

Consigli's financing help secures Trinity College deal

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PHOTO BY TIM GREENWAY

Ray Atkisson, general manager of **KBS Building Systems**, center, and **Matthew Tonello**, area manager at **Consigli Construction**, left, talk in KBS's production facility in South Paris. The two companies are partnering on a dorm project for Trinity College in Connecticut.

Matthew Tonello, area manager of Consigli Construction Co. Inc.'s Maine division, acknowledges the construction industry has not fully recovered from the 2007 economic recession and its chilling effect on lending policies and commercial real estate ventures.

"We continue to be in a tough environment," he says. "Things are taking longer to finance, and that's true whether it's a private development or a state project ... What we have to do sometimes is adjust and find ways to make a project work."

For Consigli, a Massachusetts-based general contractor with an office in Portland, Tonello says there is no "one-size-fits-all" method to delivering projects. Whether it's building a free-standing glass structure as the new entrance to Bowdoin College's art museum or doing a top-to-bottom \$40 million upgrade of the 44-year-old Margaret Chase Smith Federal Building in Bangor, Tonello says Consigli has tapped its corporate resources and used its services and versatility to create opportunities.



Trinity College Crescent Place dorm project

"As a company, our reputation is built on the projects that are the more difficult ones to put together," he says.

Increasingly, he says, that has meant helping prospective clients secure alternative financing for building projects. Likewise, the company has explored new partnerships that enhance its ability to meet a broader array of market demands.

Both of those developments come into sharp relief in its most recent project, the Crescent Place student housing project under way at the private liberal-arts Trinity College in Hartford, Conn. The \$20.7 million project will provide 353 beds in five buildings, with three buildings to be completed by August and the remaining two by January 2014.

Units: Five apartment buildings; 353 beds total
Size: 104,229 square feet
Budget: \$20.7 million
Deadline: Three buildings must be complete by August
Contractors: Maine-based Consigli Construction and KBS Building Systems
Architect: New York-based EYP Architecture & Engineering
Special considerations: Platinum-LEED certification; solar panels on southern exposure

Tonello says the college wanted to introduce apartment-style housing for upperclassmen, but chose not to pursue private financing or seek a major donor to finance the construction costs. Instead, it's relying on a unique alliance between Consigli, which will oversee construction-related matters, and Kirchhoff Campus Properties, a student housing development company based in Pleasant Valley, N.Y., that specializes in providing turnkey financing.

Tonello says the confidence implied in that relationship didn't come by accident: Consigli had established itself with Trinity as a trustworthy contractor, having recently renovated three historic buildings into new classroom, administrative and residential spaces.

Kirchhoff brings expertise in helping colleges and universities meet the complex challenges of an aging student-housing portfolio, credit rating concerns and the internal competition for capital between student housing and academic initiatives.

Brian Cohan, director of project development for Kirchhoff Campus Properties, says the alliance with Consigli capitalizes on their strengths. Founder Joe Kirchhoff brings to the table 25 years of campus development and construction experience, while Consigli has a similar depth of experience with college projects.

"Teaming" is a better wording to describe the relationship than "partnering," Cohan says. "We truly are separate companies ... We're a resource for Matt or any of the other Consigli area managers as a solution to get the job done [for colleges exploring new or upgraded student housing]. It's really about creating a strategic relationship and putting together the right team."

Cohan says Consigli's reputation and its "financial strength and bonding capacity" enabled Kirchhoff to put together the Trinity deal. Kirchhoff is leasing from the college the land on which the Crescent Place housing will be erected. Kirchhoff will own the buildings, and use the college as property manager and rental agent for its students.

"Trinity has no responsibility for our debt," he says. "They don't own it; we do ... It's truly an arms-length transaction for Trinity, so it's off the balance sheet."

Aaron Krueger, Consigli's project manager at the Trinity College job site, like Tonello, sees the project as an example of creative problem-solving during tough economic times.

"We want to make the project work for the client, not just in terms of 'bricks and mortar' but also in terms of the financing," he says.

To build the student housing for Trinity College's Crescent Place project, Consigli tapped KBS Building Systems, a Maine-based modular home company with an 80,000-square-foot production plant in South Paris and a 50,000-square-foot plant in Waterford.

"This is going to keep 200 people working from January through March," says Ray Atkisson, KBS's general manager.

Atkisson says his company was selected by Consigli following a review process that included visits to its production plants, interviews, quality checks on its manufacturing materials and practices. Once selected, Atkisson says, he and his team spent upwards of two weeks meeting with their project counterparts. They discussed the project's deadlines, its design and how the completed modular units would be assembled into three-story, nine-bedroom apartment complexes upon their arrival in Hartford.

"We took that upfront time to make sure Consigli understands the whole modular process," Atkisson says. The process eliminates costly delays due to change orders and ensures the project will be completed on time and within its budget.

Those considerations are particularly important, says Aaron Krueger, Consigli's project manager in Hartford, since Kirchhoff needs three apartment buildings to be completed by August for occupancy in the fall.

Atkisson says that's a manageable deadline, noting that an advantage modular construction has over traditional construction is that everything is built inside a climate-controlled production plant — thereby eliminating potential delays caused by bad weather. He says building high-end LEED-certified student housing as a partner with Consigli and Kirchhoff Campus Properties is a great opportunity for KBS, which in recent years has transitioned into commercial modular markets that now account for 60% of its business.

And he's hopeful the Trinity College assignment will lead to additional opportunities to work on similar projects with Consigli and Kirchhoff.

"We build a good product," Atkisson says, noting that KBS's role in a 39-unit luxury apartment project in West Roxbury, Mass., was featured in the cover story of the October issue of Greater Boston Builder & Architect magazine. "It's a pleasure to work with a company like Consigli that takes the time to make sure everything is understood and done right. It's a great project for us to be involved in."

Krueger says Consigli has expanded the traditional definition of 'builder' to include financing and partnerships with other design and construction companies according to the particular needs of a given project. In doing so, he says, Consigli brings to the table a wide array of options for prospective clients.

Here in Maine, Consigli has explored with prospective clients other financing options such as public-private partnerships and operate-and-maintain agreements. It recently worked out a public-private partnership proposal that involved buying and rehabbing a complex of old buildings with the intention of leasing the renovated buildings back to its tenant. Despite putting months of time and research into the project, Tonello recently learned the project has been tabled.

Disappointing? Yes, but Tonello says that comes with the territory whenever a general contractor responds to an RFP, whether it's for a traditional design-build project or one involving several partners and alternative financing.

"It's not a service you usually see a general contractor getting into," Tonello says of financing, noting that Consigli's affiliations with Kirchhoff and other financial institutions with access to capital and equity markets is key to offering that service. That ability, he adds, creates opportunities for both parties during a time when financing has been tight and the commercial construction markets throughout New England have been sluggish.

"If we can satisfy the client and at the end of the day build the building, we're doing our job," he says. "Ultimately, our core business is construction."