MOUNTING MISFORTUNE

Fortress Investment Group LLC may have to contribute at least $150 million U.S. to Intrawest ULC, the owner of Whistler and Mont Tremblant resorts, to avert bankruptcy or foreclosure. **Page C4**

BUSINESS

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BUSINESS EDITOR: BRYAN DEMCHINSKY | 514 987 2512 | bdemchin@thegazette.canwest.com

C9 Obituaries

TSX ▲	DOW ▲	NASDAQ ▲	DOLLAR ▲	OIL ▲	GOLD ▲	PRIME
11,709.29 14.45	10,402.35 9.45	2,243.87 2.16	96.11¢ 0.09¢	$79.81 $0.75	$1,122.10 $3.40	2.25 JAN. 19

DEVELOPMENT FUNDS become available as a ban nears on the sale of Freon in Quebec

THE RUSH TO GREEN ICE

MARK CARDWELL SPECIAL TO THE GAZETTE

Montreal's doing it. So are Quebec, Granby and about 50 other cities and towns across the province.

They're rushing to renovate local arenas – and they're pumping tens of millions of dollars into a long-neglected niche market in the process.

"The arena business is boiling hot in Quebec right now," said Benoit Rodier, Montreal regional manager of **CIMCO Refrigeration.**

A global leader in the engineering, design, manufacture, installation and service of industrial, process cooling and recreational refrigeration systems, the company has installed about 5,000 ice surfaces worldwide, including 80 per cent of NHL rinks and the facilities being used right now at the Olympic winter Games in Vancouver.

According to Rodier, 80 per cent of the company's business in Quebec normally comes from the food industry and only 20 per cent from arenas – the opposite of the rest of Canada.

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DARIO AYALA THE GAZETTE

A view of the inside of the Henri-Bourassa Arena in Montreal North. Most of Quebec's 450 arenas were built in the '60s and '70s and are in need of updated refrigeration systems.

Laura Secord buyer plans bit of a facelift

FRANCIS VACHON THE GAZETTE

Quebec City mayor Regis Labeaume (right) is treated to a chocolate egg from Laura Secord.

BUT DON'T HAVE A COW, MAKEOVER WON'T BE MAJOR

'Shouldn't be ashamed of being 97 years old,' Leclerc says

ALLISON LAMPERT
THE GAZETTE

Now that the great-grandmother of Canadian chocolates is back home, it's time to give her a makeover, marketing experts say.

Laura Secord's new owner, **Aliments Nutri-Art Inc** of Quebec City, said yesterday it plans to give Laura Secord a facelift for the company's 100th anniversary in 2013.

Nutri-Art bought the retailer from two U.S. investment firms for a rumoured $20 million. The industrial chocolate maker now aims to expand the chain from its 128 Canadian locations and venture into the U.S. market.

But Jean Leclerc, president of Nutri-Art, a former division of Quebec City cookie-maker **Biscuits Leclerc Ltée**, said he's resisting calls by industry observers to radically modernize the iconic confectionary chain.

"Appealing to the young is a challenge for all retailers," Leclerc said in an interview with The Gazette. "We have those same challenges and we will address those concerns.

"I'm not harping on making the brand younger because we shouldn't be ashamed of being 97 years old."

But if Nutri-Art wants to succeed where a succession of previous owners has failed, it must keep the average chocoholic's demographic in mind.

Today, she's female, age 25 to 34 and can find what she wants anywhere from on the Internet to in the drugstore, said Jordan Le Bel, an associate professor at Concordia University who teaches food marketing.

Please see CHOCOLATE, Page C3

Intrawest resort owner wins reprieve

BUT MAY NEED TO PUMP IN $150M

Creditors postpone auction of assets, avoiding sale of Whistler during Games

CRISTINA ALESCI
BLOOMBERG NEWS

NEW YORK – **Fortress Investment Group LLC** may have to contribute at least $150 million to **Intrawest ULC**, the owner of the Olympics' Alpine skiing venue it bought in 2006, to avert bankruptcy or foreclosure, according to a person with knowledge of the negotiations.

Intrawest's creditors yesterday postponed an auction of the company's assets by one week to Feb. 26. The deal, which avoids a sale of the owner of the Whistler Blackcomb skiing centre during the winter Games, doesn't address creditors' demands that Fortress add equity to Intrawest, said the person, who declined to be named because talks were private.

Lehman Brothers Holdings Inc., Davidson Kempner Capital Management LLC and **Oak Hill Advisors LP** are in a group of lenders seeking control of Intrawest after the company missed final payment on a $1.4-billion loan in December.

Intrawest struggled under a debt load even after layoffs and expense cuts. The lenders' administrative agent, **Wilmington Trust FSB,** had initially slated an auction for yesterday that also included stakes in Mont Tremblant and Stratton Mountain in Vermont.

"They negotiated a reprieve, but it's still a black eye," said Steven Kaplan, a professor at the University of Chicago Booth School of Business who studies buyouts. "Investors are being asked to throw more good money after bad, which they can't be happy about."

Lilly Donohue, a spokeswoman for New York-based Fortress, declined to comment. Kimberly Macleod, a spokeswoman for Lehman, also declined to comment.

Investors in Fortress's Fund IV, Fund IV Co. and FICO funds saw their collective $1.7-billion equity stake in Vancouver-based Intrawest reduced to 4 cents on the dollar as of Oct. 31. Two of the funds put in an additional $345 million in October 2008 to keep lenders at bay and infuse cash into the company.

Fortress was unchanged at $4.19 in New York Stock Exchange composite trading. It has dropped 6.1 per cent this year, compared with the one-per-cent decline in the Standard & Poor's 500 index.

"Although the investment has already been written off, they'll likely have to repair relationships with some investors that have particular exposure to Intrawest in their funds in order to raise more money from them," Roger Freeman, a Barclays Capital analyst, said in an interview.

Vail Resorts Inc. in Colorado is among a group of bidders for Whistler whose offers have been rebuffed, a Toronto newspaper reported yesterday, citing unidentified people. Kate Coble, a spokeswoman for Vail, declined to comment when contacted by Bloomberg News.

Booth Creek Ski Holdings Inc., which operates resorts in Northern California and New England, isn't interested in buying Whistler, said Julie Maurer, vice-president of marketing and sales.

Intrawest, founded in 1976, runs ski and golf resorts in Canada – including Mont Tremblant – and the U.S. It sells vacation timeshares through its Club Intrawest unit and owns Canadian Mountain Holidays, the world's largest heli-skiing operation, according to its website. Heli-skiing runs are reached via helicopters rather than ski lifts.

The potential sale of the resort hasn't been an issue for the athletes during this week's competition, said Chris Rudge, CEO of the Canadian Olympic Committee in Vancouver.

"For athletes, the Whistler experience has been tremendous," Rudge said in an interview. "They've built a great village up there. No realistic individual would believe that anyone engaged in a business auction would step in and interrupt the Games."

Intrawest has been selling some smaller resorts to pay down debt. Those sales will raise about $65 million, according to the person. Intrawest agreed in November to sell its interest in Copper Mountain for about $100 million.

"An auction at this point is unlikely," said Daniel Fannon, a San Francisco-based analyst at Jefferies & Co. Fortress wants "to maintain a level of control for when times are better again," he said.

NORTEL

British regulator seeks $3.2B U.S.

PENSION FIGHT

Former tech giant hopes to kill action

BERT HILL
CANWEST NEWS SERVICE

OTTAWA – Britain's pension regulator and **Nortel Networks** are headed for a major battle over $3.2 billion in claims (figures in U.S. dollars).

The British have set a March 1 deadline to start a process that probably will lead to an order against Nortel assets around the world to cover a big shortfall in the British Nortel pension plan.

Lawyers representing **Ernst & Young,** the court-appointed monitor in the Nortel case, will ask the Ontario Superior Court Feb. 25 for a declaration that the British action violates bankruptcy rules and that it does not have to participate in the British process.

They argued the British pensions regulator can't start action because the insolvent company has court protection from all creditors. The lawyers said the British pension authority should pursue the normal claims process like all other creditors.

However, British patience could be running short because of a recent side deal between U.S. and Canadian Nortel operations that excluded other countries.

Over British objections, U.S. and Canadian courts approved a deal last month that gave Canadian operations a $191-million lifeline in return for accepting a $2.06-billion charge against Canadian assets to settle a U.S. tax claim.

The new legal battle shows how underfunded Nortel pension plans are rapidly diluting claims of all creditors in the fight over about $5 billion in Nortel assets.

The ultimate claim could be much higher than the $1.9 billion reported on Nortel books and could challenge the $4 billion sought by banks.

The U.S. pension protection fund has filed a $593-million claim. The Ontario government is expected to file a claim of about $200 million.

The British Nortel pension deficit is huge because the plan covers 43,000 people – more than twice the number covered by the Canadian Nortel pension fund.

In addition, the British protection fund covers up to $48,000 of annual pensioner income, creating huge liabilities when pension plans fail. By comparison, the Ontario fund tops up only the first $1,000 of monthly pension income.

OTTAWA CITIZEN

DARIO AYALA THE GAZETTE

Henri Bourassa Arena, a decades-old building made mostly of concrete and cement blocks — will begin getting a $4-million facelift in early March.

ARENAS Renovation craze driven by new funding

CONTINUED FROM C1

That has changed, however, as municipalities across Quebec scramble to take advantage of federal and provincial development funds aimed at rebuilding past-due-date infrastructures like most of the province's 450 arenas, almost all of which were built in the 1960s and 70s.

Notably, the refrigeration systems in nearly all of those facilities use Freon 22 to make ice.

The sale of that ecologically questionable gas will be banned in Quebec in 2020.

As a result, companies like CIMCO are busy bidding on municipal arena contracts aimed at replacing those systems that use less harmful materials like ammonia and carbon dioxide.

"We usually only do one or two arenas a year in Quebec," Rodier said. "But we're up to 22 in the past two years and we've got many more projects on the table."

As with other infrastructure programs, the arena renovation craze is being driven by an agreement between the federal and provincial governments that will see Ottawa pump $37 million into recreational projects in Quebec.

For its part, the provincial government more than matches that amount through its Fonds pour le développement du sport et de l'activité physique, which is providing about $223 million in funding to municipalities and schools for more than $500 million worth of sporting and recreational facilities of all stripes, from soccer fields and football stadiums to skateboard parks and arenas.

In particular, the fund has provided $34.2 million for 63 arena renovation projects. In 41 of those projects, the province has provided all the funding.

In Montreal, the city announced a year ago this month that it intends to spend $90 million to renovate 15 of its 36 arenas.

One of those facilities – the Henri Bourassa Arena, a decades-old building made mostly of concrete and cement blocks – will begin getting a $4-million facelift in early March.

The work will involve replacing the arena's Freon-based refrigeration system and rink boards, repairing a leaky roof and renovating the change rooms and hallways.

"The population of Montréal-Nord needs this arena, which serves for the practice of a variety of ice sports, like hockey, figure skating and speed skating, which has made record gains in popularity since 2004," Line Beauchamp, Quebec's Minister of Education, Recreation and Sports, said in a joint funding announcement in December.

"But this facility, which was built in 1970, needs to be brought up to standard to ensure users' greater safety (and) give all residents, especially youngsters, the opportunity to get moving and stay active."

Salvatore Cavaliere – a real-estate agent and the president of Les étoiles de Montréal-Nord, a speed-skating club with 62 members, most of them between the ages of 5 and 8 – agrees that the arena is in dire need of an overhaul.

"Some sections of the boards are held together with duct tape (and) when it rains they have to put plastic sheets on the ice to protect from water dripping down from the roof," he said.

The floors, too, he added, have only strips of proper matting to protect skate blades, and there is no place to store the $20,000 worth of padding his club puts along the boards to protect speed skaters.

"They're just stacked up in a hallway, accessible to anyone," Cavaliere said. "But we'll have our own storage room once the renovations are done. That'll be great."

The roof doesn't leak in the big municipal arena in Granby, a half-hour's drive east of Montreal.

But an urgent need for more ice and to upgrade a 43-year-old facility that hosts one of the province's biggest annual hockey tournaments for bantams – and where former Habs greats Patrick Roy and Pierre Turgeon played junior hockey – is the genesis of a $19-million renovation project.

"We absolutely need this," Granby mayor Richard Goulet told The Gazette.

In addition to a new refrigeration system and upgrades to the existing double-ice arena – the first facility of its kind in the province when it was built in 1967 – a third ice surface will be added.

Goulet said the addition will help meet soaring demand for ice time in the city of 61,000.

That's why he is confident that a municipal referendum slated for March 21 to approve a $7-million loan – Granby's share of the project – "should pass easily."

According to the president of the Quebec Association of Arenas and Recreational and Sporting Facilities, arenas across the province, more than 90 per cent of which are municipally owned and operated, are scrambling to put renovation projects together.

"I've never seen anything like it," said Gilles St-Louis, whose day job is director of arenas and parks in Gatineau. "It seems like everybody is presenting one."

In addition to the changing

"Some of the boards are held together with tape (and) when it rains they have to put plastic sheets on the ice."

LES ÉTOILES DE MONTRÉAL-NORD'S SALVATORE CAVALIERE

refrigeration systems and improve aesthetics, he noted that the 2005 National Arena Census, which was carried out by Hockey Canada, suggested that the use of energy efficient systems and innovations like low emissive ceilings and hot water heat recovery can cut the energy bills of old arenas in half.

As a result, construction companies of all stripes – from big manufacturers and engineering firms with international scope to local contractors – are also getting in the action at the rinks.

"Modern arena designs and materials look and perform much better," said Carole Lacasse, vice-president sales of **Honco,** a Quebec family firm that specializes in the construction of steel sports complexes and has built several indoor arenas in Canada and the United States.

She noted, for example, that the use of things like aluminum-zinc alloy ceiling panels, which increase light reflection (reducing the need for light fixtures by 20 per cent) and emit three times less radiant heat (improving both ice quality and refrigeration efforts), lower arena operating costs and raise comfort and functionality.

Similarly, **Hydro-Québec** offers grants for the installation and use of special fluorescent lights that provide better lighting and consume less energy.

Even snow scraped from the ice can now be recuperated, melted and filtered for use in arena toilet systems.

Lacasse said her company is using those advantages to try and convince communities to build new areas, not renovate.

Those efforts have landed several contracts in recent years, she said.

They include the double rink in Rosemere, the rink at Carlton University in Ottawa and, most recently, a double rink – one with an Olympic-size ice surface – in Lévis.

"We have three contracts to build new arenas on the table right now (and) we are involved in several projects in Russia," said Lacasse, whose father, Paul, founded the business in 1974.

"This is an excellent niche to be in right now."