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EXECUTIVE SUMMARY

Gov. Bill Haslam’s top priority is making Tennessee the No. 1 location in the Southeast for high-quality jobs. In April 2011, Governor Haslam released his Jobs4TN plan, which laid out four key strategies for achieving this ambitious goal. The four strategies are (1) prioritizing business development efforts in six key clusters in which the state has a competitive advantage; (2) reducing business regulation; (3) investing in innovation; and (4) establishing regional “jobs base camps” in each of nine regions across the state. One of those nine regions is Southeast Tennessee.

In order to successfully develop a regional strategy, the economic development (ED) partners in Southeast Tennessee engaged in a collaborative process across the 10 county region. In conjunction with the Southeast Tennessee Development District, ECD’s regional staff convened meetings in two parts of the region to identify assets and opportunities in those areas, to define and prioritize targeted growth sectors, and to discuss how to leverage recent major ED successes in Hamilton and Bradley counties for the broader benefit of the region as a whole. Members of the state legislature, city and county mayors, as well as local elected officials participated in the process. Representatives of the business community, concerned citizens, TVA and educational institutions also provided input to the plan during these sessions. Strategies for county-specific economic development previously identified in counties’ Three-Star plans also served as a resource in the development of this plan. The Southeast regional plan also closely aligns with the recently updated strategies of both the Hamilton and Bradley County Chambers of Commerce and the Southeast Tennessee Development District. Consultation with these ED partners, as well as the Tennessee Valley Authority (TVA), University of Tennessee (UT) and other stakeholders, helped ensure that this plan is aligned with and complimentary to the region’s already developed ED strategies.

Southeast Tennessee has a diverse employment base, with the service, manufacturing and agriculture sectors accounting for the majority of jobs in the region. Health care, including insurance; transportation and logistics; and food manufacturing are among the key clusters in the region. Recent economic successes have come from two of the region’s other key clusters—automotive and energy—with Volkswagen, Alstom, and Wacker recently announcing major investments. These newly recruited industries play to the region’s strong manufacturing heritage and have contributed to significant net job growth in Southeast Tennessee. Contributing to those successes are regional assets like the two major interstates, the Tennessee River with associated ports and barge access, rail access, a regional airport with direct connections to major national and international hubs, and ample industrial
land, especially in the broader 10-county area. EPB’s 1-gig internet service along with broadband availability from AT&T, Comcast and Charter provide a strong communications backbone for the region.

In the past two years, the region has been successful in securing billion dollar investments for manufacturing facilities in the automotive and energy sectors. For the remainder of 2011 and 2012, the regions recruitment efforts will focus on identifying and building relationships with the suppliers of these major companies. Attention is also being given to rural and urban data center possibilities and to the development of a structured “grow local” initiative that will take advantage of Southeast Tennessee’s agricultural base.

Recognizing that the largest job growth potential comes from businesses already operating in the region, reaching out to existing business will be a strategic priority during the next 12 months. ECD, in partnership with the Southeast Tennessee Development District, TVA, Chambers of Commerce, designated local ED entities, and local government will reach out to employers in the region to assess opportunities for additional jobs, capital investment and expansion. These interactions will provide opportunities to address concerns expressed by the businesses, follow-up with decision makers on investment and expansion possibilities, and identify workforce development needs that will enhance placement options for the region’s under- and unemployed.

There is a long history of successful entrepreneurship in Southeast Tennessee. A number of organizations and groups are engaged in re-building that base of entrepreneurial activity. Business development centers and educational institutions across the region, foundations, chamber-driven initiatives, entities focused on entrepreneurial support, and a cadre of willing mentors and investors are part of the concentrated effort to develop new technology, transfer technology from the lab to production, and speed the time to market. ECD will support and partner with these efforts to help focus the region’s growing innovation strategy and to take advantage of Chattanooga’s designation as one of the “World’s Top Seven Smartest Cities.”

A number of partnerships and initiatives for workforce development are in place in the Southeast region. Using the most successful of these as models for additional workforce development initiatives in the region will be a key strategy going forward. This includes exploring industry-specific training similar to the VW Academy, school-to-work programs staffed by business volunteers, and expanding the Career Certificate program.
The Southeast Tennessee region is a 10-county area, with the Athens/Cleveland/Chattanooga corridor responsible for more than two-thirds of the employment in the region. All 10 counties are well-integrated, having high-quality transportation corridors between them. Each county in the region has at least one industrial park, and there is ample vacant industrial land in the nine counties outside of metro Chattanooga. Nickajack Port in Marion County is the second largest industrial park in the region, behind Enterprise South, and is situated to take advantage of barge, rail and interstate highway access. In addition to greenfield sites, there is a 140+ acre site in downtown Chattanooga that is formerly home to Wheeland Foundry and U.S. Pipe that now available for re-development. Re-development opportunities in several other counties are also underway.

The service sector remains the region’s dominant source of employment. There is a robust agricultural base, with a growing focus on the fresh food sector. Manufacturing is a significant source of employment in six of the region’s 10 counties, particularly those along the I-75 corridor. The manufacturing sector has been strengthened by the recent arrival of Volkswagen, Wacker, the nuclear division of Alstom, and investments/expansions by Olin, Whirlpool and McKee Foods. These companies, along with Amazon, are fueling tremendous growth in the Hamilton and Bradley portions of the region. Together, their presence enhances the potential for even more growth in the next few years; the challenge is to leverage that growth to more directly benefit the region as a whole.

Southeast Tennessee’s major assets include the Tennessee River with associated ports, two major interstate highways along with four lane highways across the region, rail access, proximity to higher education institutions (both public and private), availability of healthcare facilities, abundant natural resources, a reliable and cost-effective power source provided by TVA, and a metropolitan airport in Chattanooga that serves the region. Cellular service and broadband are available throughout the region, although not as ubiquitously in the more sparsely populated areas. In addition, EPB’s Smart Grid system not only allows the power company to manage its electrical system more efficiently and reduce outages, it also gives every customer in EPB’s service area access to 1-gig speed, more than 200 times faster than the national download average. That speed, coupled with broadband availability from AT&T, Comcast and Charter; the educational partnership between business, Chattanooga State, and the UT Chattanooga; and the prevalent entrepreneurial activity in the city earned Chattanooga a place in the “Top Seven Most Intelligent Cities in the World,” as determined by the Intelligent Community Forum out of New York City. The SIM Center, associated with the UT Chattanooga, provides a unique R&D resource for businesses within and outside the region, including the military. The strengths of each county in the region are outlined in detail below.

**Bledsoe County:** Agriculture is a key component of the county’s economy. Beef and poultry, along with a variety of fruits and vegetables, are grown here. There is a growing interest in partnering with other predominantly agricultural counties in the region to take advantage of the “grow local” foods movement, which a Benwood Foundation study has identified as a multi-million dollar ED opportunity. Strategically located near major metropolitan areas, Bledsoe is well-positioned to reach an expanded market for its farm products. Destination locations like Fall Creek Falls State Park, scenic beauty and Main Street projects provide the opportunity for growth in the tourism sector, particularly with those seeking outdoor activity opportunities. Quality of life and available land are drawing a growing segment of the retirement population.

Available industrial land, labor force and the pro-business attitude of local government are positive factors for industrial growth. Once home to Johnson Controls and Dura Manufacturing, the county has an available labor pool trained and ready for new manufacturing jobs should new industry locate there. The Pikeville Industrial Board owns a 235,000 sq. ft. facility previously used by General Motors that is available for recruited industry.

**Bradley County:** The Economic Development Council of the Cleveland/Bradley Chamber of Commerce serves as the economic development agency for both the city of Cleveland and Bradley County. Working with private sector developers, as well as regional partners such as ECD, TVA, and the Southeast Development District, the Council is a major player in retaining, expanding and recruiting jobs to Bradley County. Recent retention/expansion successes include Olin and Whirlpool. Bradley County has also recently recruited Wacker, with an initial investment exceeding $1.5 billion, as well as Amazon. M&M Mars and Peyton Southeastern are other major employers. The labor force within 25 miles of the center of the county
Using its agricultural roots, the county is also a part of the available physical facilities are being actively marketed by the local strong work ethic and a wealth of natural resources, along with Sequatchie County is connected to metropolitan tourism base that can be built upon. Dayton’s notoriety as the site of Governor Haslam’s top priority is making the region also closely aligns with the Star plans also served as a resource in the region to assess opportunities for additional jobs, capital investment, and to take advantage of Chattanooga’s designation as one of the “World’s Top Seven Smartest Cities.”

**Grundy County:** Grundy County’s industrial base is centered in the Pelham area, near the I-24 interchange. Most of the industry in the county is a part of the automotive supply chain. Altamont, the county seat, is working with Vision Grundy to explore redevelopment of older buildings like the old high school into a small agribusiness incubator, and county leaders are part of the “grow local” food initiative discussions with Marion, Sequatchie and Bledsoe counties. Local activists and representatives of the University of the South in nearby Sewanee are discussing possible partnerships with local ED efforts to revitalize the economic base in the county.

**Hamilton County:** The Chattanooga Chamber of Commerce is the primary ED driver in the greater Chattanooga area, working closely with local governments, ECD, the Southeast Tennessee Development District, TVA and the other ED partners in the region. With the support of these partners and the business sector, the county has been very successful in attracting and retaining business. The location of Alstom’s nuclear manufacturing arm for the United States, Volkswagen’s choice of Enterprise South for its North American production facility, and Amazon.com’s distribution facility, also at Enterprise South, have provided significant job growth in Hamilton County. In addition to direct Volkswagen employment of 2,000, which is expected to increase to 2,300, there are another 1,300 jobs at the 19 suppliers and vendors for VW that are now located in the region. Recruitment success has limited available sites and buildings for additional growth in the county; therefore, efforts are underway to partner more closely with other counties in the region to explore creative methods for site development and to redevelop brownfield sites within the city limits.

There is a focused existing industry outreach program in the county, spearheaded by the Chamber, in partnership with the aforementioned ED entities. In addition to the automotive and energy sector presence, healthcare is a major employer, as Blue Cross Blue Shield of Tennessee and Unum are headquartered in Chattanooga. Food, transportation and logistics, and call centers also figure prominently in the county’s employment base because of companies like McKee Foods, US Xpress, Covenant Transport, T-Mobile and Convergys. EPB’s Smart Grid, coupled with broadband capabilities from AT&T and Comcast, provide unmatched telecom/internet capabilities for the region and its businesses and residents.

Chattanooga is also the commercial, transportation and cultural hub of the region, with a regional mall, metropolitan airport and two interstate highways. Tourism is an important part of the local economy with attractions such as the Tennessee Aquarium and venues that appeal to outdoor enthusiasts, as indicated by Chattanooga’s top ten ranking by various publications that focus on access to and availability of outdoor opportunities.

**Marion County:** There is a wide variety of industry in the county, concentrated in the southwest sector. Lodge Manufacturing, which has operated as a family-owned business since 1896, is the oldest and one of the largest manufacturers in the county. Also located in Marion County are Valmont, O’Neil Color, Variform, Colonial Chemical, Sequatchie Concrete and Rock Tenn. These and other employers are kept in Marion County by a stable workforce and convenient access to markets by interstate, secondary roads, river and rail.

The Marion County Economic Development Partnership was created to bring together business and political leaders from each area of the county to guide the county’s ED efforts. Working with the ED partners in the region, Marion County is actively marketing the second largest industrial site in the region, Nickajack Port, which has interstate, river and rail access. In close proximity to Chattanooga and strategically placed along I-24, the county has location advantage and could be primed for significant development. Agriculture remains strong here, and Marion County is part of the “grow local” discussions mentioned earlier.

**McMinn County:** The McMinn County Economic Development Authority (EDA) is a centralized agency devoted to recruiting new

[www.tn.gov/ecd](http://www.tn.gov/ecd)
industry and assisting existing industries that are expanding. It is a public/private partnership governed by a 30-member board made up of McMinn County citizens and elected officials. The Authority also develops property for industrial use, for warehousing/distribution operations, for research and development projects, and for data centers. It has five government funding agencies and 108 partners and members from the private sector. DENSO Manufacturing is one of the EDA’s successful recruits. To date, DENSO has announced more than $350 million in new capital investment and presently has more than 900 employees, making it the second largest employer in the county behind MIG. Resolute Forest Products, formerly known as Bowater, ranks as McMinn’s third largest employer. Johns Manville, J.M. Huber Chemical Corporation and the recently re-started Waupaca Foundry are in Etowah in the eastern part of the county, and account for significant employment as well. In the past 10 years, EDA has joined with the state, county, city governments and local utilities companies in locating new plants to McMinn County, as well as assisted a number of existing companies with expansions. Manufacturing remains the backbone of the economy and accounts for 34 percent of the county’s jobs.

Athens is an economic hub for both McMinn County and the neighboring counties, with its position on the I-75 corridor making it a viable candidate for new industry. There are numerous available industrial sites in three industrial parks; I-75 Industrial Park, Mt. Verd Industrial Park and North Etowah Industrial Park (which is rail-served). Efforts are underway to capitalize on growth in the Knoxville and Chattanooga metros, particularly with Tier 2 and Tier 3 automotive suppliers. Mayfield Dairies is an anchor employer in the agricultural sector, and there is a growing agri-tourism sector in the county. McMinn County is also involved in the region’s “grow local” discussions.

Meigs County: The county is exploring partnering with neighboring McMinn, Polk and Rhea counties for positive economic impact and job growth through “grow local” opportunities that would build on its heavy agricultural base. County leaders are inventorying broadband and other communication assets. That inventory will identify areas of coverage and areas requiring additional resources to provide adequate coverage for business opportunities. Armed with that information, the county and its development partners plan to develop a coordinated strategy for maximizing opportunities for rural call center and other communication-based initiatives. River access and topographical assets make tourism and recreation viable options for the county; quality of life is also an asset for attracting retirees. A renewed effort to develop infrastructure and potential sites for industry is underway. The existing manufacturing base includes Polyform, Storm Copper Components, Shaw Industries, and Solomon Corporation. There is an industrial park on Highway 58, 10 minutes from I-75, that has large tracts (30 to 50 acres) still available, just 47 miles north of Chattanooga’s Volkswagen plant. The county’s labor pool also draws from Monroe, Polk, and Rhea counties.

Polk County: The Ocoee and Hiwassee Rivers, Cherokee National Forest, and a scenic passenger rail route provide the basis for a tourism sector in Polk County, which shares a border with North Carolina. Olympic whitewater rafting events were held here, and the area still attracts adventurers. The attractive climate and mountain terrain have made Polk County a growing retirement destination. With only one direct route through the county, US 64, which has been closed previously for extended periods due to rock slides, accessibility is a major issue for both the tourism industry and for the workforce. Currently, AngloSystems and Crystal Geyser Roxanne are the county’s largest manufacturing operations. TDOT’s potential Corridor K project is critical to future industrial development in this area.

Rhea County: U.S. Highway 27 and a parallel railway line provide easy access to Rhea County and serves as the growth corridor in the county. The Rhea Economic & Tourism Council drives the ED efforts in the county. Major employers include La-Z-Boy, Suburban Manufacturing, Goodman Manufacturing, Kayser-Roth Corporation, Robinson Manufacturing and International Automotive. Focused retention efforts and strong working relationships have helped to maintain a major manufacturing presence in the county, even though job losses have occurred. For example, through the efforts of the state, the Development District, Chattanooga State and the corporation, creative partnerships have allowed Suburban to train employees on site and retain those jobs in its Dayton plant.

Existing industrial sites and properties are prevalent. Ample industrial property, especially in Spring City, plus proximity to Chattanooga, enhances opportunities for future industrial investment in the county. Watts Bar Lake provides a recreational and
tourism base that can be built upon. Dayton’s notoriety as the site of the Scopes Trial is also a part of the tourism sector. Agriculture is a major segment of the economy, and the county is also considering the possibilities of a focused “grow local” initiative.

**Sequatchie County:** Sequatchie County is connected to metropolitan Chattanooga by roads built to interstate specifications which offer speedy access to Hamilton County and Interstates 75 and 24. Thirty acres of land are available in the county’s new industrial park and a 200,000 square foot, 20-year-old building and thirty-plus acres are available for sale. The City of Dunlap owns a 3,0000 square-foot building on seven acre adjoining tract which is also available for development. A stable workforce, with a strong work ethic and a wealth of natural resources, along with available physical facilities are being actively marketed by the local chamber and regional ED partners. Sequatchie is home to a growing influx of retirees who are attracted by the quality of life, recreational opportunities and natural beauty, and the nearby healthcare, shopping and cultural offerings in Chattanooga. Utilizing its agricultural roots, the county is also a part of the “grow local” discussions with the other counties collectively referred to as the Sequatchie Valley (Marion, Grundy and Bledsoe).
grow local” discussions with the other counties collectively. Healthcare, shopping and cultural offerings in Chattanooga. Recreational opportunities and natural beauty, and the nearby metropolitan Chattanooga by roads built to interstate specifications. Tourism base that can be built upon. Dayton’s notoriety as the site of “Auto Alley,” which stretches from Alabama to Tennessee and the Carolinas. ECD will also continue to work with Grundy and Rhea counties where there is a strong agricultural presence. ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural presence. ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural industry. ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural presence.

One of those nine regions is South-Camps” in each of nine regions across the state. One of those nine regions is South-Camps” in each of nine regions across the state. One of those nine regions is South-Camps” in each of nine regions across the state.

Rhea

In the Southeast region, as with any area, a highly motivated, entrepreneurial support, and a cadre of willing mentors and others to improve the marketability of the brownfield site that could become part of “Auto Alley,” which stretches from Alabama to Tennessee and the Carolinas. ECD will also continue to work with Grundy and Rhea counties where there is a strong agricultural presence.

ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural presence. ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural presence. ECD is working directly with the Development District, Connect Grundy and Rhea counties where there is a strong agricultural presence.

Bledsoe

Bradley

Grundy

Hamilton

Marion

McMinn

Meigs

Polk

Rhea

Sequatchie

SOUTHEAST TENNESSEE AT A GLANCE

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<td>617,007</td>
<td>39.0</td>
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<td>28,610</td>
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<td>$36,855</td>
<td>Chattanooga, South Pittsburg, and Lenoir City</td>
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<td>Bledsoe</td>
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<td>1,400</td>
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<td>Lenoir City - 33 miles</td>
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<td>13,420</td>
<td>1,730</td>
<td>11.6%</td>
<td>$30,869</td>
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<td>Chattanooga Metropolitan - 30 miles</td>
<td>Chattanooga Metropolitan - 42 miles</td>
<td>30 miles to access I-24</td>
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Source: U.S. Census Bureau, US Bureau of Labor Statistics, Tennessee Department of Labor and Workforce Development

www.tn.gov/ecd
Regional Strategies

Recruitment

ECD regional staff’s recruitment efforts will primarily focus on the manufacturing sector, which historically has been the economic base of the region. With the recent arrival of large international firms in the area, tremendous growth along the I-75 corridor is expected, as well as in the other counties in the region. With the addition of Volkswagen, the Southeast region has now officially become part of “Auto Alley,” which stretches from Alabama to Tennessee and the Carolinas. ECD will also continue to work with the regional chambers and ED organizations to identify and market existing facilities and potential sites to suppliers of local businesses in an effort to expand the I-75 corridor growth. Particular attention will be given to Tier 2 and Tier 3 suppliers who could utilize sites outside the metropolitan hubs. At the same time, ECD will work with the Southeast Tennessee Development District, TVA and local governments to identify and/or develop sites appropriate for such suppliers. In addition ECD will work in conjunction with TDOT, local government, the Chamber and others to improve the marketability of the brownfield site that serves as the western gateway to Chattanooga.

Healthcare and insurance are large employment sectors in the region. There is also an emerging medical device and equipment industry in the region. Targeted marketing to related businesses is already underway by the region’s largest chambers. ECD will play a supporting role here, but will actively be engaged in retention/expansion efforts with local providers. Major senior care provider companies are also headquartered in the region and represent a growing sector of the healthcare industry.

Food processing represents a large segment of the regional economy. Existing industry visits with all members of this segment will be used to identify expansion opportunities and to explore supply chain business recruitment opportunities.

Transportation and logistics also play a key role in the regional economy. Companies headquartered in the region have a national presence and their services provide a competitive advantage for clients around the country. ECD will pursue expansion needs with these companies and also seek opportunities to leverage their services to attract recruitment prospects.

ECD regional staff will work closely with its partners to recruit these and other industries to the region. As an outcome of the regional planning meetings, the counties are investigating the possibility of linking websites so that any viewer could easily access information on the entire region. All of these partners will work together to ensure TVA and the state’s database of available buildings and property is accurate and up-to-date and to improve the user-friendliness of the database for site selectors and other interested parties.

This region has a strong agricultural base and the Fresh Foods “grow local” initiative will be part of the economic growth strategy, especially in McMinn, Bledsoe, Sequatchie, Meigs, Grundy and Rhea counties where there is a strong agricultural base. One product of the regional planning effort has been a focused discussion on this local food trend and how these counties might benefit. ECD will facilitate connections between those providers and the foundations and organizations that are driving the “Eat Local” effort in the region.

ECD is working directly with the Development District, Connect Tennessee, TVA, local governments and other partners to identify and certify data center sites in the region, particularly in the more rural counties and distressed urban areas. ECD is also working with these partners to identify providers willing to increase the availability of broadband and wireless services, especially in Tier 3 counties.

Natural assets like the Ocoee, Hiwassee and Tennessee Rivers, national and state forests, Fall Creek Falls State Park, Chickamauga and Watts Bar Lakes, mountains, hiking and biking trails, and major tourist attractions (including agri-tourism sites) provide significant opportunities in the recreation and tourism industry for the region. Development of these assets is especially important in the portion of the region that has only a modest manufacturing base. By mid-2012, ECD will work with the Tennessee Department of Tourism to host a meeting between the Chattanooga Convention and Visitors Bureau and representatives of other potential tourist destinations in the region to explore opportunities for a regional tourism marketing effort.

Existing Business Outreach

ECD is actively engaging with existing businesses in Southeast Tennessee and is partnering with appropriate ED organizations in
the region to maximize both the outreach and response. ECD’s regional staff will work closely with the Chattanooga Area Chamber of Commerce and its Director of Existing Industry on the Chamber’s Business Retention & Expansion Visitation (BREV) program. The Chamber has a long-standing program to visit existing members and update its database on jobs, investment and possible expansions. When at all possible, ECD will participate in BREV visits, especially with the major employers. In all cases, ECD will receive summaries of BREV visits and will coordinate with appropriate partners (i.e., local government, training institutions) to address stated concerns. On visits made by ECD staff without chamber participation, ECD will share information with the chamber and secure chamber and/or local government participation as appropriate. The same process will be used with the Cleveland/Bradley County Chamber and any other chambers or economic development agencies in the region that have similar existing business outreach programs. In addition to sharing written documentation on existing industry visits, ECD maintains a close working relationship with the Chattanooga and Cleveland/Bradley County Chambers in particular, with almost daily communication being maintained.

ECD is an active participant in the McMinn Economic Development Authority, Rhea County Economic & Tourism Council and the Marion County Chamber of Commerce & Economic Development Partnership. In conjunction with these ED organizations, ECD is actively working with these counties’ major employers to pursue corporate expansion opportunities, address training needs and retain existing jobs. ECD will partner with these organizations, much like with the large chambers, in existing business outreach. In those counties where existing business outreach programs do not exist, ECD will work with local government and the local organizations charged with ED responsibilities to implement one. During development, ECD regional staff will continue to include ED representatives from these counties in ECD’s existing business visits and to share information gleaned from those visits with the appropriate local contacts. By working with these organizations and their existing members, ECD regional staff will strengthen the state’s partnership with existing industries in the region and stay current with potential job growth and expansion opportunities. The Southeast Tennessee Development District and TVA will be key partners in these efforts.

Currently the major economic development organizations in the region (ECD, Chattanooga Chamber, Cleveland/Bradley County Chamber, Southeast Tennessee Development District and TVA) have a strong working relationship, as evidenced by the number of projects coming into the region in the past few years. ECD will continue to foster these relationships and strengthen the relationships with the other counties in Southeast Tennessee and their respective economic development organizations. This will occur through participation in local ED organizational meetings, Southeast Tennessee Development District meetings, and by convening partners across multiple counties for planning and regionally-focused discussions. These multi-county events will be convened at least semi-annually.

**Innovation**

The Chattanooga/Hamilton County Business Development Center is a 125,000 square foot former ceramic manufacturing facility which is owned by the county and managed by the Chattanooga Area Chamber of Commerce. It is one of the largest business incubators in the nation. The BDC houses an average of 60 companies, employing approximately 400 people in a structured program that graduates 20-25 companies each year. Ninety-one percent of BDC graduates are still in business after five years; this compares to a national range of 30-50 percent five year success rate for start-up companies. The Tennessee Small Business Development Center, which has offices in the BDC, provides a business library, computer and video centers, and business counseling services to BDC entrepreneurs free of charge. The Chamber is also partnering with UTC in the university’s entrepreneurial program.

The Bradley County Business Center is located adjacent to the Small Business Development Center with staff that provides advice on every aspect of running a new business. The SBDC can advise on: business formation planning, licensing and tax information, financial planning, seminars and workshops, business plan preparation and preparation for loan applications.

Plans are underway for a business incubator/accelerator in Athens that would serve the northern portion of the region. The McMinn Chamber is the champion of that effort, which will be a partnership with Cleveland State, the Tennessee Technology Center in Athens and the ED organizations in the area. ECD is being called upon to serve in an advisory role as plans for the host
Public-private partnerships are in place in the region for R&D, technology transfer, and to support technology-related growth initiatives. The SIM Center and the Enterprise Center work both independently and collaboratively in these arenas. In addition to these organizations, there is a more informal and rapidly growing innovation culture in the region, specifically in Chattanooga. Foundation support, angel funds and successful entrepreneurs who now invest in and mentor start-up companies are facilitating and speeding up the idea-to-market timeline. Primarily based on new technologies or new adaptations of technology, these companies are being incubated almost exclusively by the private sector in real world conditions.

All these entities are making efforts to more fully utilize EPB’s I-gig network and to leverage the positive notice it has received nationally and internationally to recruit new industry. Particular attention is being given to high-tech, high-data demand companies and to young “techie” entrepreneurs who will develop marketable applications and take advantage of that speed in their product or its distribution.

ECD will work with these institutional partners to continue to support start-up business. Specifically, ECD regional staff will assist in developing and facilitating an effective mechanism to match early innovator needs with funding sources. ECD staff will also seek to assist in connecting community expertise with the developmental needs of entrepreneurs and continue the dialogue that has begun with the more informal group that is supporting high-risk, high-reward companies. While there are angel investors in the region, ECD will work with foundations, INCITE fund recipients and StartUp Tennessee to broaden access to capital in the region and to host at least one regional summit for potential investors and start ups by the end of 2012. ECD will seek to strengthen those relationships through regular dialogue and interaction so that ECD may be in a position to offer state resources at the appropriate time and ensure successful start-ups remain in the region.

**Workforce Development**

In the Southeast region, as with any area, a highly motivated, well-trained workforce is critical to continued economic growth and prosperity and enhanced quality of life. Recognizing both the challenges and opportunities in today's workplace, there are a number of successful programs addressing workforce readiness. Chattanooga Chamber’s Workforce Development Program brings businesses and educators together to address the region's workforce needs. The program’s goal is to ensure that an available labor force with the skills and education necessary to meet employment demands of the 21st century is produced and retained within the Chattanooga area. The Chamber has a robust school-to-work program that engages hundreds of business volunteers in the schools at various grade levels to position students to be prepared for and successful in the workplace. Recognizing these same needs, the Bradley County Chamber also has a focused workforce development effort in its school systems. ECD personnel are actively engaged with both these organizations and their workforce development programs, both in design and implementation.

Both these Chambers are willing to “export” their successful programs and are actively engaged in discussions with neighboring counties regarding that possibility. By mid-year 2012, ECD will convene chambers and development authorities in other parts of the region for a planning session that will provide information on developing and implementing such programs more broadly throughout the region.

Direct partnerships between employers and educational institutions have been formed to deliver specialized training to employees. The VW Academy is a partnership between Volkswagen, the University of Tennessee at Chattanooga, and Chattanooga State to develop and deliver training for VW’s newly hired employees. As VW’s ramp-up phase completes, this partnership will continue to provide ancillary training for existing employees as either their roles change or new processes are developed. Chattanooga State also partners directly with Wacker in the newly established Wacker Institute. Based to some degree on the VW Academy, Chattanooga State is also developing and delivering training required by Wacker for its newly hired employees. Cleveland State is pursuing partnerships with the transportation and health care industries to provide a qualified workforce for their specific needs. ECD will be actively facilitating these types of connections with other businesses in the region. Two additional partnerships will be developed by the end of 2012. ECD will also use these programs as a recruiting and expansion tool— an example to other industries as to the quality and specificity of the training that can be made available for their business segment.
Established in January 2006, the Tri-State Regional Workforce Alliance brings together workforce and economic development entities from Northeast Alabama, Northwest Georgia and Southeast Tennessee to advance the region’s economic competitiveness through collaboration of efforts to promote talent development of the area’s workforce. The Career Readiness Certificate (CRC) initiative is deployed throughout the tri-state area defined above. CRCs are awarded by Career Centers operated in the region by the Southeast Tennessee Development District and supported by organizations like the Chattanooga Manufacturing Association. The program uses a series of complex assessments to certify individual workers as being prepared for specific jobs based on the skills needed for each job. Two comprehensive Career Centers are in Hamilton and McMinn Counties, with satellite facilities in Bradley, Marion, Rhea and Sequatchie counties. ECD’s role is one of support and engagement with the Alliance and its membership.

In partnership with Labor and Workforce Development, ECD will work with federally and state funded job training programs, the Southeast Tennessee Development District, and regional non-profits that promote adult literacy and preparation for the GED to prepare the unemployed and under-employed adult population for the jobs that are and will be available in the region. ECD’s Regional Director is actively engaged with a community-based effort being spearheaded by UTC to improve the educational attainment rate in the region by a meaningful percentage in the next three to five years.
**ACTION ITEMS**

**Action Item #1: Meet with 400 employers, including the largest 150 employers in the region.**

ECD will continue interacting with approximately 40 companies in the region per month to assess their needs and opportunities for expansion and to determine how the state and other ED partners can enhance growth opportunities.

Priority will be given to reaching the top five employers in the eight non-metro counties in the region and a varied sampling of companies in the regional hubs of Bradley and Hamilton.

In Hamilton and Bradley counties, ECD will partner in these business visits with chamber staff already assigned to existing industry outreach. ECD will also partner with the McMinn County Development Authority, the Rhea County Economic & Tourism Council, and the Marion County Chamber of Commerce and Economic Development Partnership to reach businesses in those counties. In Grundy, Bledsoe, Meigs, Sequatchie and Polk counties, ECD will partner with local government officials to interact with existing industries. The Southeast Tennessee Development District and TVA will also participate in all of these existing industry outreach efforts.

Information from these visits will be shared regularly on both a formal and informal basis. Each meeting will include specific discussion of opportunities for expansion on site and/or within the parent corporation as well as clarify existing and future workforce and training needs. ED entities will allocate responsibility for action items as appropriate.

**Action Item #2: Recruit key suppliers of recent new regional investors.**

During 2012, ECD will place priority on recruitment in the key regional sectors. Relationships with major employers in these sectors will be maintained and further developed to identify and act upon opportunities for supply chain recruitment. Tier 2 and Tier 3 suppliers in these clusters will be specific recruitment targets. ECD will formally partner with at least two of the region’s largest employers on this initiative.

ECD will work jointly with the Southeast Tennessee Development District, TVA, local governments and ED organizations to identify and/or develop sites appropriate for such development, especially distressed urban areas or for rural sites outside of the metropolitan hubs of Hamilton and Bradley County.

**Action Item #3: Establish new training and educational partnerships that more directly meet the needs of employers in the region.**

The VW Academy and the Wacker Institute are the product of partnerships between industry, Chattanooga State and UT Chattanooga. The partnerships were created to develop and provide specialized training for potential and newly-hired employees at the two companies. Similar but smaller partnerships exist between industry and training programs in Marion, Rhea and Bradley counties. ECD will facilitate the launch of at least two new training partnerships between educational institutions and industry by the end of the year 2012.

Chambers in Chattanooga and Cleveland have long-standing school-to-work programs that engage hundreds of business volunteers annually at various grade levels to make students aware of the educational attainment levels required for employment and to prepare students to be successful in the workplace. These chambers will share materials and experiences with others in the region to replicate these programs. By mid-year 2012, ECD will convene chambers, development organizations, and local schools in a planning session to discuss possibilities for developing additional school-to-work programming in the region.

ECD will enhance relationships with the Tri-State Regional Workforce Alliance and its members and assist in connecting local businesses to Career Centers and Technology Centers. ECD will be a part of the matchmaking process between Career Readiness Certificate holders and employers. While ECD’s role will be a supporting one, ECD regional staff will consult with local ED partners to ensure that the CRC’s are being earned in the fields that have the most employment opportunities in the region.

**Action Item #4: Participate in the long-term regional planning process underway in Southeast Tennessee and continue to convene regional ED planning and implementation sessions.**

The Chattanooga Chamber is facilitating a regional planning
process that is engaging the counties in Southeast Tennessee as well as North Georgia. This 40-year plan will address infrastructure planning, economic development, targeted job growth, education and environment. ECD will be a member of the discussion group and advisory organization that will drive the RFP and subsequent planning process.

ECD is working with all the partners in the 10 county region to inventory regional assets and develop a marketing strategy for those assets in the short-term. All 10 counties have participated in the development of this strategic plan during July and August 2011. ECD and the Development District will continue to convene regional meetings to encourage cooperation across county boundaries and to refine goals, strategies and tactics. ECD will convene these meetings on at least a semi-annual basis.

Various organizations, most notably the Southeast Tennessee Development District, bring together political leadership from across the region on a regular basis. ECD will participate in these meetings as well as in workforce development activities that are also regionally focused.
SOUTHEAST TENNESSEE REGIONAL PARTNERS

- Appalachian Regional Commission
- Connected Tennessee
- Local Chambers of Commerce
- Local Utility Districts
- Startup Tennessee
- Small and Minority-Owned Business Assistance Program
- Southeast Industrial Development Association
- Southeast Tennessee Development District
- Southeast Tennessee Tourism Association
- Tennessee Career Centers
- Tennessee Department of Agriculture
- Tennessee Department of Economic and Community Development
- Tennessee Department of Environment and Conservation
- Tennessee Department of Labor and Workforce Development
- Tennessee Department of Tourist Development
- Tennessee Department of Transportation
- Tennessee Small Business Development Centers
- Tennessee Technology Center
- Tennessee Valley Authority
- University of Tennessee County Technical Assistance Service
- University of Tennessee Center for Industrial Services
- University of Tennessee Municipal Technical Advisory Service
- U.S. Department of Agriculture Rural Development
- U.S. Economic Development Administration
- U.S. Small Business Administration

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