

**Ambac**

First Monoline-Wrapped Project Financing of an Asset in Canada First Bank Loan-Wrapped Deal in North America

CAN\$468,300,000

The Greater Vancouver Transportation Authority PPP Bank Financing for Golden Ears Bridge Project

Public-private partnerships (PPPs) are increasingly being used to meet infrastructure improvement and expansion needs around the world, particularly in the U.S. and U.K. Canada's nascent PPP market gained major traction early in 2006 with the completion of a CAN\$928.5 million bank financing package for the Golden Ears Bridge Project in Vancouver, BC. The project, a new bridge linking rapidly growing communities in Greater Vancouver, is being built for The Greater Vancouver Transportation Authority, known as TransLink. After a competitive bid process, TransLink selected a consortium led by the German firm, Bilfinger Berger AG to finance, build, operate and maintain the six-lane Golden Ears toll bridge across the Fraser River.

In assembling this complex cross-border financing, winning bidder Bilfinger created a structure that includes equity support and incorporates commercial loan facilities from Dexia and Depfa banks rather than issuing bonds to finance construction. Ambac, with significant PPP experience in the U.S. and U.K., was able to quickly assess the project and the financing structure. It approved a triple-A wrap of 50% of the bank loan facilities, which was negotiated and executed in London, with another monoline insurer wrapping the other 50%. Strengths underlying the project include the critical role the new bridge will play in the transportation needs of the vibrant and growing region and the creditworthiness of TransLink. In addition, the PPP is structured to eliminate traffic demand risk: TransLink will be obligated to make payments to the contractor sufficient to pay debt service once the bridge is complete regardless of actual toll revenue.

Most significantly, this transaction marks the first time a Canadian PPP transaction has been strengthened with a triple-A financial guarantee. In addition, the Golden Ears transaction is the first guarantee of bank loans in the PPP market in North America.

The Golden Ears financing closed on March 3, 2006 with construction expected to commence in the Spring. The bridge and connecting roads will be open to traffic in mid 2009, at which time debt service payments to the contractor will commence.

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