

LAZARUS DEPARTMENT STORE PROJECT

\$28,000,000

LEASE REVENUE BONDS

STATE OF OHIO LEASE

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The Project: Conversion of more than 220,000 square feet of unused space within the existing downtown Lazarus Department Store into offices for the State of Ohio EPA.

The Challenge: The owner of the Lazarus Department Store, Federated, could not provide economical rents to the State of Ohio for conversion of this space. Furthermore, no conventional lender would finance the Project with only a two year lease with the State of Ohio.

The Solution: We suggested the Rickenbacker Port Authority issue tax-exempt Certificates of Participation to finance the tenant improvements totaling more than \$19 million. The Port Authority entered into a lease with Federated and a sublease with the State of Ohio. The lease with the State of Ohio was subject to biennial appropriations.

The Benefits of the Financing: The City converted vacant space into an additional 220,000 square feet of office space and moved several hundred employees to downtown. The Developer financed the Project over 30-years at a tax-exempt rate and avoided \$500,000 in sales tax on the tenant improvements. Both the City and Developer were not required to guarantee the Bonds.

