

Memphis, TN

TAG Truck Center



"We are indebted to Tax Advantage Group for spearheading the New Markets financing for this multi-faceted project. It ensures a bright future for TAG Truck Center and Southeast Memphis."

Gary Dodson
Vice President and CFO, TAG Truck Center

Project

TAG Truck Center is a full-service commercial truck dealership that offers a complete line of sales, service and parts distribution for Freightliner, Western Star, Mitsubishi Fuso and Sprinter trucks. TAG has purchased the site of the former Mall of Memphis to consolidate their Memphis area locations, bringing hope to a once thriving, but now long-neglected area.

Built in 1981, the Mall of Memphis once served as an anchor of growth for Southeast Memphis. It had popular stores, a food court, plenty of parking, an indoor ice skating rink, and the area was flush with secondary retailers. But in the late nineties, the mall and its surroundings fell victim to the decline of the suburbs. Businesses moved out as drugs and violence took over. Poverty set in. In 2003, the Mall of Memphis closed, a chain link fence was put up to keep vandals out, and the site fell into a state of decay.

The construction of a 164,000 square foot multi-faceted corporate headquarters for TAG does far more than ensure the successful growth of the company. It is revitalizing an entire community.

The 132,000 square foot main building will feature a showroom for new and used trucks, 42-bay service department, a 12-bay body shop, an oasis center for drivers while trucks are repaired, a retail shop, and an employee center with locker rooms, break rooms, bathrooms and showers. The service area will be unique in the industry in that the entire space will be heated and cooled.

A second 32,000 square foot building will house the TAG Technical Institute (TTI) and the company's rapidly growing parts distribution center. The TTI is an in-house program that trains and certifies Daimler diesel engine technicians. With the help of NMTC financing, TAG is establishing a program to train unskilled local residents to become technicians, and is providing \$100,000 of financial assistance to assist Low-Income Persons (LIPs) with purchasing starter tool kits, thus eliminating the single greatest barrier to entry for LIPs in the industry. Also, TAG partnered with the CDEs to leverage community connections with Advance Memphis, RISE Memphis, the Memphis Urban League and the Boys and Girls Club of Memphis. The expanded TTI will allow TAG to supply 400 trained technicians for itself and other local logistics companies.

The Financing

Total project costs were approximately \$37 million. TAG Truck Center was able to leverage a loan from Mercedes-Benz Finance to facilitate a \$23 million NMTC transaction utilizing Allocation from MBS (\$8 million), Stonehenge (\$10 million) and SunTrust (\$5 million). The project also benefited from local incentives including a payment in lieu of taxes.

TOTAL PROJECT COST:

\$37,000,000

NMTC ALLOCATION:

\$23,000,000

FINANCING COMPLETE:

April 2017

PROJECT SPONSOR:

TAG Truck Center, LLC

CDES:

MBS Urban Initiatives CDE, LLC / Stonehenge Community Development, LLC / SunTrust Community Capital, LLC

NMTC INVESTOR:

SunTrust Bank

LEVERAGED LENDER:

Mercedes-Benz Finance

ADDRESS:

4451 American Way
Memphis, TN

CENSUS TRACT:

47157010610

COMMUNITY OUTCOMES:

164,000 Square Feet
775 Direct Jobs

LOW-INCOME COMMUNITY:

Poverty Rate: 28.5%
Median Family Income: 63.07%
Unemployment Rate: 11.4%
Unemployment Ratio: 1.44x
DRA Distressed Area