

# Model Mill

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## **Forging valued partnership, connecting a vibrant city, and restoring a historic structure: Model Mill**

Three Roots Capital values its partnerships with skilled developers and financial institutions who support its mission to promote sustainable, meaningful economic development in Eastern Tennessee communities.

This commitment to forging high-quality relationships led Three Roots to connect with Grant Summers, president of Summers-Taylor, Inc., who was seeking financing for the Model Mill project in downtown Johnson City.

Three Roots' Chief Financial Officer Chris Miller explained how Three Roots was drawn to the Model Mill project because of the Summers family's commitment to creating value in their community through undertaking such a large-scale, challenging, historic renovation. Due to higher-than-average construction expenses, in addition to other challenges and limitations, Three Roots' connections, expertise, and access to capital were the right fit for the project's needs.

Originally built in 1908, the Model Mill operated as a flour mill for nearly 100 years before the property was abandoned in 2003. Over the next few years, many developers and community groups attempted to develop the property without success. By 2014, the Tennessee Preservation Trust had listed the building on its top-10 endangered properties list after it had fallen into disrepair, serving as a barrier to connecting the thriving development efforts in downtown Johnson City and East Tennessee State University's (ETSU) campus. This problem was further exacerbated when an arsonist set fire to the

property in early 2016.

Summers-Taylor, Inc. purchased the property in late 2016, with plans to restore the building and property and transform it into a commercial, mixed-use facility. The facility will provide space for the headquarters of Summers-Taylor, Inc., the Johnson City Chamber of Commerce, ETSU's program offices, and possibly additional tenants.



The project is located in a severely distressed census tract in Johnson City, with a poverty rate of 39.4 percent. It is expected to create or retain 164 permanent jobs in the area. The goal of the project aligns with the economic development strategy for the city, the local development district, and the Appalachian Regional Commission. In



addition to providing direct financing for the project, Three Roots encouraged Summers-Taylor, Inc. to pursue New Markets Tax Credits (NMTCs) as a financing mechanism, introducing them to BrightBridge, which is an organization based in Chattanooga, Tennessee, that specializes in NMTC financing transactions.

“This project really makes a difference in the community for several reasons, including the high-quality jobs it’s going to create and locate in that area, the fact that we’re preserving a historic structure, and the way this project connects the university and downtown regions of Johnson City,” said Miller.

In addition to making multiple direct loans to the project over time, Three Roots worked with BrightBridge to secure additional capital for the project from several, well-respected financial institutions: First Horizon (previously known as First Tennessee), US Bank, Royal Bank of Canada, Citizens Bank, and People Incorporated Financial Services of Virginia. Total financing for the project amounts to \$19.5 million, and Three Roots provided \$10.6 million of the total financing.

“We want to work with the most capable, high-quality entrepreneurs, developers, companies, and financial institutions in our region,” said Miller. “The Model Mill project was another opportunity for us to do just that.”

Model Mill will be complete sometime in 2020.

