



**Expansion PILOT Term Sheet: TAG Truck Enterprises, LLC**

Tag Truck Enterprises, LLC (“Applicant”) is seeking a 12-year Expansion PILOT to enable the company to add 62 net new jobs and retain 141 jobs. The Applicant will make a \$27,810,000 capital investment to construct a new 182,795 square-foot facility located at 0 American Way.

The Applicant’s five facilities in the Memphis and West Memphis area are in antiquated facilities, many of which were constructed in the 1930s. The PILOT will allow the Applicant to keep its existing operations in Memphis, bring jobs to Memphis from the Arkansas facility, add new jobs and build the TAG training center. The Applicant will combine five facilities and construct a 182,795 square-foot facility at the long vacant former Mall of Memphis site.

The average salary for the 203 employees is \$54,715 excluding benefits.

The capital investment and job creation meets the Expansion PILOT requirements.

The Applicant will invest \$26,200,000 to construct a 182,795 square-foot training facility. The Applicant will invest \$1,000,000 in furniture, fixtures and general equipment. Additionally, the Applicant will relocate from Arkansas \$390,000 of personal property which is primarily furniture, fixtures and general equipment. The Applicant will also relocate \$220,000 in vehicles that will not be eligible for the PILOT.

Parcel 073022 00235C is 113 acres of which 34 acres will enter the PILOT. The remaining 79 acres will be fully taxed and will likely be sold or leased to businesses that will complement the project. The assigned address of 0 American Way is classified as Vacant Land.

In 2007, Tommy Earl and Gary Dodson purchased four of Barloworld Truck Center’s dealerships for approximately \$25,000,000 as the recent recession began. TAG Truck Center is now a full-service commercial truck enterprise that deals with Freightliner, Sprinter and Fuso Trucks and operates ten sites throughout the states of Tennessee, Arkansas, Mississippi, Missouri and Kentucky. The Applicant provides service for Freightliner, Detroit Diesel, Mercedes Benz (Daimler) Diesel, Caterpillar and Cummins Engines. The Applicant is an outsourced truck fleet manager for FedEx, AutoZone, Pepsi, Ozark Motor Line and others in the Memphis transportation industry.

Staff projects \$11,662,339 in total tax revenues to be received during the PILOT term of this project and a \$6,278,420 benefit to the Applicant. When the two (2) year ramp-up is complete, this facility will act as the training center for the entire organization.

**The 12-year PILOT for the Applicant is based on the following terms:**

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-12 25%	Personal Property	Year 1-12 25%
Real Property	Year 1-12 25%	Real Property	Year 1-12 25%



**PILOT Evaluation Matrix**

CATEGORY	DATA	YEARS
Net New Jobs	62	1.2
Retained Jobs	141	2.8
Average Wages	\$54,715	2.6
Capital Investment	\$27,810,000	1.3
City of Memphis	Yes	1
New Markets Tax Credit Eligible	Yes	2
Headquarters Relocation	No	0
Diversity Plan Program	Standard Met	1
MWBE Owned	No	0
<b>Total</b>		<b>12</b>

**Project Budget Detail**

REAL PROPERTY	
New Construction	\$22,100,000
Sub-Total	\$22,100,000
PERSONAL PROPERTY	
New	\$1,000,000
Transferred	\$390,000
Sub-Total	\$1,390,000
<b>Total Investment in PILOT</b>	<b>\$23,490,000</b>



INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$3,900,000
Other Personal Property	\$220,000
Fees & Soft Costs	\$200,000
Sub-Total	NONE
<b>Total Capital Investment</b>	<b>\$27,810,000</b>

### Diversity Plan

Applicant acknowledges the following good faith efforts to contract with certified minority, women-owned and local small businesses (Certified EBO & LOSB firms) based on the targeted terms outlined below and the attached Diversity Table.

	TOTAL SPENDING OVER LIFE OF PILOT	MWBE/LOSB SPENDING OVER LIFE OF PILOT	PERCENT
Construction	\$16,006,270	\$4,001,568	25%
Professional Services	\$78,000	\$19,500	25%
Goods	\$3,685,224	\$921,306	25%
Non-professional Services	\$5,253,432	\$1,313,358	25%
<b>Total</b>	<b>\$25,022,926</b>	<b>\$6,255,732</b>	<b>25%</b>

Below represents the identified labor source agreement:

We agree to use good faith efforts to hire 25% from the Workforce Investment Network (WIN), the Memphis Area Career Center or local Shelby County colleges and universities for jobs of the net new jobs. We will post job listings with WIN and the Memphis Area Career Center.



## Conditions

Award of a PILOT in accordance with the recommendations of the Economic Development Growth Engine (EDGE) Industrial Development Board of the City of Memphis and County of Shelby, Tennessee staff, as set forth herein, is subject to the following conditions.

1. The award is subject to the review and approval of the Board's counsel.
2. The award of a PILOT to the real property of Applicant is subject to the review and approval of the Applicant's environmental impact study.
3. The award is subject to receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby.
4. The Board reserves the right to assign the PILOT, or its rights with respect thereto, to the Memphis and Shelby County Industrial Development Board (the "IDB"), in accordance with the service agreement between the Board and the IDB, if the Board ultimately deems it beneficial.
5. The award is subject to approval of Applicant's diversity plan by the Board following a recommendation of EDGE's consultants.
6. Except as explicitly provided in this term sheet or in a resolution of the Board, the award complies with and is subject to the provisions of the Expansion PILOT Program Policies and Procedures.
7. The award is subject to the negotiation and execution of a Special Warranty Deed, and a PILOT lease agreement requiring the payment of rent in the amount of \$100.00 per year.
8. In the absence of an explicit written waiver of this condition, no conveyance will be deemed to have been accepted by EDGE, the IDB or any other affiliate or agent of EDGE unless and until all of the documents for the subject transaction, including a Special Warranty Deed, and a PILOT lease agreement, have been negotiated and delivered.