



Concord, EFS, Inc.

Assignment:

With numerous functions and facilities dispersed throughout the Memphis region and certain national locations, Concord looked to Tactix for the development of a comprehensive 200,000 square foot headquarters build-to-suit project incorporating data center and warehousing functions.

Description

Concord needed to have a very high degree of control over this strategic facility. It was clear that traditional ownership would reduce occupancy costs by consolidating several leased facilities into one, but traditional ownership would also place debt and a real estate asset on the books and result in a depreciation charge against earnings. Since continuing mergers and acquisitions activity was evident in this segment of the financial services industry, impact on earnings per share and return on assets were critical measures in the evaluation of the various financing methods available to Concord.

Working as team leader, in conjunction with Concord's finance, accounting and legal teams, Tactix analyzed the before tax, after tax and cash impact of (a) maintaining the existing leases, (b) building a consolidated campus financed through (i) conventional financing and (ii) a synthetic lease. The results of these analyses were reviewed and confirmed by Concord's independent auditors and outside legal counsel.

Following Concord's approval of the synthetic lease acquisition, Tactix identified and negotiated with a group of lenders and was able to deliver a loan package which was more competitive than the terms offered by Concord's existing lenders. Tactix, together with legal counsel, negotiated the final loan document terms as well as the terms of the A&E, construction and acquisition agreements for the facility. The project resulted in over 25% savings in occupancy costs measured on after-tax basis. All of this was accomplished while keeping the asset and the corresponding debt off of Concord's books, thus increasing earnings per share and return on assets.



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