

PROJECTS BULLETIN

MCMILLAN BINCH MENDELSON'S PROJECTS TEAM CLOSES ANOTHER PPP PROJECT

March 2007

CALGARY RING ROAD PPP REACHES FINANCIAL CLOSE

On February 16, the first major PPP of 2007 closed as the Alberta government signed a 30-year contract with the Stoney Trail Group to design, build, operate and partially finance 21 kilometres of the Calgary Ring Road.

McMillan Binch Mendelsohn's Projects Group represented the mandated lead arrangers and lenders, Fortis and Dexia, out of New York and Montreal respectively, on the \$650 million project. The Stoney Trail Group consortium - led by Bilfinger Berger BOT Inc. - was the preferred proponent. This is the second project to use Alberta's PPP model for highways and it called on our Projects Group to close a 30 year commercial bank debt facility with an innovative wrap through a financial guaranty product provided by FGIC, New York.

The project will extend Stoney Trail eastward from Deerfoot Trail to 17 Avenue SE and involves construction of 21 kilometres of four and six-lane roadway and 23 bridge structures, including six interchanges. Construction starts in April and the road will open to traffic in October 2009.

The McMillan Binch Mendelsohn team advising on this project was led by Peter Willis and Chris Bennett.

Commenting on the deal, Peter Willis said:

"We were delighted to represent the lenders and to work with the entire team on this significant transaction. Our Projects Group was, once again, at the forefront of the PPP market in bringing this transaction, with its innovative financing solution, to financial close."

Other participating members of the Projects Group included Rob Scavone, Shahen Mirakian, Catherine Doyle, Jason MacIntyre and Stephen Ganttner.

OTHER CANADIAN PPP NEWS:

- **Ontario:** The first of several Build-Finance PPP transactions slated for Ontario has reached financial close. On March 2, 2007, Infrastructure Ontario announced that construction of the Quinte Health Care Belleville General redevelopment project is set to begin this month after the preferred proponent, led by M. Sullivan & Son Limited, achieved financial close. Other potential Build-Finance transactions slated for completion in 2007 include the Bluewater Health Capital Redevelopment Project in Sarnia; the Greater Toronto Area Youth Centre in Brampton; two redevelopment projects at Hamilton Health Sciences; the London Health Sciences Centre; the Ottawa Hospital Regional Cancer Centre; the Rouge Valley Ajax Pickering Hospital Phase I Redevelopment Project; the Runnymede Healthcare Centre in Toronto; the St. Joseph's Health Centre in London; redevelopment at Sudbury Regional Hospital; and the Trillium Health Centre in Mississauga.
- **British Columbia:** British Columbia Premier Gordon Campbell has announced that as part of a new infrastructure policy, all municipal infrastructure projects over \$20 million of which provincial capital is to be a component will be evaluated as a PPP. B.C. currently has more than \$4.7 billion in approved public private partnerships under construction (involving \$3

INNOVATIVE FINANCING STRUCTURES ON THE RISE

As the PPP market in Canada continues to expand, innovative financing techniques are playing a key role in securing successful outcomes for bidders in the RFP process and in maximizing taxpayer savings from PPP transactions. Increasingly, PPP transactions in Canada are including:

- Monoline wraps or other financial guaranty products;
- Subguard insurance;
- Multiple reimbursement payments during the construction stage; and
- Innovation Submissions including value-added approaches (where permitted by the RFP).

Any member of our Projects Group would be pleased to discuss the key features of these techniques.

billion of private capital) and this announcement makes it likely that the growth of PPP projects in B.C. will continue to accelerate.

- **Quebec:** 2007 promises to be a breakthrough year for the PPP model in Quebec. New projects announced near the end of 2006 and slated to complete the procurement process early this year include: Autoroutes 25 and 30; a package of 7 Highway Service Areas; the Centre hospitalier de l'Université de Montréal; the McGill University Health Centre; a Residential and long-term care centre; and the Montréal Concert Hall.

ABOUT MCMILLAN BINCH MENDELSON'S PROJECTS GROUP

McMillan Binch Mendelsohn is a market leader in project finance and public-private partnerships. Our Projects Group advises both public sector and private sector participants across Canada in a broad spectrum of arrangements where services or infrastructure traditionally provided by the public sector are instead provided in whole or in part by the private sector. Our team includes professionals with an unparalleled level of experience in negotiating and closing project-based transactions for public infrastructure.

ABOUT MCMILLAN BINCH MENDELSON

McMillan Binch Mendelsohn is a leading Canadian business law firm distinguished by broad experience and recognized expertise in major business practice areas; and acknowledged leadership in financial services, project finance, competition/antitrust, corporate restructuring and insolvency. For over 100 years we have been committed to client services and professional excellence, providing definitive legal advice to Canadian and international businesses, financial institutions, governments and private individuals. Today, McMillan Binch Mendelsohn comprises almost 200 lawyers in its Toronto and Montréal offices.

© Copyright 2007 McMillan Binch Mendelsohn LLP

WHO WE ARE

For more information please contact your McMillan Binch Mendelsohn lawyer or one of the members of our Projects Group listed below:

Patrice Beaudin	514.987.5006	patrice.beaudin@mcmbm.com
Chris Bennett	416.865.7858	chris.bennett@mcmbm.com
Charles Chevette	514.987.5003	charles.chevette@mcmbm.com
Andrew McFarlane	416.865.7110	andrew.mcfarlane@mcmbm.com
Tim Murphy	416.865.7908	tim.murphy@mcmbm.com
Peter Willis	416.865.7210	peter.willis@mcmbm.com

MCMILLAN BINCH MENDELSON

TORONTO | TEL: 416.865.7000 | FAX: 416.865.7048

MONTRÉAL | TEL: 514.987.5000 | FAX: 514.987.1213

www.mcmbm.com