

The Business Journal

of Tri-Cities Tennessee / Virginia

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Developing the Pinnacle's Virginia side:

Johnson ready to build \$240 million entertainment/adventure development if county, state agree to put in \$10 million road

Plus:

Lee County Regional Medical Center Authority, Ballad Health in talks to reopen rural hospital
and
Governor Lee begins Tennessee workforce work

Developer Steve Johnson of Johnson Commercial Development at the Pinnacle site in Washington County, Va.



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Photo by Tara Hodges, Sweet Snaps Photography.

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Lee wastes no time in addressing vocational education needs



I remember as if it were only yesterday. Several business and education leaders from around Northeast Tennessee were gathered at the new Blue Cross/Blue Shield building in Johnson City. We were taking part in an initiative known as Tennessee Pathways, which itself was part of a larger program, Pathways to Prosperity. The central tenet of

Pathways was (and is) that students who are not bound for a four-year college or university after high school graduation have multiple pathways to success in the workforce, if only educators, counselors and businesspeople can create roadmaps for them to use.

One student might find the military is the right choice for a post-secondary career. Another might find a career track that starts with an associate's degree from the local community college. Still another might take a few courses at the nearest TCAT in order to pass the exam to obtain a certification in a valuable trade.

The first problem we were having was that there are barriers to communication between educators and businesspeople. Both sides have played a part in erecting those barriers, and at times, both guard them jealously.

The second problem we were having was the fact that the state government, which runs Tennessee Pathways, seemed more interested in driving up college completion rates than in finding the proper pathways for non-college-bound students. The Drive to 55 was (and remains) a worthy goal. Yet it was no panacea.

As we sat, pondering how to tear down the walls, our Nashville-based moderator asked what we hoped for in the next gubernatorial administration, regardless of whom that governor might turn out to be. The answers were varied, but one stands out to me to this day. Dr. Richard Kitzmiller,

former director of the Kingsport City Schools and now vice president of the Niswonger Foundation, said, "I would love to see the next governor give secondary education the same time and emphasis the current administration has given to higher education." I believe Dr. Kitzmiller may have repeated that desire during a meeting of Dr. Bill Frist's State Collaborative on Reforming Education in Kingsport a few months later.

With the introduction of the Governor's Investment in Vocational Education (GIVE) initiative, Dr. Kitzmiller's wish may be coming true.

The GIVE uses regional partnerships to develop work-based learning and apprenticeship programs. In theory, Tennessee communities will now have the funding and flexibility to build programs that best reflect local needs and work directly with private industry to structure programming.

GIVE also provides funding for high school juniors and seniors to utilize four fully-funded dual enrollment credits for trade and technical programs. Previously, high school students only had access to two fully-funded dual enrollment credits. "With GIVE, there is now a framework in place to partner with the private sector in addressing gaps in our workforce," Lee said in a Feb. 5 press release. "This initiative also puts students in charge of their future by preparing them for a good job right out of high school."

Two grant programs will fund the initiative: GIVE Community Grants and GIVE Student Grants. Using the framework of the state's Labor Education Alignment Program (LEAP), the governor said he will recommend new funding in support of work-based learning through GIVE Community Grants. These competitive grants will go to regional partnerships between TCATs, industry, and K-12 to build new programs in work-based learning and apprenticeships, market-driven dual-credit opportunities, and the expansion of industry-informed CTE offerings at local high schools. GIVE Student Grants will be funded via the Tennessee Lottery.

2019 Chamber Chatter



Bob Feathers and Lori Payne



Beth Rhinehart



Andy Dietrich and Gary Mabrey

The three major Chambers of Commerce serving the Tri-Cities each held their annual meetings in January, with gavels being passed from the 2018 volunteer chairs to their 2019 successors. In Johnson City, Andy Dietrich gave way to Neil Poland. In Bristol, Jerry Caldwell passed the gavel to Jody Dutcher. Kingsport's annual dinner saw Bob Feathers make the ceremonial hand-off to Lori Payne. Dietrich, Caldwell and Feathers have all agreed to work together for the benefit of regionalism on behalf of all three Chambers in 2019.



Jerry Caldwell and Jody Dutcher



Carl Moore and Jerry Caldwell



Bill and Steve Darden

New pending home sales decline 15.8 percent, active contracts increase

December 2018's single-family residential pending sales declined from November's total as expected. At the same time, there was a slight increase in the number of active-pending sales, so there are more contracts moving toward closing in January.

Pending sales are forward-looking indicators based on new contract signings reported by Realtor Property Resource (RPR).

There were 473 new approved contracts in December compared to 561 in November (a drop of 15.8 percent) and 842 active contracts in December, up from 830 in November. "Lower mortgage rates balanced the traditional slower holiday season sales, but the current government shutdown will have some effect on the number of January closings," said NETAR President Karen Randolph.

"During the early part of the shutdown, there were issues with lenders getting Internal Revenue Service (IRS) salary confirmations for borrowers. Delays with U.S. Agriculture Department (USDA) loans will likely have more impact on local closings since USDA is a primary local mortgage lender. However, since all-cash sales have been accounting for 25 to 30 percent of local sales, it is likely many of the approved contracts will not be affected by the shutdown," she added.

A sale is listed as pending or contingent when a contract has been signed, but the transaction has not closed. Sales are typically finalized in a month or two after signing. It is not uncommon to see as many as 5 percent fall through. Recently, the fall-through rate has been higher due to more sales of current homes and financing contingencies.

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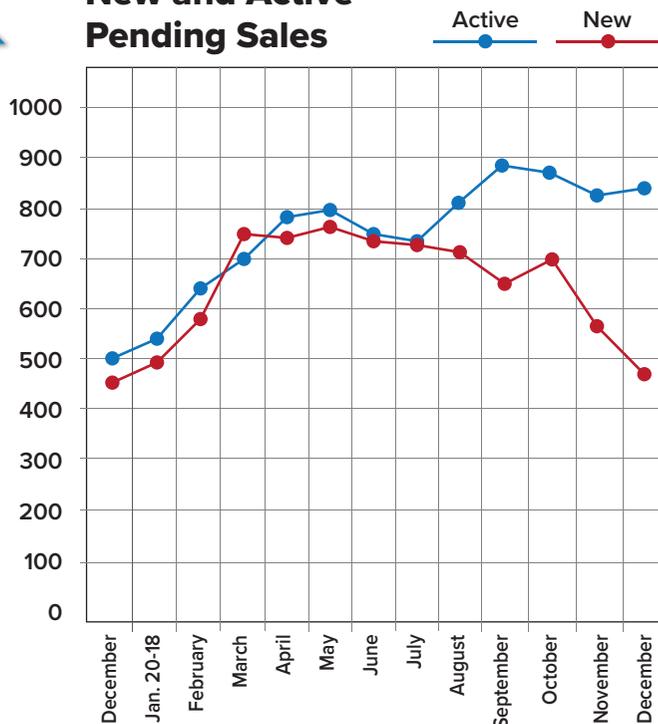
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New and Active Pending Sales





Steve Johnson shows where he proposes to build an adventure park, amphitheater and waterpark resort.

Crossing the line:

Johnson Commercial Development plans to develop Pinnacle property in Virginia

by Scott Robertson

It was only a matter of time. When Johnson Commercial Development built the Pinnacle retail development on the Tennessee side of the Virginia state line in 2013, principal Steve Johnson had already bought 350 acres on the Virginia side abutting the Tennessee property. Because the history of Johnson leaving money on the table is very short, it was assumed by most observers that he'd develop the Virginia land at some point.

That point, Johnson says, has arrived.

The Pinnacle Adventure Park, the Pinnacle Amphitheater and the Pinnacle Hotel and Waterpark Resort

The Pinnacle retail development in Tennessee hosted more than 6 million shoppers in 2018, grossing more than \$180 million in sales, according to Johnson. On the surface, that would seem to be great news. But it created a dilemma for the developer. There's not much more retail money that can be captured in this market. Thus, even if the Virginia side were developed as retail space, the returns would diminish quickly. So, what to do with all that land?

Johnson says he plans to "provide the region with a multitude of entertainment and amusement opportunities."

The Pinnacle Adventure Park will, according to Johnson, be a first-class amusement park consisting of more than 20 rides,

activities, dining and retail. The project will require a \$60+ million investment of private capital and is expected to draw just under 500,000 visitors in its first year. Johnson estimates the park alone will gross around \$30 million a year.

The Pinnacle Amphitheater, the Virginia feature closest to the Tennessee development, will have 5,000 seats with space for 10,000 more on the grass behind. There are no similar sized venues nearby, allowing the Pinnacle to fill a void between Nashville, Charlotte, Atlanta and Bristow, Va. The amphitheater represents a \$17 million investment and is expected to generate roughly \$5.5 million per year. "If you're going to have a venue like this, you have to partner with operators and artists," Johnson says, "and we're partnering with the best."

The Pinnacle Hotel and Waterpark Resort is slated to cost \$160 million with annual gross revenues of around \$40 million. Johnson anticipates more than 350,000 visitors in its first year of operation. Johnson uses the Wilderness at the Smokies Hotel in Sevierville, Tenn., as a comp. That resort opened in 2008 with 234 and has grown to more than 700 rooms since.

Between the adventure park, the amphitheater and the resort, Johnson estimates the Virginia Pinnacle projects will eventually

SEE PINNACLE, 12



PINNACLE, CONTINUED

employ 2,600 people. And that's without using all the available land. Johnson says he won't use all 350 acres in developing the three new projects. He's leaving open the possibility of not only developing more hotels, retail stores and service providers, but also office and residential space on the far east side of the Virginia property.



Johnson stands on the Virginia side of the state line with the Pinnacle retail development behind him. PHOTO BY TARA HODGES, SWEET SNAPS

Inside the numbers

The gaudy numbers in Johnson's pitch for the adventure park are found in a feasibility study by Tampa consultants Themed Future Concepts (TFC). Based on visitor data from the Pinnacle retail development and other factors, TFC determined the park's resident market to be an area stretching from Greenville/Spartanburg, S.C., in the south, past Oak Ridge, Tenn., in the west, past Beckley, W.Va., in the north and just beyond Roanoke, Va., and Winston-Salem, N.C. in the east. That makes the resident population about 5.8 million.

TFC estimates the tourist market for the Virginia Pinnacle development at around 750,000 tourists per year based on Tennessee tourism annual reports and economic impact reports and the most recent Virginia Tourism Economic Impact Report.

Put those figures together, and the total market is estimated to be a little short of 6.6 million persons on an annual basis. So, what does that mean for attendance? TFC uses its own copyrighted formula to estimate that number at around 495,000 visitors in the first year. So, around 10 acres will be required for parking for the adventure park alone.

Yes, you may be saying, but what's the bottom line? We can't tell you. But we can put together a reasonable expectation of what the top line will be.

TFC's report focuses on ride tickets, food service and souvenir sales. And again, these figures apply only to the adventure park, not the amphitheater or resort.

TFC envisions a single all-day pass to cover all rides. On a price-per-ride basis, a cost of \$49 per pass would put the Pinnacle in the same range as similar parks in Glenwood Caverns, Co., and Mt. Hood, Ore. TFC then multiplies that \$49 x the 495,000 anticipated visitors, builds in a 15 percent discount and then adds around \$800,000 for ride photo sales for an admissions + ride gross of more than \$21 million. TFC estimates around \$5.3 million in food service revenue and somewhere in the neighborhood of \$3 million in merchandise sales. That puts the top line estimated revenue for the adventure park alone at just shy of \$30 million per year.

The catch

"None of this happens without the road," Johnson says, referring to a planned new road stretching the length of the Virginia property and linking the Pinnacle Parkway in Tennessee to Miller Hill Road near the Gate City Highway in Virginia. Between the new road, planned improvements to Miller Hill Road and a new traffic signal on the Gate City Highway, the total cost of the road project is \$9,996,431.79, or as Johnson says, "call it \$10 million."

That road, Johnson says, needs to be paid for by the Commonwealth of Virginia, Washington County, or some combination of funds from both. "When you consider everything Virginia gave Amazon up in Crystal City," Johnson says, "making this infrastructure investment in Southwest Virginia, where we really need the economic development, seems like an easy decision to me. I mean, this is roads – this is the kind of thing government is actually supposed to do."



ENTERTAINMENT, ADVENTURE & RECREATION COMPLEX

Potential stumbling blocks in Richmond and Abingdon

The problem is that a \$10 million Virginia budget amendment proposed by Delegate Todd Pillion and State Senator Bill Carrico to pay for that road didn't make it out of committee into the new state budget.

Marty Williams, a lobbyist working on behalf of Johnson Commercial Development says just because the amendment didn't make it out of committee doesn't necessarily mean the Commonwealth won't come through. "I wouldn't rate it as a great chance, but there is still a chance it could make it into the budget," Williams says. "We're still going to make our case. There's still a long time before the budget's passed and I'm not going to assume nothing's going to happen, because a whole lot depends on the

tax policy and how they come out of that. It could mean they have more or less money to spend."

But if the general assembly doesn't do anything to address the \$10 million request, that's when things may get interesting in Richmond. "We know it's got the interest of the (Northam) administration," Williams says. "The secretary of commerce and trade sees it as an extraordinarily valuable project. So, I think the administration is going to support doing something for this."

Admittedly, "doing something" is no guarantee of anything specific. "Well, there are about 15 different avenues they could help with," Williams says. "I think they would lean toward doing something for it. I think there's a great chance that once the session is over the administration will get involved and we'll see what we can do."

Should the state fail to come through, Johnson has pushed the unlikely idea that Washington County might find the \$10 million.

The county, as of this writing, is still debating whether to approve an admission tax of up to 10 percent, which may or may not be used, in whole or in part, as an incentive for Johnson to build.

The county has to follow a legally mandated process in making that determination, says County Administrator Jason Berry. "Step one is to hold a public hearing. Then, if the board of supervisors, after the public

hearing, wants to pass the ordinance and set the rate, that's step two. Then the next step would be – Mr. Johnson has requested the whole 10 percent to help him build out the development. But, that would be a separate discussion and would necessitate a new performance agreement between the county and Mr. Johnson on what any incentives from that would be and at what percent. So, we can't have conversations on step two or beyond until we see if the board wants to adopt the ordinance that would create the admissions tax."

Johnson says his plan will involve more than \$240 million in capital investment and will create 2,600 jobs. And he's placed the ball squarely in the governments' court. 



Ballad Health, Lee County Regional Medical Center Authority plan to reopen LCRMC

by Scott Robertson

Since 2010, 94 rural hospitals in the United States have closed, per Modern Healthcare. Only one of those, a hospital in a town of 6,500 in Texas, has reopened. Now, a second is on the verge.

Ballad Health plans to partner with Lee County Regional Medical Center Authority to reopen a small rural Virginia hospital that has been closed for more than five years.

LCRMC, in Pennington Gap, (pop: 1,749), was shuttered by Wellmont Health System in 2013 and never reopened under the auspices of Americore from 2016 through 2018. The hospital authority voted Jan. 29 to enter into negotiations with Ballad Health to reopen in 2019. Just hours before that, the Ballad Health board of directors had voted unanimously to authorize management to negotiate a definitive agreement with the authority.

“We will now commence putting the terms together,” Ballad Health Executive Chairman, President and CEO Alan Levine said Wednesday. “Both of us want to get this done, so I don’t anticipate the negotiation of the terms will take that long.”

Ballad committed during the merger of Wellmont and Mountain States Health Alliance to provide services for the population previously served by LCRMC in the event the hospital could not be reopened under Americore or another provider. Now the question is what level of service Ballad will provide.

Virginia law mandates provision of the following essential services:

- ER stabilization for patients
- Emergent obstetrical care
- Outpatient diagnostics needed to support emergency stabilization of patients
- Rotating clinic or telemedicine access to specialty care consul-



Alan Levine

- tants as needed in the community
- Helicopter or high acuity transport to tertiary care centers
- Mobile health services for preventive screenings, such as mammography, cardiovascular and other screenings
- Primary care services including laboratory services
- Care coordination service
- Access to a behavioral health network of services through a coordinated system of care
- Community-based education, prevention and disease management services for prioritized programs of emphasis based on goals established in collaboration with the commissioner and the authority.

Levine said beyond that, Ballad would work with the Commonwealth of Virginia on possible funding models within the Medicaid program to optimize reimbursement. “We will need the Commonwealth’s help on that,” Levine said. “I believe they want to be helpful. There is still work to be done, but I feel pretty good about where we are.”

While some hard feelings in the small Virginia community may remain toward Wellmont – one of the two systems that merged to create Ballad in 2018 – for having closed the hospital years ago, Levine was confident the community will understand Ballad’s business model is very different from Wellmont’s 2013 model.

“The old model for hospitals was about bricks and mortar and as much inpatient care as possible,” Levine said. “Today’s – and the future’s model of a rural hospital is knowing the unique health conditions in that community and determining the services we can provide that are either preventative in nature or educational in addition to providing some limited inpatient services so the patients and their families don’t have to travel a great distance.

“Most important is access to emergency care,” Levine continued. “Obviously, our board will have to approve the final definitive

agreement, as will the authority, but assuming those things are approved – for people to have to travel 30-45 minutes to have basic emergency care – we have never thought that was ok.

“We wanted to make this investment because it feeds well into our system and our sustainable model. But on its own, it wouldn’t make sense, and no one would do it,” Levine said. “That’s the essence and the benefit of the merger. If anything crystallizes it, that’s it. By itself, Wellmont could not sustain that hospital – and possibly a few others – and Mountain States was facing the same issues. Together, when you eliminate unnecessary duplicative costs, you generate the resources to invest in creating basic rural access.

“When we went to the states about the merger, we said, and this was in our documents, ‘without the merger, rural hospitals will likely close. With the merger, they won’t.’ Now, we never committed to opening any new hospitals, but here we are, going beyond what our commitment was. We also did that in Unicoi County, where we kept our word and opened a new rural hospital there. Again, financially, if we were a for-profit company like HCA or Community Health Systems, we would not be doing this.”

By working with the Commonwealth on reimbursement, Levine suggested, Ballard will likely be better off working with Lee County than existing under the status quo with LCRMC remaining closed.

“We’re taking care of everybody in Southwest Virginia whether



they have coverage or not,” Levine said. “We were going to take care of these people whether Lee Regional opened or not. They’re showing up at our hospitals.”

“We have doctors in Lee County that we employ,” Levine continued. “So, we have been taking care of these people without reimbursement.”

Levine declined to put a date certain, or even to set a goal by which the board and the authority will be able to vote on a definitive agreement. “I don’t want to create an expectation that we might miss,” he said, “but we are interested in getting this done as soon as possible.”

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Kristie Hammonds

Hammonds brings broad base of experience to Frontier Health helm

by Scott Robertson

Kristie Hammonds has more experience than you think.

The energy and enthusiasm exhibited by the newly minted president and CEO of Frontier Health belie a professional who started with the company more than 25 years ago, and who has picked up valuable experience from other organizations along the way.

Hammonds started with Frontier Health back in the late 1990s. She worked her way up the company ladder from her first graveyard shift job to being adult case manager before pursuing career options outside the company.

“Working for United Healthcare helped me learn contracting and reimbursement,” Hammonds says. “ISHN and the accountable care organization really helped grow me to create better relationships with the community providers, which I think has really helped us in developing some of those integrated care projects – you know, understanding the differences between a primary care vs a behavioral health or another specialty vs behavioral health – creating some facilitation of linkages between those. And then, just the accountable care organization – learning about shared savings and value-based, risk-based modeling, which we all know is in the future of health care and has started somewhat in this area as well. All of those different experiences and skills that I have learned along the way have helped develop me for this role.”

Hammonds returned to the Frontier Health fold and spent the last four years as senior vice president of Operations before stepping into the CEO seat left vacant by the retirement of Teresa Kidd in December 2018.

“From an operations perspective, I think a lot of the things we’re building on, we have initiated over the last couple of years. Some things take time or technology. For instance, growth around being

able to streamline services – being able to provide better access to care – initiating more integrated care environments. I think what you are going to see is us expanding on several of the initiatives we have made over the last couple of years that just are in the infant stage and we’re hoping to grow. We’ll be addressing some of the needs that we have and we have seen in the community.

“We’ll be trying to create some efficiencies around technology,” Hammonds continues. “That is something we have really been trying to grow over the last three to four years. It takes time. There are a lot of dollars associated with that, so you can’t just bite off a big chunk at any one time. Telehealth services are extremely important to help provide access to care, for example. So, how can we be more efficient around using technology to help provide the tools we need to help the individuals we serve?”

The recent acquisition of the former Johnson City Specialty Hospital building is another part of the same strategy. “We started looking for a place around four years ago to find a place to create synergies with our specialty services under one roof, as well as being able to expand our capacity to serve. We have a waiting list with our residential and rehab services, so we have been trying to find a way to expand those services.”

Deleting the waiting list makes sense not only from a business perspective, but from a treatment perspective as well, Hammonds says. “If we can get you right when you have that need, and get you into treatment, we’ll hopefully be able to give better care, and get you into recovery quicker than maybe you could have been in otherwise.”

Frontier Health plans to have operations in the building up and running by midsummer. [BJ](#)

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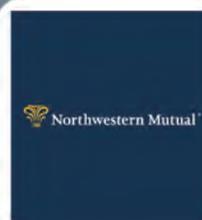
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Governor Bill Lee and *Business Journal* Managing Editor Scott Robertson at the MeadowView Conference Resort & Convention Center.
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The Business Journal Q&A

Tennessee Governor Bill Lee

by Scott Robertson

During his 2018 campaign for governor, Bill Lee repeatedly made the point that Tennessee had done great things to improve college accessibility and graduation rates, but that he was interested in creating new pathways to prosperity for non-college-bound Tennesseans. Within a week of taking office, Lee was holding budget hearings (see page 20) in which he asked commissioners how they would work together for the betterment of Tennessee's workforce. In addition, one of Lee's first cabinet appointments was Dr. Jeff McCord, former vice president at Northeast State, as commissioner of Labor & Workforce Development. McCord is an authority on public-private partnerships in workforce development, having worked with the department to create an apprenticeship program at the Regional Center for Advanced Manufacturing (RCAM). The governor sat down with *The Business Journal* after his tour of the RCAM (see page 21), Feb. 1.

The Business Journal: You were at the RCAM today, your new commissioner of Labor's old stomping grounds. So, let's start with your choice of Dr. Jeff McCord for that position. What was it about his work that caught your attention?

Governor Bill Lee: Dr. McCord has a great deal of expertise in workforce development and has a real interest in something that is of great interest to me, vocational and technical education. I believe our education system has not put enough emphasis on vocational, technical and agricultural education for many decades. Because of that lack of focus in those areas we now

have a real workforce problem. I used to run a company that was made up primarily of skilled tradespeople so I know the problem well from my private sector days, and I want to bring about a real focus on that. Dr. McCord understands that well and so I'm really excited about what he has to bring to state government.

The Business Journal: In Tennessee state government to date, there has already been a start to that kind of effort. Is Pathways Tennessee something you will continue with, perhaps something you will add onto?

Governor Bill Lee: I do think that what we have done to date has been valuable and a great step in the right direction. What I want to do is strengthen those approaches and add to that. We will be looking for ways to engage more kids in dual enrollment to give them more opportunity – particularly dual enrollment around vocational/technical skills to give them more opportunity to strengthen their pathway. We're going to be looking at ways to direct resources and funding toward school systems that don't have vocational/technical programs. We're also looking to strengthen the counseling component of education so kids don't just have college counseling in high school, but have career counselors – and to train our counselors to understand more broadly the pathways to success. We need to start that counseling even in junior high school so kids begin to think earlier about the options they have for attaining skills for a career that may or may not include post-secondary.

The Business Journal: You use the phrase starting early. One of the things brought up in today's roundtable at the RCAM was something we've been hearing in covering workforce development for the last few years. Employers say, 'We would love to get young people onto the floor for work-based learning, but our insurance people tell us they have to be 18 years old first.' Now Gestamp* has their own work-based learning model in Chattanooga and VIAM* in Manchester also has under-18 students on the plant floor. So it can be done. Is that something you're looking into making easier for employers?

Governor Bill Lee: Yes. We will be looking at that. One of the questions I asked today was, 'What are the prohibitors in this process? What are the things that make it difficult? Earlier today we toured Gestamp and asked those same questions. One of those is the challenges around young people on the floor, but there are ways to address that and we want to look at greater opportunity for those kinds of dual-enrollment work-based learning initiatives. Transportation is a challenge in those situations. I asked about it up here. I ask about it every place that I tour. Transportation is always a challenge and we need to look to our partners in developing these programs and say, 'How can we provide transportation for these young people?' There's a lot of great work being done. We just have to look at incremental ways we can improve that.

The Business Journal: One of the things we have heard from the public K-12 side is, 'We're not paid to produce future employees. We're paid to meet specific standards, and if we take time away from doing that in order to do what it takes to give you employees with these other skills you say you need, we're going to suffer for it because of the way our funding models are designed.' So, are we hearing you say you're going to change that in Tennessee?

Governor Bill Lee: I think education is much more than a test score. It is about preparing a child for success in life. That should be the goal of education. That includes academics and test scores and standards, but it also includes preparation for skills that are necessary for a career. I think it's not 'either/or.' It's 'both/and.' We have to figure out a way to accomplish both, to find a balance, to understand a new meaning for what life education looks like in this state. It looks different for different kids. It looks different for different regions. One-size-fits-all programs don't work. So, I do think we will expand our understanding of what good education means. One thing to remember is that in our state right now, we have four out of ten kids that don't go to college. We have done very little to prepare them for success in life. That is a part of the education system. So, while we want to direct children to four-year or two-year post-secondary attainment if that's where they want to go, we also want to remind ourselves that four of ten kids don't go, and our education system has to serve them as well.

The Business Journal: For all of this to work, there are elements that go beyond any one department of state government. You can

look at this from a workforce development standpoint. You can look at it from an economic development standpoint. You can look at it from a health standpoint. You can look at it from corrections – combating recidivism –

Governor Bill Lee: – and education.

The Business Journal: When you look at all those things – and you've said government isn't a solution – how do you keep government from tripping over itself and still getting all of these diverse aspects of state government to work together on solving one problem?

Governor Bill Lee: It's a really good question and it's something that we talked about in our administration right from the beginning. How are we going to align multiple departments that each touch this issue? There's a lot of work being done in and across multiple departments. What we want to do is bring down the silos between those departments, get them together, and actually talk.

We have brought together people from each of the departments that touch workforce development and we have started a process of determining where we need to integrate better – how it is that we need to leverage the strengths that lie in each department to work together and insure not only that we are not tripping over each other, but that we are actually multiplying the positive effects. That's something we're looking at as we speak.

The Business Journal: We've talked about partnerships, and of course, some businesses and some school systems have been working on this already. One thing we have heard from the private

sector is, 'Education doesn't always hear exactly what we're saying. We may tell them we need employees with this certification and then the schools train the students for a similar certification, but not the one we need.' So how does government create a better environment for education and business to really hear one another?

Governor Bill Lee: I actually think that is one of the most important components of making this work. You see that at RCAM. You see industry designing programs and kids learning very specific skillsets they are going to use for companies right here in this community. That's one of the reasons I came here. This is a really good example of a program that's working. Young people are learning the exact skills necessary to be employed right out of the program. Business has to engage, and I believe one of the things we have got to do is compel business to become engaged. They will be the beneficiary of workforce development; they ought to be part of the solution. That's been one of my admonitions to business leaders as I have traveled across the state: 'Will you engage with the education system? Will you provide equipment, resources, curriculum development, even trainers where appropriate?' Because you are exactly right. If industry doesn't engage, the product that the education system produces is not going to be what industry needs. We have to have that partnership. 

* Tennessee-based auto parts companies



Lee queries commissioners on workforce development efforts

“Workforce development cuts across multiple departments. It’s important that we collectively focus on that.”

– Tennessee Governor Bill Lee

Tennessee Governor Bill Lee quizzed commissioners of Economic & Community Development, Corrections, Labor & Workforce Development, Education and Health Jan. 25 and 28 regarding their plans to collaborate to improve Tennessee’s workforce, both qualitatively and quantitatively. The queries came during the first round of state budget hearings, during which the new governor spoke with each commissioner in a public forum.

During his campaign, Lee often spoke of making the existing workforce healthier, bringing non-violent prisoners back into the workforce at the end of their periods of incarceration, and preparing more non-college bound students to enter the workplace with certifications.

“Workforce development cuts across multiple departments,” Lee said. “It’s important that we collectively focus on that.”

Economic & Community Development Commissioner Bobby Rolfe, a holdover in that position from the Haslam administration, told Lee of the Workforce Solutions Initiative. He asked for funds to expand that program to include individuals to oversee efforts in both west and east Tennessee. “The question today has gone beyond, ‘what are your cash incentives and we understand your quality of life,’” Rolfe said. “Now they say, ‘let’s talk about your workforce.’ That continues to be the ‘it’ issue.”

“So, last year we did change our strategy,” Rolfe told the governor. “We brought our Labor and Workforce team to recruiting meetings. We also brought members of the Tennessee Board of Regents.” Rolfe agreed with Lee that the old model - recruiting a company to the state, having the company build its facility, and then offer the company help in holding a recruiting fair – is no longer viable. “Now we have the TCAT team at the table and the Workforce Development team at the table when we are negotiating and recruiting companies. It’s become much more effective, and kudos to those departments.”

Jeff McCord, the newly appointed commissioner of Labor & Workforce Development, told the governor his department has \$82 million in the budget for workforce services. Still, McCord said, if a potential employer wants to know how many qualified potential employees exist in a certain community, the Labor & Workforce De-



Governor Bill Lee questions commissioners during state budget hearings Jan. 25 and Jan. 28.



Commissioner of Economic and Community Development Bobby Rolfe



Commissioner of Labor and Workforce Development Jeff McCord

velopment Department is already working with other departments to have the answers at their fingertips. “A lot of that is going to come from the educational institutions – how many people do you have in the pipeline who are welders? How many are machinists? Those numbers will come from the TBR side.”

McCord also praised regional efforts in Northeast and Northwest Tennessee to create Work Ready Communities, which provide potential employers with what amounts to a site certification for the workforce. [BJ](#)

Visiting RCAM, Lee promises statewide workforce development agenda by mid-February

by Scott Robertson

Bill Lee began his travels across the state as governor Feb. 1 with a workforce-themed tour of east Tennessee. The governor began in Chattanooga at the Gestamp auto parts plant, then toured the Regional Center for Advanced Manufacturing (RCAM) in Kingsport. Both sites are exemplars of workforce development efforts Lee hopes to replicate elsewhere in Tennessee. Gestamp (pronounced Gesh-stomp) was an early adopter of work-based learning. The RCAM is a model for public-private partnership in creating apprenticeships and driving certification of immediately employable students.

After touring the RCAM with Northeast State Community College President Dr. Bethany Flora, the governor presided over a roundtable discussion regarding the workforce needs of private industry and the state's role in meeting those needs. Among those participating were representatives of Brock, Domtar, Eastman, Fiber Innovation Technologies, Primester, Silgan Closures and Snap-On Tools, all of which have partnered with the RCAM for apprenticeships, training and/or certification.

"RCAM is one of the first public-private manufacturing partnerships in the state," said Flora in opening the roundtable discussion. "And, we are the first in the state with our Department of Labor Apprenticeship Program that has provided training for more than 300 registered apprentices." Flora also noted Lee is the first governor in Tennessee history to articulate the need for a strategic plan to expand vocational, technical and agricultural education.

"This is an important part of where, in my heart, I think we in the state need to go," Lee said. "I left the private sector running a company of skilled tradespeople – plumbers and pipefitters and welders – but most of them are 50 and 60 years old. For 30 years we haven't done anything to develop a skilled workforce. I knew that as a businessperson. Now I know it as governor. That's why I'm so grateful for what's going on in this community to turn that tide."

Wayne Stevens of Silgan Closures was the first to address the group. "We were the first local company to sign on with RCAM to train apprentices," he said. "They facilitated the entire apprenticeship program. All we had to do was send them the people. We're a relatively small employer – 120 people. We don't have the overhead to train – to create all the materials of a full-blown, state-sponsored apprenticeship program. The vision that RCAM had played exactly into what we were looking for."

"The relationship aspect of what we've done here is exactly what needs to be continued on across the state," Stevens said. "We provide the on-the-job training part along with the journeyman trainers and RCAM provides everything else."



Tennessee Governor Bill Lee tours the Regional Center for Advanced Manufacturing with Northeast State Community College President Dr. Bethany Flora.



The roundtable headtable: Heath McMillian, Connie Marshall, Jeff McCord, Bill Lee, Bethany Flora, Sam Rowell.

"It's encouraging that smaller companies who don't have 1,000, 2,000, 3,000 employees can afford to engage here," Lee replied. Heath McMillian, RCAM coordinator said its secret to success is partnerships between the private sector and education. "We have this old saying that if you want to go fast, you go alone, but if you want to go far, you go together. That's how we've gotten our apprenticeship program to over 300 active apprentices." Lee replied, "What's happening here is a fulfillment and a manifestation of what my hope is all across this state." 

Key Faces in New Places

Dr. Bethany Flora, president, Northeast State Community College



Dr. Bethany Flora

Dr. Bethany Flora, the new president of Northeast State Community College, has a clear mission in mind.

“Northeast State needs to be concentrating on advanced manufacturing,” Flora says. “That’s something we are laser focused on with our new (technical education complex) building coming online. We have so much demand, for instance in welding, that we are turning students away.”

“Equipping this new facility with machinery and equipment that will allow us to train what the local employer base is telling us they need is something that’s very important. We have our eyes on Kingsport and what the needs are there with machining. In fact, we’re waiting to hear back from Kingsport about additional growth in those areas, grants and things like that.”

Flora is well-aware the Kingsport and Blountville campuses are not the only places students attend Northeast State classes, but

says she wants to hold off on announcing any plans for the Johnson City and Elizabethton sites. “We need to visit our off-campus sites and hear what the businesses in those areas need. I don’t believe in us telling them what we’re going to do. They need to tell us what they need.”

As for Bristol, the college lost money on operations there in the past, but that doesn’t mean the doors are closed forever. “We need to talk about Bristol,” Flora says. “We want to re-examine the relationships and determine where we can make an impact in Bristol.”

Flora’s background is a remarkable cross between academic and practical. She says her engagement with the Tennessee Center for Community College Leadership, which allowed her to become intimately familiar with the workings of the Tennessee Board of Regents, probably set her apart from all the other candidate for the job. But it’s her practical background that regional employers may appreciate more.

“I worked at Reynolds Metals as a production control specialist,” she says. “I worked to schedule manufacturing on all 17 of the lines and then I was the liaison who would take customer orders, purchase the raw material from Alcoa and then send shop orders into our shop for production.”

Dr. Jeff McCord, commissioner, TN Department of Labor

Dr. Jeff McCord knew it wouldn’t take long for the Lee administration to take action on vocational education. “I can tell you this,” he said in one of his first interviews after taking the job as commissioner of Labor and Workforce Development, “it won’t take long for us to figure out a few things that we’re going to go after.”

Fortunately, McCord was working with department long before he was named commissioner, creating the apprenticeship program at the Regional Center for Advanced Manufacturing in Kingsport as part of his job as vice president at Northeast State. “I’m coming in with a high-level understanding of most of the divisions within the department. I actually know a lot of the people I’m coming in to work with,” he says.

“I have experience in that infrastructure, but I also have 20 years’ experience inside industry and running the education and workforce development inside. So, walking in, I would say as a strength I would have that diversity of experience.”

With the introduction of the GIVE initiative (see page 7), McCord will be a key cog in making sure every region takes the new opportunities to improve vocational, technical and agricultural education.

“We’re in all 95 counties, so we have a presence in all those

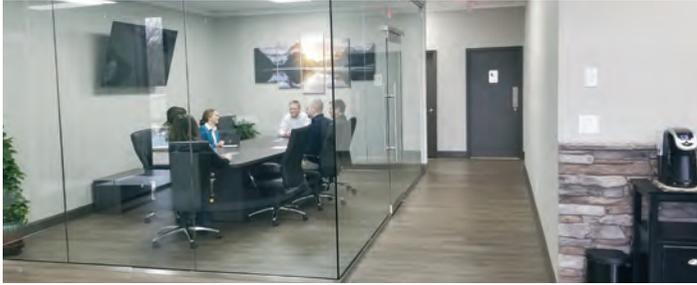
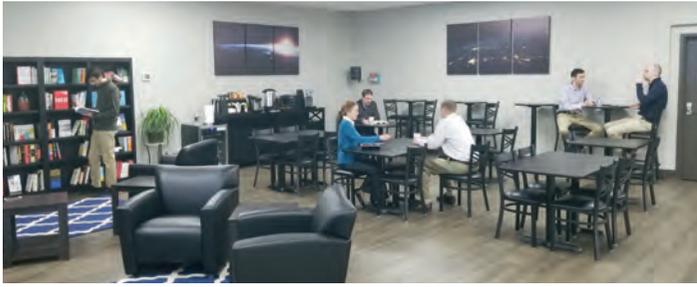
rural areas. We plan to make some visits here in the coming months so that we can hear from people in those areas directly. To put it in business terms, we’re going to go listen to the voice of the customer and see what their struggles are.”

“We have a good infrastructure to reach all the regions quickly with the workforce investment boards and all the development districts,” McCord says. “With that infrastructure, you get representation from your regional leadership and from your regional industry. I feel really good about being able to execute through that infrastructure. It’s the execution part that will really matter as opposed to just having good ideas. Good ideas are only ideas until you execute – that’s when you can make a difference.”

“It’s going to take some long days,” McCord says. “It’s going to take some long days, and that’s ok.”



Dr. Jeff McCord



CoWork Bristol offers several meeting spaces ranging from an informal cafe setting to “the fishbowl” (middle left). PHOTOS BY SCOTT ROBERTSON

Bristol co-working space for entrepreneurs opens

Erwin has Square One. Johnson City has Spark Plaza. Kingsport has Sync.Space. Now, entrepreneurs in Bristol have a local co-working space where they can take advantage of 10 gb broadband and newly renovated facilities on a start-up budget. Summit Companies and Higher Ground Technologies recently opened the doors of a 10,000-square-foot facility off Volunteer Parkway in Bristol, Tenn., branded “CoWork Bristol.”

The physical space has what entrepreneurs might expect from any similar facility, with reservable meeting rooms, cubicles and offices. It also has some less-often-found amenities for those who can afford a little extra. For instance, the building houses both a photo/video studio and an audio studio for podcast production. There’s a space that feels for all the world like a coffee shop, but the Keurig doesn’t cost the \$9 a cup you’d pay elsewhere.

Eric Fields, president of Summit Companies, says one of the great advantages of the space is the IT infrastructure put in place by Higher Ground Technologies. “You know, we were doing this on a shoestring, but we really needed top-notch IT. So for the Higher Ground team to come in and say, ‘We won’t charge for our services. We’ll do the hardware at cost as a way to contribute to the project and to show our capability,’ was better than

anything we could have dreamed of.”

Meeting rooms are equipped with flat-screen televisions that allow for off-site communication using the Vivitek NovoPro software package that syncs with every operating system from Windows to Mac to iOS to Android to Chrome. “You can share phones on the monitors as well as iPads,” says Matt Crowder, CEO of Higher Ground Technologies, which partners with Summit to operate the space. “The training room, the board room and the collaboration room all have that, so you can use any app with up to 64 different people connected at once. A moderator can just pick which one shows up on screen.”

“Because Bristol didn’t have anything like this, we felt like we needed to do this here,” Fields says. “We felt it would be well-received because it is new to the community.”

There’s also a solid business reason for Summit to play host to what it hopes will be a crowd of entrepreneurial start-ups. Summit’s core businesses are accounting and marketing, both of which will likely benefit from having a captive audience on-site. “We connect them with resources, and they get connected with us,” Fields says. **BJ**

Zion Marine: Profitable while underwater

by Robert Bravender

The first time Joseph Templeton showed his then-fiancé Lori a magazine ad touting careers in commercial diving, she was incredulous. “I asked him if there were actually jobs for that,” she laughs.

As it turns out, there are quite a few. The Templetons spent years in other pursuits,

but always came back to being intrigued by how successful they might be doing business underwater. Eventually, they formed Zion Marine, a company specializing in water infrastructure, or as their slogan proclaims, “underwater everything.”

“Anywhere you see water, it has to come

from somewhere, and something has to be maintained, even in a little pond,” Lori explains. “Anything on or below the water’s surface that has to be built, maintained, inspected and repaired. We do that. Even if it’s in that much water,” Lori widens her thumb and forefinger, “it’s subject to inspection. We’ve done them in, like, a foot of water.”

Take a cursory look at the countryside; you’re certain to see structures on which Zion works: dams, bridges, power plants, water filtration plants, and storage facilities like clearwell tanks and water towers. “Actually, that was one of the first jobs Joseph had,” Lori recalls. “Towers and tanks have to be inspected and maintained, so they can either be drained and done in the dry, which they’d lose a lot of product that way, or we can do it by putting in a diver or an ROV—a remotely operated vehicle with a camera—to examine the interiors.”

The business of water management has been prominent in the region since the Tennessee Valley Authority was chartered by Congress in 1933. Since then, dams both large and small have proliferated, along with companies to take care of them. “American Electric Power (AEP) has several power plants,” says Lori. “They recently sold a dam to an independent company and we were part of its refurbishment.”

Based in Kingsport, Tenn., Zion also does maintenance on the Model City’s latest water treatment system, as well as the sludge ponds of paper mills—crucial for eliminating the odor associated with this industry. For construction, they do underwater metal cutting and welding, while topside they do shotcrete (concrete sprayed from giant pneumatic hoses). More recently the company has expanded into dredging, from hand held dredges to units hung off of barges.

Some folks do get the wrong idea—that the Templetons are having the kind of fun you have diving off some Caribbean Cay. “A lot of people will go, ‘oh yeah, I’m a scuba diver too’—which is a real offensive phrase in this industry,” Lori laughs. “Everything we do uses surface-supplied air. You have

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an umbilical which comes down from a platform that runs communications and the air.” The helmet alone is a hefty 32 pounds of brass and glass and separates the divers from the swimmers with a four- to five-figure price tag.

“There are industry standards that we must meet, and of course there are regulations and rules,” she emphasizes. “And one of those rules is that you can’t be (just) a scuba diver and get paid to work underwater. You have to actually go to a school and be well-trained to be able to use this equipment.

“You’ll have guys who have more experience in potable water, others more in engineering inspections,” she continues, “so we try to get a good mix of the right guys to be able to do the type of work we’re seeing come our way. The commercial diving industry is fairly small, so there’s probably only three degrees of separation between everybody in the trade.”

While their work in Tennessee, Virginia and North Carolina is growing, this actually wasn’t what the Templetons originally planned. “At first we were setting everything up in Georgia because that’s where our first contract was,” Lori reports. “There wasn’t any competition there or in the surrounding area, so we thought we’d be able to grow a lot down there—but everything took off here.”

Consequently, they compromised and opened a satellite office in Decatur, Ga., to service the water facilities of DeKalb County. Then Florida opportunities started presenting themselves. “We were at a water association conference down there and people were telling us that they didn’t know who to call for this and that,” Lori shrugs. “So, we started a Tampa regional office a few months ago and it’s already bringing in significant income.”

In their first year Zion Marine only grossed around \$10,000, but by their second-year revenues had jumped to \$411,000, and by 2018 they more than doubled their income to \$900,000. At the beginning of 2019, Lori says they already have over \$1 million in signed contract work.

While Joseph still occasionally gets his hands ‘wet’ when working at a site, Lori says he’s doing a lot more project management. “I’ve had to hand off a lot of stuff to him because my plate keeps growing,” she explains. “We just hired two more guys so we have someone to actually manage Florida and another guy who will take on some of the management of projects in this area, because neither of us can be on every site.”

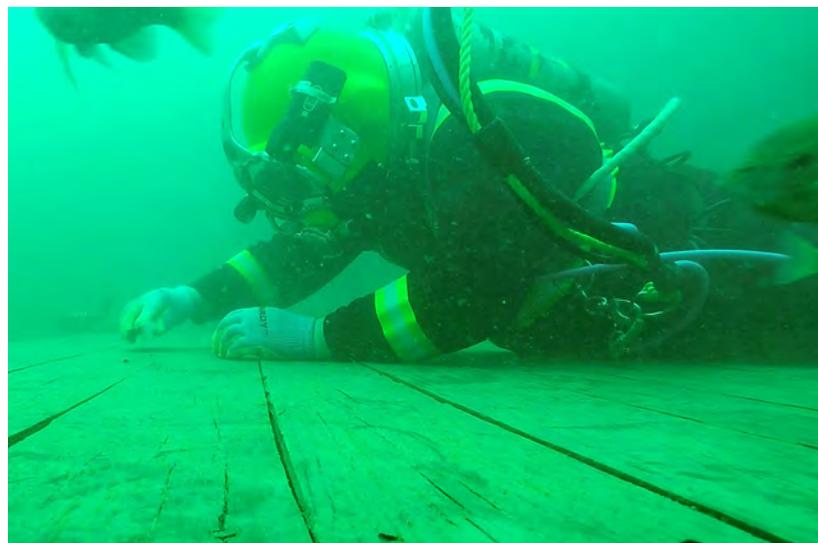
As Lori sees it, there are two things that set Zion Marine apart from other commercial diving companies. “We provide professional reports that are more focused on the engineering side of inspection and are more detailed,” she says. “We tend to put actual CAD drawings in, conveying more factual data than approximations. Clients are really not used to that.

“And our safety standards are some of the highest in the industry,” Lori continues. “Our guys are expected to be wearing PPE (Personal Protective Equipment) all the time. We don’t cut corners. I once had a new hire show up on a site without an important piece of safety equipment. I said, ‘well, you’re going to go buy one. It’s required, it was on the equipment list, and our client expects us to have this.’

Zion Marine was honored in 2018 with the KOSBE Awards’ Construction Business Excellence Award because of attention to detail like that, Lori says. “We will always be topnotch and prepared for anything and everything. Our clients recognize that.” 



Lori Templeton at Zion Marine's Kingsport office
PHOTO BY ROBERT BRAVENDER



A Zion Marine employee hard at work
UNDERWATER PHOTOS COURTESY ZION MARINE

On the Move

Administration

Gene Cossey has accepted the position of executive director at Tri-Cities Airport. “Gene Cossey is a seasoned airport executive with extensive experience in airport operations and management,” said Dr. Jon Smith, TCAA Chairman. “He has earned the designation of an Accredited Airport Executive with the American Association of Airport Executives, and International Airport Professional with the Airports Council International. We, at the Tri-Cities Airport, are extremely excited to have Gene join our Airport management team and look forward to his taking the Airport to the next level.”

“I am very excited to be a part of the Tri-Cities and to join the exceptional team at Tri-Cities Airport,” said Cossey. “The Airport and the region both provide a tremendous opportunity for continued growth and development, and I’m excited to be on the team which is making this a tremendous and prosperous region.”

Prior to accepting the position at Tri-Cities Airport, Cossey served as the Executive Director of the University of Illinois – Willard Airport. During Cossey’s three years at Willard Airport, he expanded air service, developed new concessions and revenue



Gene Cossey

sources, worked to develop the first airport master plan in more than 40 years, and managed construction projects for new taxiways, airport lighting and roadways.

Cossey has worked in aviation operations management since he was a teen and held positions at five airports spanning more than 30 years. His previous employment includes serving as the Director of Operations at the Eastern Iowa Airport in Cedar Rapids, Iowa, and the Director of Airside Operations at the Cincinnati/Northern Kentucky International Airport. He spent the majority of his career on the Oregon Coast where he was the Operations Manager and Director of Information Technology at the Southwest Oregon Regional Airport, and Airport Director at the Newport Municipal Airport. Cossey holds a Masters of Public Administration degree from the University of Illinois, Springfield and Bachelor’s degree from Linfield College in McMinnville Oregon majoring in Business Management and Information Systems Design. He is currently a Doctoral Student in the University of Illinois Public Administration program.

Cossey is an Accredited Airport Executive with the American Association of Airport Executives (AAAE) and is an International Airport Professional with the Airport Council International (ACI).

Banking

First Community Bank (FCB) of East Tennessee recently announced several promotions as well as a new addition to the team.

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Matt Cradic

Matt Cradic has been named vice president. He currently serves the bank as a senior credit analyst and banking officer. With more than 15 years of financial services experience, Cradic was previously employed as an auditor for Fortner & Smalley, PLLC and an assistant vice president/financial analyst for CitiGroup. Cradic holds a Bachelor of Science degree in Accounting from UVA Wise and is a licensed certified public accountant. He currently resides in Mount Carmel, Tenn.



Ashley Lawson

Ashley Lawson has been promoted to assistant vice president and branch manager of the West Main Street location in Rogersville. Lawson has been with the bank since 2004. A 2016 graduate of the Southeastern School of Consumer Credit and Leadership Hawkins, Lawson will be responsible for the day-to-day retail operations of the branch as well as regional business development. Named the 2018 Best of the Best Loan Officer in Hawkins County by the Rogersville Review, Lawson is the current president of the Rogersville Kiwanis Club. She resides in Rogersville with her husband and three sons.



Stephanie Potts

Church Hill Branch Manager **Stephanie Potts** has been named vice president. She currently serves as a lender and banking officer. She was formerly the branch manager of FCB's downtown Kingsport office, and most recently served the bank as an assistant vice president. Potts will continue in her business development role in Hawkins County and the surrounding areas as well as facilities manager for all seven FCB branch locations. A graduate of Gate City High School, Potts attended Mountain Empire Community College and also graduated from the Southern School of Consumer Credit. She was named Best of the Best Loan Officer in Hawkins County by the Rogersville Review in 2017 and named the 2018 Lender of the Year by the FCB Board of Directors. Potts and her husband, Chris, reside in Gate City with her two children, Kierra and Eli Starnes.



Cathy Trent

Cathy Trent has been promoted to banking officer. She currently serves the bank as the accounting department supervisor overseeing four employees. With more than 20 years of accounting experience, she has been with FCB for 17 years. A Spring City, Tenn. native, Trent attended Tennessee Tech and the University of Tennessee. She currently resides in Rogersville with her husband and daughter.

Beverly Oxford has joined the bank as vice president and loan operations manager. With more than 39 years of financial

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services experience, Oxford was previously employed by First Commonwealth Bank in Prestonsburg, Ky., as the compliance and BSA officer. In her new role at FCB, Oxford is responsible for the daily management of the bank's centralized loan processing and loan portfolio review among other duties. She and her husband, Dennis, currently reside in Kingsport and have three children and five grandchildren.



Beverly Oxford

Awards & Achievements

Aerospace Park awarded final TDOT Economic Development Grant

The Tri-Cities Airport Authority (TCAA) has been awarded a \$1,690,000 grant from the Tennessee Department of Transportation's (TDOT) Aeronautics Economic Development Fund to further the development of Aerospace Park. Aerospace Park is a direct-air-field development. The site offers 21 acres certified for immediate development and an additional 140 acres under development. TDOT's grant funding should allow TCAA to complete the final phase of construction including final grading, access roads and

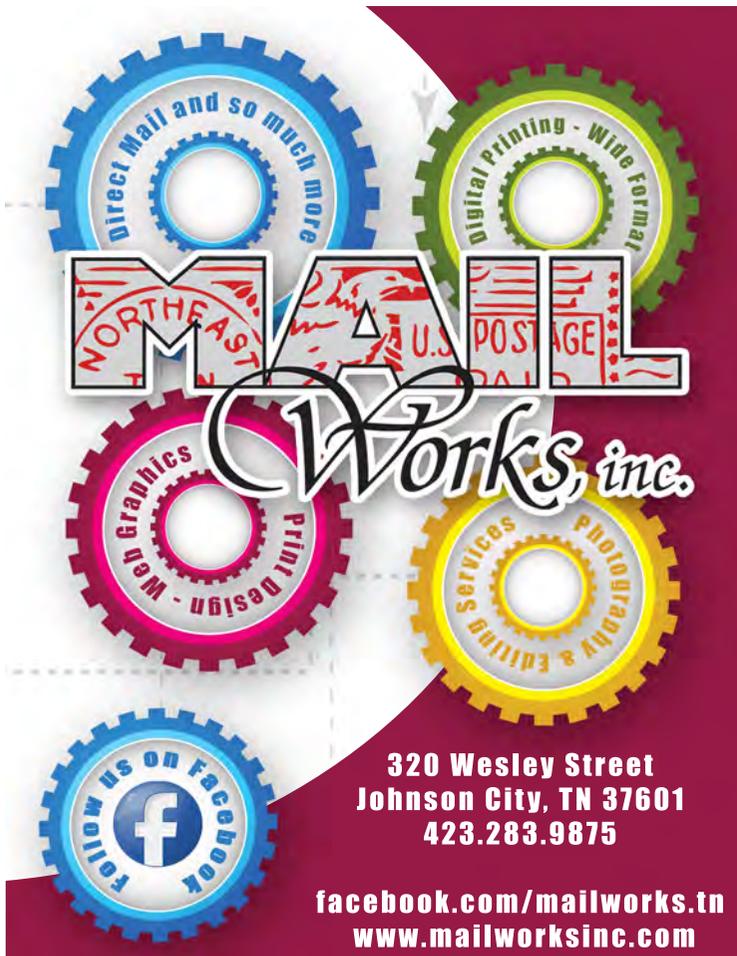
utilities for the Aerospace Park development project.

"Aerospace Park is an important economic development project for our region, and we appreciate the commitment Governor Haslam and TDOT Commissioner Schroer have made to its success through the award of this grant," said Jon Smith, TCAA chairman. "We also greatly appreciate the support and hard work our legislative delegation, community partners and staff have devoted to this project." The purpose of the TDOT Fund is to advance job creation and investment opportunities in aerospace industry, which helps Tennessee's airports continue to be important economic development engines for their regions and the state.

ETSU's Bishop receives Southern Association of Colleges and Schools award

Dr. Wilsie Bishop, vice president for health affairs and professor in the College of Public Health at East Tennessee State University, was awarded the Demetria N. Gibbs Outstanding Chair Award at the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) annual meeting.

SACSCOC is the recognized regional accrediting body in the 11 U.S. southern states and in Latin America for those institutions of higher education that award associate, baccalaureate, master's or doctoral degrees. Bishop has been a SACSCOC site reviewer since 1982 and has conducted 41 site visits, including 27 as chair. 



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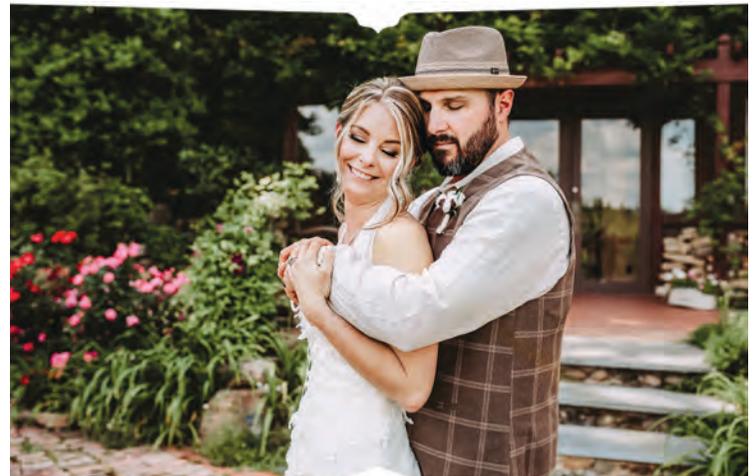
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Unequal and equal pay – past and present

by Stephen M. Darden, Esq. Mr. Darden practices labor and employment law with Hunter, Smith & Davis, LLP, and serves as the firm's Managing Partner.

Among the relics that I have collected during my years of practicing labor law are a handful of decades-old labor contracts that were negotiated at a now-shuttered mill in Cloquet, Minnesota. Wooden matches and other similar products, such as corn dog sticks and clothes pins, were once manufactured there. Those contracts, which were agreed-upon by the union that represented production and maintenance employees and the company, contain wage schedules that set different rates of pay for men and women who performed similar jobs. For example, a “Rumbler Man” made \$1.23 per hour in 1953 versus the \$1.11 per hour paid a “Slotter Girl” and “sweepers” made \$1.21 per hour while “office cleaning girls” received \$1.17. The 1953 contract was negotiated 10 years before the Equal Pay Act of 1963 was passed, along with its mandate that women not be paid differently than their male counterparts. In a sense, one is tempted to quote the old Virginia Slims’ cigarette ads and proclaim “You’ve come along way, baby!” And while the law is over five decades ago, many women, particularly those who know or suspect that their male co-workers are still paid more than them, would say “We’re not there yet.”



But how much pay discrimination exists in the modern workplace on the basis of gender? Many commentators would say “a lot” and others might say none to very little. The truth, as they say, probably lies somewhere in the middle.

Interestingly, the first law that President Barack Obama signed into law during his two terms as President was known as the Lilly Ledbetter Fair Pay Act. The Ledbetter Act, despite its title, was in response to a Supreme Court ruling that limited the time period for recovering back pay, as the 1963 legislation already prohibited pay discrimination along gender lines. The National Organization for Women’s website states that “women are paid an average of only 77 percent of what men are paid.” Such statistic is based on all compensated employees across the board in the United States, as opposed to comparing employees in a specific industry. Thus, much of the disparity stems from the fact that a high percentage of women continue to make their living in traditional female roles such as teachers, clerical workers, or in nursing. It is relevant to ask, for example, if female airline pilots are paid less than male airline pilots? Or if male welders are paid more than female welders? Most likely, the answers are no.

But the analysis isn’t always so clear because two jobs with different titles may still involve equal skill, effort and responsibility. It would simply be naïve to suggest that situations where women earn less than their male counterparts are a thing of the past. Indeed, in 2017, the Equal Employment Opportunity Commission took in 996 new equal pay act claims, resolved 1,225 existing claims, and recovered \$9.3 Million for equal pay claimants. Exceptions to the basic legal requirement of equal pay exist for seniority systems and other factors. And a major caveat allows for pay disparities based on “any . . . factor other than sex.” What does that mean? It doesn’t mean a man can be paid more than a female colleague merely because he is the head of his household and is thus supporting a family, including a stay at home wife, since such reason would not be job-related.

Consider a recent decision of the Ninth Circuit Court of Appeals. (Yes, the one about which President Trump often tweets critically, particularly in the area of travel bans and immigration matters.) In 2018, the Court reversed its own prior reasoning by ruling that a decision to base a female’s salary on her prior salary at another place of employment was not a legitimate factor other than sex because it lacked job-relatedness. In the Court’s opinion, ruling otherwise would perpetuate endemic pay discrimination. While the Ninth Circuit does not control in our region, the take-away is that employers should not assume that paying a newly-hired female employee more than she made at her previous place of employment insulates the new employer from a claim for gender-based pay discrimination. Of course, factors such as qualifications, length of time in the workforce, and other factors can continue to explain a difference in pay if one exists between men and women.

Like many areas of the law, there is some black, there is some white, and there is a lot of gray area with pay equity and employers who are unsure should seek counsel. A couple of things are certain: Those labor contracts sitting on my office credenza are quaint reminders that many things that were once lawful in the workplace are no longer acceptable, and the Equal Pay Act has made a big difference in America’s workplaces. **BJ**

The 27 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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