



Riverside Renaissance Initiative Gains Momentum With Ambac-Insured Financing

Ambac Supports City's COPs and Interest Rate Swap



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\$118,975,000 City of Riverside, California Various Capital Improvement Projects

In early 2007, the City of Riverside, California broke ground on a major revitalization program to capitalize on Riverside's record growth in population and business activity. The \$781 million program, named the Riverside Renaissance Initiative, includes redevelopment of the downtown area, expansion of the convention center, major road and rail improvements, new and expanded public parks and sport parks as well as libraries and other municipal buildings. To help make downtown Riverside a more competitive place for business, more than \$100 million of the program funds will be spent to revitalize the central district. Plans include transforming the historic Fox Theater into a complete performing arts center, renovating the Riverside Metropolitan Museum and improving Fairmont Park.

The City put together a comprehensive financing plan to fund this exciting makeover, including \$130 million of Ambac-insured Certificates of Participation. The certificates, which were issued by the City through the Riverside Public Financing Authority, are supported by various utility fees and development impact fees. The issuer used variable rate certificates and a swap to manage its debt costs. To strengthen the deal, the issuer wanted a triple-A financial guarantee for both the COPs and the swap. Despite a number of "non-traditional" projects, Ambac, the City and Banc of America were able to structure a creditworthy collateral package to secure the securities. This solid financing package, along with the strong fundamentals of Riverside, enabled Ambac to provide the most attractive and cost-effective insurance proposal.

The completed Riverside debt offering included auction rate certificates of participation, a debt service reserve fund and interest rate swap, all insured by Ambac.

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