



EAPD, K&B Orchestrate Financing for \$30M Boston Conservatory Rehab

BY JOE CLEMENTS

BOSTON—The Boston Conservatory has been deftly training artists in music, dance and theater since 1867, but financing for a \$30 million renovation and expansion at its Fenway campus was orchestrated through the creative talents of the Hub's legal community. Supplemented by a \$3 million revolving credit facility, the loan package of \$19.2 million to fund the overhaul was based on intricate New Markets Tax Credit Financing and utilized lawyers from a cross-section of local firms.

"There were a lot of moving pieces,"



Steven L. Paul



Kathryn Murphy

acknowledges Steven L. Paul of Edwards Angell Palmer Dodge LLP, whose firm provided tax and bond counsel for the conservatory, while Kathryn Murphy of Krokidas & Bluestein served as real estate counsel. She cites seven different firms assembled to put together the eclectic package on behalf of such players as the Massachusetts Housing Investment Corp., the Nonprofit Finance Fund, Coastal Enterprises Inc., Wainwright Bank & Trust Co. and U.S. Bancorp CDC.

New Market Tax Credits by their very nature are tricky to secure, explains Murphy, and each application she has handled has been unique. "They can be very complicated," she says, although her role as real estate counsel did require duties seen in a typical mortgage financing, such as checking the titles on the four parcels in question, plus abutter and zoning issues, insurance and examining loan documents.

The challenging aspect here, Paul says,



The Boston Conservatory, Boston MA

included the use of three separate community development entities (CDEs) due to limits on the amount of risk each could take. The bonds were issued by the Boston Industrial Development Financing Authority on behalf of the conservatory and purchased by Wainwright. US Bancorp CDC provided equity to a special purpose fund that, in turn, invested in the trio of CDEs allocated New Markets Tax Credits, one of which was formed by MHIC. The CDEs made loans to the conservatory, and US Bancorp receives the tax credits as a result of making the qualified investments in those three groups.

"A lot of people had to pull together to make this work, and that was great to see," relays Paul. The EAPD partner oversaw the tax credit assignment along with Jerome Garciano, while partner Robert H. Hale led the bond issuance portion with assistance from Christie Martin. Douglas M. Henry of Sherin and Lodgen was Wainwright Bank's lawyer, and Paul also lauded MHIC Senior Equity Officer Andrea Daskalakis. "She deserves a lot of credit," says Paul, whose firm has handled

similar finance campaigns, such as one just completed for the new Fenway Community Health Center on Boylston Street.

"This was really modeled after that one," Paul tells The Real Reporter. Given the current climate in which debt financing has dwindled dramatically, the New Markets Tax Credit can be one option available, adds Murphy. "It's great for the conservatory," she notes, not to mention all the design and construction personnel being engaged with a tangible project, the sort many schools have abandoned this year. Handel Architects is providing design expertise, Lee Kennedy Co. of Quincy is general contractor and KVAssociates is construction manager. Diversified Project Management of Newton is move coordinator for the venture.

Already underway, the expansion project will provide 16,000 sf of new rehearsal and studio performance space, plus upgrades to a theater built in 1948. The project is slated for completion in the autumn of 2010. ■