

Financial Summary

Overview

The City of Ottawa and OSEG are meant to be entering into a 50/50 partnership to redevelop Lansdowne Park; however OSEG's investment is treated more favorably than that of the City.

Based on the waterfall, OSEG receives \$55M which is a return of 280% on its original \$19.6M investment. It also receives an additional \$65.7M will be used to cover OSEG's cost of maintaining the Park. The City receives \$52.2M which is a return of 261% on its "deemed" equity of \$20M or only a 40.4% on its actual overall investment of \$129.3M.

The City will be contributing \$129.3M

- \$12.4M will be from cash reserves and operating budget.
- \$116.9M will be through a debt issue.

Of the City's total contribution, only \$20M is being treated as equity.

OSEG is only contributing \$19.6-\$30M

- \$6.0M is in the form of a letter of credit to cover anticipated losses of the CFL team.
- The rest is to construct the parking for the retail portion of the project.
- There are no details on how the funding of the retail component will be secured.

Waterfall

The proposed structure of the `Waterfall` (the priority in which debts will be paid by profits) is highly unusual. Partners in a project typically require that all equity be considered and weighted appropriately. OSEG's debt will have priority (senior debt) before the profits even enter the waterfall. The City's \$116.9 million debt is not considered with only \$20M considered as equity in the waterfall.

The City will issue a bond to fund its contribution however there is no indication as to how OSEG will fund their shopping complex. The City's equity is not only junior to OSEG's debt but even to OSEG's equity returns. The City's bond issue for should be treated the same as senior debt, similar to how OSEG's debt is treated.

Get involved in the debate

Make your voice known online at lansdowne.econsultation.ca by Oct 11th, or come to City hall on November 12th and present your views to Council.