging hill to climb at the house level in order to work with the chairman."

So, in addition to the Stones River hire, the Washington County Economic Development Council voted Jan. 25 to hire former Tennessee Lieutenant Governor Ron Ramsey to lobby on behalf of the legislative appropriation.

Smith told the WCEDC board, "Any support is greatly appreciated. Certainly, we are still somewhat short on Aerospace Park in terms of what we can build out. We appreciate any support we can get. We are fortunate the cities and counties have already stepped up. So yes, we would like the help if that's possible."

Washington County Mayor Dan Eldridge said those relationships could be the key to the park's success. "There is no one more influential with the state legislature than Ron Ramsey. In that regard, that's bringing everything to the table we can bring to secure this funding."

Johnson City Mayor David Tomita then made a motion the board hire Ramsey. That motion passed without dissent. ■

Bristol Compressors, DHX tout “revolutionary” new tech

By Scott Robertson

Engineers at Bristol Compressors International are as close to giddy as you’ll ever seen engineers get. The marketing folks are calmly ecstatic. Even management, which has been conservative to the point of dour in public statements in the past, is cautiously optimistic. They all believe they have the next big thing.

Bristol Compressors and Georgia-based DHX Electric Machines say they have developed a technological breakthrough that could, “fundamentally change the HVAC/R industry’s expectations of compressor performance.” The Direct Winding Heat Exchanger (DwHX) system is creating efficiency improvements of 15-20 percent in electric motors, the companies, which recently announced an exclusive technology agreement, say. Compressor companies often work for a year to create one to two tenths percent improvement. “To call this an exponential improvement is not hyperbole,” says Dustin Steward, senior marketing manager. And perhaps the most remarkable thing about the partnership is how close it came to never happening.

In late 2014, Kevin Mumpower, vice president of Product Engineering at Bristol Compressors was touring universities around the country looking for partners in research and development. Bristol Compressors had been an industry leader in the 1990s, but had been losing market share for years as competitors developed technologically superior products. The company was faced with a choice: innovate or die.

“I had been to North Carolina State, Penn State and Purdue before I went to Georgia Tech. When I went to Penn State, I made a decision that was where I needed to do acoustic development. I knew Purdue could probably do everything we needed to do on thermodynamics. So by the time I got to Georgia Tech, I had kind of already made up my mind on the two things I needed done. I was almost going to Georgia Tech just out of respect for the university.”

But when Mumpower walked into the Atlanta laboratory of Dr. Rhett Mayor, he realized he might need to rethink his plans. “Rhett said, ‘We’re doing development of a 40 horsepower motor.’” Mumpower remembers. “He pointed to it on the table, and I said, ‘That’s not a 40 horsepower motor.’”

When Mayor said the motor actually peaked at 50 hp, Mumpower asked if Mayor had found some way to cool the conductors directly (“in the slot,” in engineering parlance). “Most people, when we brought them into the lab, we would have about a 10 to 15-minute period of explanation – of questions and answers,” Mayor says. “Kevin just got there immediately. So the next 40-45 minutes were just great. We immediately got to a shared understanding of what this does.”

By cooling the motor using micro-feature-enhanced heat exchange in about 10 percent of the slot space, DHX is able to increase motor efficiency, thus allowing for smaller, more environmentally-friendly (and thus, more regulation-friendly)



Kevin Mumpower, Dr. Rhett Mayor and Dr. Andrew Semidey

motors. “All the textbooks will tell you there’s only one thing that goes in the slot – conductors,” Mayor says. “That’s what we do differently. That’s our secret sauce.”

“I remember thinking, ‘This has got some unique opportunities in the marketplace,’” Mumpower says. With the DwHX technology in place, Bristol Compressors customers and their system designers will have more space design options with better efficiency at what Mumpower says will be the lowest applied cost.

The two companies debuted the technology to those customers at the 2018 International Air-Conditioning, Heating and Refrigerating Exposition Jan. 22-24 in Chicago. “We talked to all our major customers, our original equipment manufacturers like Johnson Controls and Carrier Corp.,” Mumpower says. “It was very clear based on the feedback we got from them that this technology is something that really has value in the marketplace because of where it can go, the efficiency levels it can deliver, the changes that can be made in systems because of the size of the motors.”

After months of concept-feasibility testing, the companies plan to have a final design ready by mid-year and to deliver product samples to customers by the end of the year, Mumpower says. “We’ll have some product out in 2019 and a lot more in the marketplace in 2020. We’re positioned really well to take all, if not a major market share percent of the available market. I see the major problem at Bristol is going to be managing the growth.”

“And that,” Mayor adds, “is the best problem to have.”

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When will the craft beer bubble burst?

By Scott Robertson

The Brewers Association statistics that define the craft beer boom in America since 2010 are mind-boggling. More than 6,850 breweries exist today in a marketplace that less than six years ago had fewer than 2,500 and saw two brewing companies (Anheuser-Busch InBev and MillerCoors) control a 90 percent share. While overall beer sales were flat from 2015 to 2016, craft beer* sales rose 6.2 percent in the same period. Another 1,200 breweries are in the preparation stages.

In Tennessee, at the end of 2016, 66 breweries were operational, taking more than 250,000 barrels of craft beer to market per year. In Virginia, 164 breweries produced a little more than 257,000 barrels.

The booming market got even more good news at the end of 2017. The federal tax reform package passed in December included a two-year provision of the Craft Beverage Moderniza-

tion and Tax Reform Act that lowers the federal excise tax for breweries to \$3.50/barrel (from \$7/barrel) on the first 60,000 barrels for domestic brewers producing less than 2 million barrels annually. Still, Tennessee has the highest tax rates on beer in America.

And despite all the good news, Tri-Cities-based brewers are of a common mind that the current industry growth levels are not only unsustainable, they likely presage a significant market correction.

“Starting a brewery is easy,” says Erich Allen, founder of Studio Brew. He then raises an eyebrow to make the point that everything after that gets harder very, very fast. For instance, he says, when InBev or one of the other large companies buys a craft brewer that hits 70,000 barrels production per year, that operation then starts squeezing smaller brewers out of retail shelf space.

Chris Burcher, brewer and president at Wolf Hills Brewing Co., in Abingdon, Va., greeted *The Business Journal’s* call with, “If you’re looking to do a story on how great the craft beer boom is going, I’m probably not your guy. There’s a whole other story that’s not gloom and doom, but it’s not \$1 million either.”

“There’s still this idea that craft brewing is golden and shiny and anybody can make it work, but the reality is those days have long since passed, says Cameron Bell of Wolf Hills, “There was a time when you just needed to make beer. Now, if you don’t have great beer, well that’s the baseline now.”

Burcher also points to the rising amount of used brewing equipment available from breweries having to cut costs or shut down entirely as another sign the market is correcting. “You have folks like Sleepy Owl who are watching their costs, and that’s great,” says Bell. “But then there are so many who aren’t doing that. If you want to talk about a bubble, that is definitely where the bubble is in the craft brewing industry. There is going to be a blood-letting sometime.”

Allen doesn’t see a bursting bubble, but rather a more gradual correction, with breweries that offer lower quality products simply falling out of the market over time. “As my grandmother would say, there’s a shaking of the rug to get the bugs out. You can’t go into this anymore just making good beer. It has to be great beer all the time. It has to be the best you can produce.”

“We make beer,” he says, leaning back into a leather couch, shrugging and offering a laid-back grin. “So at the worst particular moment in our lives, we still make beer.” ■



Pam and Erich Allen of Studio Brew PHOTO BY SCOTT ROBERTSON

*The Brewers Association defines craft breweries as, “small, independent and traditional.”

Sampling the local brews with The Three Jeffs

With local brewers in agreement that quality will determine which breweries thrive in the future, *The Business Journal* assigned the crack team known as The Three Jeffs to sample brews from several of the leading craft breweries in the region. Co-publisher Jeff Derby is a pilsner enthusiast with admittedly the most pedestrian palate of the three. Director of Business Development and Marketing Jeff Williams has a broader range, with a fondness for porters and stouts, though he imbibes less frequently than his colleagues. Associate Editor Emeritus Jeff Keeling is the most knowledgeable of The Three Jeffs, if only because he knows IBUs is neither a medical term nor a baseball statistic. Ratings are given on a scale of one to three “Jeffs.” Our Three Jeffs were accompanied on their tour of craft breweries by Managing Editor and Designated Driver Scott Robertson. *The Business Journal* reminds you to always sample responsibly.

SLEEPY OWL BREWERY, KINGSPORT

Centennial Stout: This 4.7 percent alcohol by volume (ABV) Nitro Dry Irish Stout is surprisingly light. It’s a beer one could imagine drinking after mowing the yard in the summer but with about the same kick as the Anheuser Busch products generally thought of in that setting. Maybe it was just the day we went, but all the Sleepy Owl brews we sampled were a tad bit flat. This was the best of the lot.

Rating: 

WOLF HILLS BREWING CO., ABINGDON

White Blaze Honey Cream Ale, 4.6 percent ABV. Goes against the grain of the current sour beer trend with a sweet, round flavor. Like the Sleepy Owl stout, lighter than one might expect, especially from a sweeter beer. We suspect it’s not the favorite beer of aficionados, but we also bet it sells like hotcakes.

Rating: 

Wolf’s Den Double IPA, 8 percent ABV. The body and flavor of this 100 IBU offering are both strong, and in a good way. Pretty hoppy, but not overbearingly so. Compares favorably to the Highland IPA out of North Carolina.

Rating: 

Martha Washington ESB, 4.8 percent ABV. The bartender said we might taste toffee. Actually we got hints of tobacco. Wheaty and Earthy.

Rating: 



The three Jeffs: Jeff Derby, Jeff Keeling and Jeff Williams
PHOTO BY SCOTT ROBERTSON

STUDIO BREW, BRISTOL

Dancing Monk Belgian Ale, 8.5 percent ABV. A very complex beer. There’s a lot going on here. Jeff Williams said the spices reminded him of an Easter ham. We started to cut him off when he said that, but the spices are apparent, and yes there is a hint of clove. It’s woody, dry and worthy of drinking with someone else just to talk about it while you drink.

Rating: 

Dark Rider Double Black IPA, 8.8 percent ABV. Tasty, solid and smooth. A high gravity beer for the non-high grav drinker.

Rating: 

The Ferguson Oatmeal Chocolate Milk Stout, 6.1 percent APV. Jeff Keeling, who is choosy about stouts, likes this one a lot, as does Jeff Williams, who enjoyed the coffee overtones.

Rating: 

YEE-HAW BREWING CO., JOHNSON CITY

Dunkel Munich-style dark beer, 5.5 percent ABV. Not surprisingly, this is the best seller at Yee-Haw. It’s a darker beer that’s approachable for those who don’t usually do dark.

Rating: 

Eighty Scottish Export 80 Schilling, 5.0 percent ABV. The 80 certainly doesn’t offend, but it doesn’t particularly excite either. The very accessible taste reminded Jeff Derby of Killian’s Red.

Rating: 

Pale Ale, 5.7 percent ABV. Jeff Keeling rates it, “perfectly adequate,” comparing it to the Sweetwater 420. It’s a little flowery for Jeff Derby.

Rating: 

Festival to kick off outdoors-based economic development effort

By Scott Robertson

A late summer festival will highlight a new effort by the Northeast Tennessee Regional Economic Partnership to showcase the importance of the outdoors to the region's economic viability. The festival will be dubbed "Meet the Mountains."

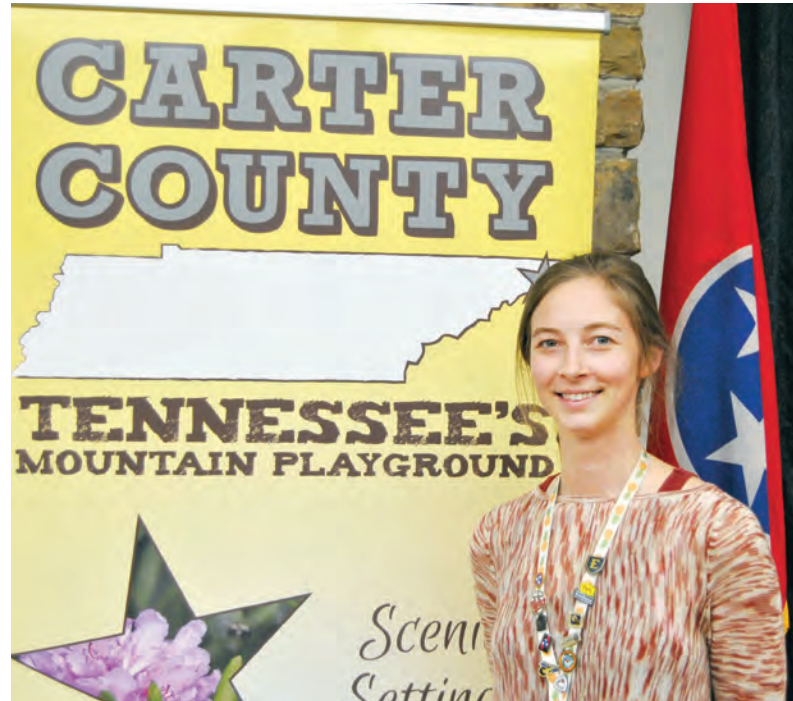
Based in Johnson City, it will intentionally coincide with several outdoor events elsewhere in the region. Kayla Carter, outdoor development manager for the Northeast Tennessee Regional Economic Partnership is coordinating the event.

"Erwin has the Nolichucky triple treat going on that weekend," Carter says. "There is also the Watauga Lake Triathlon. We have also got Sugar Hollow in Bristol's cycling series and the Children's Triathlon going on that weekend."

Between all those events, Carter says the partnership is hoping attendance will be around 10,000, with much of that coming at the festival headquarters, where activities including flycasting, a ropes course, a bike skills area and a dog agility course are planned. "We will headquarter the festival in Founders Park where the vendors will be, but we are encouraging people to do these competitions that are outside the city and promote activities that you do in other communities. We really want to see people moving around for that weekend but we'll still have one place where we all come together."

Carter, a longtime outdoor enthusiast who lists hiking the Appalachian Trail from Georgia to Maine among her accomplishments says of the festival, "Its mission is also the mission of my position: to generate awareness and encourage use of natural resources and healthy lifestyles and to get people to be active and get outdoors."

People already use Johnson City as a basecamp for outdoor recreation around the mountain towns of Erwin and Elizabethton. "It takes all of us working together to get all the communication in order and get everyone working towards the same goal," Carter says. "That is where I hope the festival comes in and helps us all come together and see what everyone is doing, because sometimes the hiking community doesn't know what the mountain biking community is doing or the back country community is doing. I am excited to get all those assets in one place and showcase it to the community and hopefully, attract people from outside of the community."



Kayla Carter FILE PHOTO

Carter sees the festival as low-hanging fruit in a longer strategy to brand the region as an outdoor mecca. "Once we market this festival together and get to know each other, then we can more collectively think about a brand," Carter says. "I think we get behind this festival first, get to know each other a little better and figure out how we work best together, and then we can think about branding. The community development piece is super important and the community all working together and impress people outside the community to come here and support the economy. Somebody might come to this festival from Roanoke and say 'Hey, I want to be a part of that community. Maybe I will start a business in downtown.' I think for right now the festival is our brand until we can come a little closer together in our branding efforts as a region." BJ



AGC to expand Hawkins County operations

AGC Glass North America will invest \$40.6 million and create 85 new jobs in Hawkins County, the company said in a release from the Tennessee Department of Economic and Community Development, which provided incentives for the expansion. “I want to thank AGC for creating more than 80 new jobs and investing over \$40 million in Hawkins County,” Commissioner Robert Rolfe of the Tennessee Department of Economic and Community Development said. “AGC is one of Hawkins County’s largest employers and I appreciate the company for continuing to invest in Church Hill and its commitment to our state. I look forward to seeing the company continue to excel in Hawkins County and Tennessee.”

AGC plans to add more than 100,000 additional square-feet of manufacturing space to its existing facility in Hawkins County. With this expansion, the company will also install a state-of-the-art MSVD coater at its Church Hill complex to serve the residential and commercial glass markets.

“Our Church Hill, Tennessee facility has two flat glass lines that will support this innovative coater,” said Mike Antonucci, regional president for AGC Glass North America. “As the world’s largest glass manufacturer, this investment in North America

allows us to expand the industry’s largest product offering and continue to augment our world-class service that is second to none. Our new coater will provide architects, planners, engineers and developers the ability to create tomorrow’s environment.”

The Hawkins County Industrial Development Board (IDB) worked with the state to secure the AGC expansion commitment. “AGC has been the largest employer for Hawkins County since its existence in 1962,” IDB Chairman Larry Elkins said. “I would like to thank AGC for its continued support for Hawkins County. With several options available, AGC chose this site for its expansion. We are extremely grateful for the company’s continued investment as AGC continues to be the premier provider of jobs and economic opportunities in Hawkins County.”

AGC Glass North America is one of the largest manufacturers of glass and glass-related products in North America, offering a broad selection of flat glass for architectural, interior and residential applications. The company’s products are available through glass fabricators and window manufacturers in the U.S. and Canada. AGC Glass North America is part of the AGC Group, employing more than 50,000 people in approximately 30 countries.



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Escobar-Gonzalez PHOTO BY SCOTT ROBERTSON

Valentina Escobar-Gonzalez:

The surprisingly social social media consultant

By Scott Robertson

When one thinks of using social media, one generally imagines oneself staring into a monitor, tablet or smartphone. But for Valentina Escobar-Gonzalez, founder of Beyond Engagement, being a social media consultant is all about face-to-face connections.

It may seem ironic, but Beyond Engagement was built on offline networking. Escobar-Gonzalez says that when she moved to Tennessee six-and-a-half years ago after her husband was hired at Eastman, “I started off doing Chamber events, going to everything I could think of. At that time, Chamber events were free. You went to breakfast ones and after hours. So I did a bunch of those things, as much as possible. And then I did a lot of volunteering. I was in 40 Under Forty within around a year of moving to the area because I had done a lot of stuff with the United Way, with the Gray Fossil Site, and with Second Harvest.”

For Escobar-Gonzalez, networking offline and utilizing social media are very similar activities, “because you have to build a relationship. When you do Facebook, you have to do three types of campaign: A light campaign – and it’s the same thing when you go to a Chamber event. When you first go up to someone, you aren’t going to say, ‘Hey, hire me to do your social media consulting.’ You kind of get to know them so you kind of get to like each other.

“Then the second part is engagement. I amplify the reach of a specific post. Currently Facebook organically reaches only one to two percent. So when we create a Facebook campaign, we create new likes. We want new types of people liking your page – someone that you want to niche target. Then we have an engagement campaign so we do pay-to-play. We pay \$5, \$10, \$20 – whatever your budget is to actually get people to see your post.

“Then finally we have a call to action. It’s the same thing when you do something with someone when you meet offline. You get to know them, then you’re like, ‘Hey, let’s meet up for a cup of coffee and talk about what you do.’ Then finally after a couple of months, or maybe three to six months, you say, ‘Hey, would you like to be my client? Would you like to know more about our services?’”

In the six years she’s been a social media consultant, Escobar-Gonzalez says in some ways the job has become easier – clients already consider social media part of their everyday lives. In some ways, however, it has become more challenging.

“I did a really big virtual conference last week,” she says. “Over 200 people attended last Friday. But Thursday night Facebook had this big update...the reach is now less. There’s more priority on friendship posts. Facebook is reducing the business posts if there’s not a lot of comment and engagement. They’ll penalize you if you’re doing clickbait and that sort of thing. It was stuff we already knew, but everyone was panicking.

“So I’m getting ready for this huge opportunity to brand myself online to bigger audiences and then this thing just blows up the night before. So the hardest thing is just staying up to date. I have to just always immerse myself in new things. Every day there’s something new, and you just have to know about it. I feel like it’s a treadmill I’m constantly on.”

Because she wants to keep that face-to-face working relationship with her clients, growth is not an overriding goal for Escobar-Gonzalez. “I want to stay small. I don’t want to grow too much because it affects the quality of your work. I want to be that person you can call if you need to talk to them.”

The Un-career fair career fair

By Scott Robertson

CareerQuestTn, which held a career fair for 5,000 Northeast Tennessee high school students last year and plans to invite 6,000 this year, will first hold a smaller event targeted at white collar careers called “CareerQuestTN: It’s All About Business.” Some 500 high school juniors and seniors from 25 schools will attend the March 2 event at Northeast State Community College.

Some businesses simply don’t show well at traditional career fairs. While the power company lets kids climb power poles and the hospital has them applying bandages to talking mannequins, what can the HR firms and accountants’ offices do to compete? This fair is designed to help students learn important, but less fun-for-a-teen-ager skills, from how to prepare for a job interview to how to start their own business. Career tracks include auditing and accounting; banking, finance and financial planning; marketing and human resources.

“I think back to when I was that age,” says Wynne Tyree, president of Smarty Pants who will be running a Shark Tank-style entrepreneur competition with \$1,000 and \$500 prizes. “I knew no professionals. We have the opportunity here to expose these young people to lots of white collar options they may not realize are there for them.”

Events like this are of particular value to rural students, says Steven Dixon of Bank of Tennessee, who was raised in Clinchco, Va. “Growing up in a rural community, I would see things on television, but I couldn’t relate to them. This event will give those kids someone to interact with, someone they can relate to in these fields.”



Wynne Tyree

Just as the event helps the students, it serves to reinvigorate the professions involved, says Calvin Klem, a financial advisor with Ameriprise Financial. “Around 10,000 of me are retiring every year,” Klem says of financial advisors. “Only around 3,200 new ones are coming in. The average age of a financial advisor in America is 61. It’s an industry-wide problem.”

Sponsors include Bank of Tennessee; Blackburn, Childers & Steagall; Smarty Pants and Northwestern Mutual. *The Business Journal of Tri-Cities TN/VA* is media sponsor. Career Quest TN is seeking volunteers from the business community to assist. “I think of it in terms both of giving back and paying it forward,” says Karen McMurray of Blackburn, Childers & Steagall. Interested parties should contact Lottie Ryans at 423.722.5101. **BJ**

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BrightRidge entering high-speed data marketplace



Jeff Dykes and B.J. King

The BrightRidge Board of Directors has voted to seek regulatory approval for a phased, eight-year roll out of high-speed Internet, television and phone services to its 78,000-customer service area. “There is no doubt that the essential utility of the 21st century is high-speed Internet,” CEO Jeff Dykes said. “However, this is not an inexpensive venture, so we built a plan with maximum flexibility moving forward. The result is a

business plan that allows the Board to call a halt at any funding stage, and still continue with a viable broadband division.”

BrightRidge has constructed a modular approach that allows each of the eight individual phases to stand alone as a viable business. Business Development & Planning Committee Chair Jenny Brock said benefits to electric customers include enhanced

broadband access as well as potential interest earnings that far outstrip the return available from other allowable investments. “Our most important job is to serve our electric customers,” Brock said. “And our electric customers will reap the biggest benefit from this effort, through improved services as well as interest income generated from inter-company loans. If all eight phases are funded, electric customers can expect \$20.8 million returned over 15 years from interest on the loans, which will likely be allocated for capital reinvestments in the system that would not have otherwise been available.”

BrightRidge spent months investigating the potential of a high-speed broadband Internet division, securing the services of Magellan Advisors to assist in market research as well as development of business and operational plans. The resulting plan is a hybrid system, with high-speed wireless offered in lower density rural areas and fiber broadband to the premise in higher density areas.

“This is a serious investment, enhancing services to our residential customers while adding to economic development opportunities for the communities we serve,” Board Chair B. J. King said. “The board has researched many models over the past two years looking to make effective use of our existing assets while also protecting our electric customer base.”

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On the Move

Administration

Emory & Henry College announced recently that **Jennifer Pearce** has been hired as the college's vice president of marketing and communications, a newly created position. Pearce comes to the college after a 12-year tenure in higher education at Otterbein University in Westerville, Ohio. There, she managed a team of 13 in the Office of Marketing and Communications. Prior to Otterbein, Pearce managed public relations, sales, marketing and communications work at The Longaberger Company and at Cheryl&Company, both national businesses headquartered in Ohio, and at an Appalachian regional medical center in the southwest portion of Ohio.

"I'm excited to be a part of the Emory & Henry community and Southwest Virginia," says Pearce. "The College has an amazing story to tell about its students, faculty and alumni."

Pearce will lead the college's effort of marketing, communications, public relations, branding, advertising, social media, graphic design, internal communications and web operations as well WEHC 90.7 radio station that serves five counties in the region.



Jennifer Pearce

The Bristol Chamber of Commerce has announced that **Courtney M. Cacatian** has accepted the position of Discover Bristol's vice-president/executive director. Discover Bristol is the marketing arm for both Bristol, Va. and Bristol, Tenn. and is a division of the Bristol Chamber of Commerce.

Beth Rhinehart, president & CEO of the Chamber says, "We were very impressed with Courtney - her education, experience, passion and energy for our community was evident from the beginning. She also came with high recommendations from other leaders in the tourism industry. On behalf of the entire community, we are thrilled to have her join our team of professionals."

Cacatian has more than a decade's experience working in tourism and significant experience working with local Chambers of Commerce. She has earned numerous accolades in her career including the 2013 Arlington County Manager's Excellence Award, Top 100 Most Influential Tourism Professionals on Twitter (2015), and the Arlington County Emerging Leaders Certificate Program (2015 - 2016). "After nearly seven incredible years with the Arlington Convention and Visitors Service, I'm thrilled to be joining the Discover Bristol team and the Bristol community. The warmth of this place and the energy of its business community were unexpected, and I look forward to building upon its success," Cacatian says.



Courtney Cacatian

Bobbie Murphy has been named executive director of patient care services at Mountain View Regional Medical Center and Lonesome Pine Hospital.

Murphy serves as chief nursing officer for the facilities and is a member of their senior management teams. She directs and participates in the development of hospital and systemwide patient care programs, policies and procedures. She also develops and

implements an effective and ongoing program to monitor, evaluate and improve the quality and appropriateness of patient care.

"We're thrilled to gain Bobbie's expertise and excellent leadership to take patient care for our hospitals to the next level," said Dale Clark, president of Mountain View Regional and Lonesome Pine. "She has demonstrated an exceptional skill set during her career and succeeded when she was entrusted with positions of increasing responsibility. We anticipate she will play a prominent role in enhancing our delivery of high-quality care to patients in Southwest Virginia."



Bobbie Murphy

Banking & Finance

Andrew Johnson Bank begins 2018 with a new president and chief executive officer: **Paige Hull** replaces outgoing president and CEO Bill Hickerson. Hull joined the bank's Board of Directors in 1991, and worked closely with Hickerson over the past year to ensure a smooth transition.



Paige Hull and Bill Hickerson

"I have big shoes to fill as I step into this role, and I'm thankful that Bill will continue on as an advisor during this transition," said Hull upon the announcement of her new role.

Hired in 1979 as CEO and President of City and County Bank, Hickerson led the bank through its name change to Andrew Johnson Bank in 1980. Under his guidance, the bank grew from \$10 million in deposits in one office in Greeneville to \$350 million in assets in seven locations spanning five cities.

"The good news is that Bill will continue to represent the bank and work alongside us on a part-time basis," Hull said. "He will remain as a board member, and will continue to serve in a key leadership position as Chairman of our bank holding company. His experience and presence are invaluable during this time."

Since joining the Board in 1991, Hull has served as chairman of its audit, compensation, and executive committees in addition to serving as a member on its governance and finance committees. A resident of Greeneville since 1989, she is married to Brandon Hull and the couple has three children and one grandson.

"Paige's background and her many years of hands-on involvement with Andrew Johnson Bank will ensure this transition is an easy one," Hickerson said. "I'm leaving our employees, customers and shareholders in the absolute best hands to grow our bank." No other changes within bank management or operations are planned.

Rachael Carroll has been promoted to vice president of lending at Appalachian Community Federal Credit Union. Carroll has served most recently as manager of real estate lending. In her new role, Carroll will oversee business lending and loan servicing for ACFCU's real estate and consumer divisions. "Rachael has proven her ability to build a strong and productive real estate department," ACFCU CEO Ron Scott said. "We look forward to her applying those abilities in an expanded role." Carroll has served in a variety of positions at

ACFCU after hiring in as a mortgage originator in 2010. Prior to her work at the credit union, she owned her own mortgage lending business in Abingdon, VA for 18 years.

Heather Stanley has been promoted to assistant vice president of branch training and development at Appalachian Community Federal Credit Union. Stanley has been with ACFCU for 17 years and served as branch manager in Norton, VA for nine years. In her new role, Stanley helps insure consistency throughout ACFCU's branch network, with an emphasis on manager training. "Heather was our top performer as a branch manager for a number of years," Scott said. "She is translating proven experience into effective techniques that serve our membership."

Sherri Eaton and **Lisa Taylor** recently joined Appalachian Community Federal Credit as branch manager of ACFCU's King-



Rachel Carroll



Heather Stanley



Sherri Eaton



Lisa Taylor

sport location and branch supervisor of the Rogersville location, respectively. Eaton comes to ACFCU with 11 years' experience as a branch manager, having worked at BB&T and Regions banks in Knoxville and Kingsport. Prior to that, she worked for three years as a loan officer at ORNL Credit Union. "We're pleased to have someone of Sherri's caliber and experience on our team," Scott said. "She is proving to be a great asset as we meet the needs of members at our largest branch."

Taylor has 15 years' experience in branch management, collections and lending in the finance company industry, most recently as branch manager at Credit Central in Greeneville. "Lisa's experience has equipped her to provide knowledgeable, compassionate service to all members regardless of their financial history," Scott said. "She truly understands the importance of our mission to the underserved."

Chairman and CEO Joe LaPorte, III is pleased to announce that **Brooke Tittle** has joined the commercial banking team at Citizens Bank as vice president. She will serve as a commercial relationship manager throughout Bristol, Tenn., and Va.

Tittle received a B.B.A. degree with a concentration in accounting from East Tennessee State University and returns to Citizens



Brooke Tittle

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BJ Departments

Bank after a stop at Commercial Bank where she served as AVP, branch manager concentrating in commercial lending.

Tittle resides in Jonesborough with her husband, Walter, and their newborn son. She enjoys traveling, hunting and spending time with family. Tittle is an active member of the Chamber of Commerce, United Way and the Lions Club.

Citizens Bank announced the promotion of **Kevin Jessee** to chief credit officer. Jessee is now primarily responsible for loan underwriting, the approval process, credit policy and procedures, along with monitoring and maintaining the overall asset quality of Citizens Bank.

Jessee is a graduate of East Tennessee State University and the Graduate School of Banking at Louisiana State University. Jessee has over 29 years of experience in banking, including 18 years at Citizens Bank. Jessee is a Bristol native and continues to reside in Bristol. He has been active in several community organizations in Bristol over the years including United Way, Believe in Bristol and Junior Achievement, among many others.



Kevin Jessee

leadership team. She supports the organization's expanding financial, operational and research analytic functions.

"We are delighted to add Jennifer to the Smarty Pants roster. She masterfully juggles the many demands of her position, adding value at every step. She consistently improves our processes and betters our outcomes internally and for our clients," says Meredith Franck, Smarty Pants chief operations officer.

Dixon joins Smarty Pants from a successful, privately-owned medical practice in Johnson City, TN, where she began her career as a receptionist. Over her 12-year tenure, she rose to become the front office supervisor followed by the business office manager responsible for personnel and operations.

Dixon holds a bachelor's degree from East Tennessee State University with a major in mathematics and a concentration in statistics. Based in Johnson City Tenn., Dixon is heavily involved in her community. She is also a member of Alpha Kappa Alpha Sorority, Inc. and her church's leadership council.



Jennifer Dixon

Research & Data

Smarty Pants announced today that **Jennifer Dixon** has joined the organization as a business analyst. In this new role, Dixon serves as an internal consultant to the company's executive

Sales & Distribution

The Piney Flats, Tenn.-based AAM Group recently named **Randall "Bo" Bacon** as vendor support specialist: a newly created position intended to increase engagement with and

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BJ Departments

placement of AAM Premier Vendors at its member warehouses. The role expands AAM's commitment to drive sales through program-affiliated jobbers, bolster distribution growth, and maximize the investment of the group's supporting manufacturers.

Bacon is an industry veteran who most recently worked at Nickels Performance as a buyer. He has additionally served as an outside sales rep for Keystone Automotive and inside sales manager at Nickels.

"I am excited to be stepping into the role of vendor support specialist with AAM," says Bacon. "It's been eye-opening to learn about all of the many ways the AAM team works to grow the after-market at the levels of retail, manufacturing, and distribution."

Automotive Accessories Marketing USA, Inc. (The AAM Group) is the largest distribution group in the Specialty Equipment Market Association (SEMA) marketplace. The AAM Group now counts 21 member companies operating 39 distribution centers throughout North America.



Bo Bacon

into its two-year Virginia Leaders in Export Trade (VALET) program. The VALET program assists exporters in the Commonwealth that have firmly established domestic operations and are committed to international exporting as a growth strategy. To participate, each business must meet both quantitative and qualitative selection criteria. Participating firms are chosen based on their dedication to growing export sales. To date, 304 Virginia companies have been accepted to participate in the VALET program.

"VALET has provided a vehicle for participating companies to reach global markets and grow their business on a global scale since 2002," said VEDP president and CEO Stephen Moret. "The benefit of international trade to Virginia's economy cannot be overstated, and I am confident that with a continued commitment to exporting, these businesses will see a strong return on investment in the coming years."

Currently, the VALET program has 50 companies as participants. The program provides participating companies with export planning services and assistance from a team of experienced international service providers to help meet their international goals. These private sector service providers contribute essential expertise to assist companies in executing export plans and include attorneys, web designers, bankers, translators, accountants, and freight forwarders.

AWARDS & ACHIEVEMENTS

Strongwell accepted into Virginia exporters program

The Virginia Economic Development Partnership (VEDP) has announced the acceptance of Bristol-based Strongwell Corporation

SEE **AWARDS & ACHIEVEMENTS, 28**

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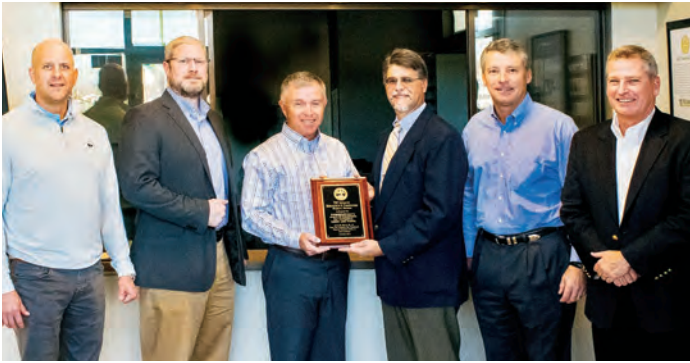
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“Great job to Sales Coordinators and Banquet Staff! - DB #TheMillenniumService”

“As usual, everything went smoothly and as expected. Food/Service excellent! Thank you! -KM #TheMillenniumService”

AWARDS & ACHIEVEMENTS, CONTINUED



Left to Right: Aaron Jordan, James Edwards, Shannon Salts, David Blessman, Greg Boehling, John Sacht

T E C Industrial honored for safety record

Tennessee Department of Labor & Workforce Development Commissioner Burns Phillips recently awarded T E C Industrial Maintenance & Construction in Kingsport with the Commissioner's Award of Excellence for Workplace Safety and Health. "T E C Industrial Maintenance & Construction has demonstrated strong commitment to maintaining a safe and healthy workplace," said David Blessman, who presented the Commissioner's Award of Excellence to the company. "The evaluation criteria for this award are challenging, and this company has worked extremely

hard to meet and exceed the standards the award requires."

T E C Industrial Maintenance & Construction is a specialty contractor that offers a full range of maintenance, construction and project services for clients in complex industrial markets. They have 607 employees and qualified for the award by working more than 1,227,438 hours without a lost time workplace injury or illness. "Receiving this award is a great honor for our Company" President & CEO, Greg R. Boehling said. "It is a testament to our employees' commitment to our core values of Safety, Integrity and Performance along with our leadership's ability to create a culture of Safety that reflects our 24/7 Below Zero Program."

JCCVB, Creative Energy honored for Southern Dozen promotion

The Johnson City Convention & Visitors Bureau recently received international recognition for its new ad campaign for the Southern Dozen, a guided destination tour of scenic motorcycle rides in northeast Tennessee.

The Southern Dozen ad received the Gold Award from Graphis, and will be published in the annual Graphis "Design Annual 2018" publication in early 2018. The Graphis Design Award competition is highly regarded as one of the most prestigious global recognitions an ad campaign can attain. Brenda Whitson, Executive Director of the JCCVB, was excited to receive the news about the award. "Our advertising partner, Creative Energy, did an exceptional job at understanding our target audience for the campaign." **BJ**

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Aerospace Park to receive \$4.1 million TDOT grant

Tri-Cities Airports Aerospace Park project will receive a \$4.1 million grant from the Tennessee Department of Transportation's (TDOT) Aeronautics Economic Development Fund. [Read More]

AGC Glass North America to expand operations in Church Hill

Tennessee Department of Economic and Community Development Commissioner Bob Rolfe and AGC Glass North America officials announced today that the company will expand its operations Church Hill. The glass manufacturer [Read More]

Bloomberg: Wal-Mart raising U.S. hourly wage to \$11 in wake of tax overhaul

The largest private sector employer in the United States is raising the hourly wage it pays employees and is giving bonuses of up to \$1,000 in the wake of the recently passed tax overhaul. [Read More]

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Setting the record straight on tax reform

By Congressman Phil Roe



My top priority in Congress is working to grow our economy, create jobs and increase prosperity for working families. For my first four terms in Congress, I saw a federal government that discouraged private business and set up unnecessary roadblocks for job creation. When President Trump was elected, I was excited to work on getting the economy moving again, which is why I was proud

the Tax Cuts and Jobs Act was signed into law on December 22, 2017. The law lowered tax rates across the board for American families and businesses and is leading a wave of positive benefits for working families – including bonuses, pay increases and improved benefits. More than two million employees across the country are receiving a pay raise or bonus because of the tax relief provided to their employers under the new tax code; and more news like this is on the way as employers take into account the effects of this new law.

With that being said, I've heard a number of criticisms of the law that have left some wondering whether tax reform will benefit them. For those who haven't already felt the positive impact of tax reform, the short answer is you will. Part of the reason Americans are confused is because opponents of the law have engaged in over-the-top rhetoric, declaring the law "Armageddon" for Americans and deriding \$1,000 bonuses for hardworking employees as just "crumbs." An extra \$1,000 in your pocket may not mean as much in San Francisco or New York, but it sure does in Stoney Creek or Newport. Despite the fact we're already seeing the benefits of this law, I want to take a moment to address some of the misconceptions I've heard about the Tax Cuts and Jobs Act.

CLAIM: This law only benefits the wealthy.

Every income level will receive a tax cut as the new tax rates will be 10, 12, 22, 24, 32, 35 and 37 percent. As you may know, the top one percent of income earners pay 39.5 percent of all federal income taxes, nearly twice the 20.6 percent share of adjusted gross income (AGI) they earn, and the top 10 percent of income earners pay just over 70 percent of the taxes. At the same time, the bottom 50 percent of income earners pay just 2.7 percent of the taxes despite earning 11.3 percent of all AGI. The Tax Cuts and Jobs Act provides tax relief to all taxpayers, so the more you pay, the more you will save. Further, the announcements of pay

increases and bonuses underscore the ways this law benefits the middle class. Not only will they be allowed to keep more of their pay, they'll earn more in their jobs.

CLAIM: This law benefits businesses more than families because business tax cuts are permanent but individual tax relief will expire in 2025.

Businesses have to have long-term certainty in order to create more jobs, increase wages for employees, expand benefits and give bonuses; and the fact that the bill included permanent tax relief for businesses is why so many have already announced positive news for their workers. For example, just last week, Walmart announced its plan to increase their starting wage for hourly associates to \$11 per hour; provide one-time bonuses; and expand parental leave benefits for employees as a result of the Tax Cuts and Jobs Act. While the individual tax rates are set to expire in 2025, House Republicans believe they should be made permanent. I expect that just like the 2001 tax cuts – which were initially set to expire in 2011 but almost all were permanently extended – once people see the benefits of having higher take home pay there will be broad support for making these provisions permanent as well.

CLAIM: This law will hurt East Tennesseans who deduct sales or property taxes from their federal return and removes other deductions taxpayers rely on.

One of our goals in the Tax Cuts and Jobs Act was to reduce the number of special interest loopholes and expand the standard deduction, giving tax relief to all Americans regardless of circumstance. By almost doubling the standard deduction, the vast majority of taxpayers will likely opt to utilize the increased standard deduction. For taxpayers who rely on itemized returns, the law continues the practice of allowing taxpayers to write off the cost of state and local taxes up to \$10,000. What does that mean for East Tennessee families? In 2014, just over 43,000 taxpayers claimed the state and local tax deduction with an average deduction of \$2,411. This means the vast majority of taxpayers in East Tennessee will be unaffected by the law. The law also preserves the mortgage interest rate deduction on their home up to \$750,000. Only 0.7 percent of homeowners in the First District have a mortgage over \$750,000, so 99.3 percent of East Tennessee taxpayers will be unaffected by this change as well.

I'm proud of the work Congress has done to streamline and simplify our tax system and provide the most significant tax cuts since the Reagan administration. I encourage anyone with questions about the Tax Cuts and Jobs Act to learn more at fairandsimple.gop or contact my office if I can be of assistance.



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