

# Troubled Intrawest sells Squaw Village to ski resort

By Kathryn Reed

Intrawest unloaded its third property in two months on Friday with the sale of the Village at Squaw Valley to Squaw Valley Ski Corp.

“It is something that has been ongoing for a while and is not related whatsoever to what our parent company is going through,” Ian Galbraith, spokesman for Vancouver, British Columbia-based Intrawest, told *Lake Tahoe News*.

Intrawest built the North Lake Tahoe village, with the first phase opening in February 2002 and the second phase opening in December 2003.



The Village at Squaw Valley was sold Jan. 29.

Photo/Kathryn Reed

This will be the first time in more than 30 years that the ski resort has owned a lodging facility. With the village come 285 one-, two- and three-bedroom condos, 20 retail shops, six restaurants and a spa. Click map to see the layout of the village.

No officials from the ski resort or the village returned calls Friday.

Nancy Cushing, CEO of the resort, said in a press release, "When we opened in 1949 we ran a small 50-room lodge that was occupied during the Olympics in 1960; it grew in size but our operation of this property ceased in 1979. And so, the acquisition of the Village represents an exciting and greatly anticipated opportunity."

None of the managers at various businesses at Squaw Village wanted to go on the record Friday.

On the Granite Chief Sport Shop website a post from Dec. 29 says, "We've been aware that the talks between Intrawest and Squaw started up again in October, but wholly smokes, this time the lid was kept on pretty tight. I've had my nose all over the valley trying to sniff out some details and I got nothing.

"As many of you know Granite Chief had been cleared to move to a better location in the village, then all of a sudden everything stopped. At first we all thought things with Intrawest had stalled because everyone was working on the Copper Mtn. deal, [Intrawest owned Copper sold to Powder Corp]. As it turned out the brakes were put on bringing all future plans for Village merchants to a screeching halt because Squaw Valley Ski Corp reopened negotiations to purchase the Intrawest Village. The word; it's a done deal. What isn't clear is when Squaw will take over operations. Some say February but the most recent scuttlebutt points to January.

"Well, we all knew it was going to happen, but the big surprise is that the talks hit the table so soon after last spring's negotiation fell apart.

"I think most merchants had a good relationship with the Intrawest team so on one hand we are sorry to see them go. On

the other hand we all want to be a part of a growing Squaw Valley. This could be a very good New Year!"

The store is not saying who posted the information.

Squaw Valley Ski Corp. has not always had a great reputation. Some merchants worry the village will begin to look like other buildings the resort owns – like Olympic House, Gold Coast, High Camp and the Cornice Cantina.

"I really don't see any good (in the sale). They aren't known for putting money into anything," one manager told *Lake Tahoe News*.

Squaw Valley and Intrawest are privately held companies and therefore the dollar value of the transaction is not being disclosed.

Galbraith said the deal with Squaw is part of Intrawest's philosophy to own villages where it owns resorts. Intrawest owns eight ski resorts and a beach-golf resort in Florida.

Intrawest, owner of Whistler Village and Whistler Blackcomb the site of many of next month's Olympic alpine ski events as well as the luge-bobsled-skeleton events and Whistler Village, made headlines last week when it was revealed the company's assets will be auctioned off Feb. 19 if a deal with its lenders is not struck.

When news broke Intrawest issued a press release Jan. 20 saying it's "business as usual" at all of its resorts.

Galbraith restated that message on Friday, adding, there are a lot of rumors and speculation circulating that are not necessarily true. But he did not elaborate.

The fact remains that Intrawest is financially unstable.

Intrawest had to refinance a \$1.7 billion loan in October 2008. An extension was offered last October. The current

troubles for Intrawest involve missing a \$524 million loan payment.

“Refinancing discussions are still ongoing with lending groups,” Galbraith said.

Intrawest was founded in 1976.

“On October 26, 2006, private equity funds managed by affiliates of Fortress Investment Group LLC (NYSE:FIG) successfully completed the acquisition of Intrawest. The total value of the transaction, including the existing debt of Intrawest, was approximately US\$2.8 billion,” Intrawest’s website says. “Intrawest’s shares were de-listed from the New York Stock Exchange (NYSE: IDR) and the Toronto Stock Exchange (TSX: ITW) as a result of the acquisition and the subsequent privatization of the company. Currently, Intrawest is a portfolio company controlled primarily by private equity funds managed by affiliates of Fortress Investment Group LLC.”

This all transpired at the peak of the real estate market.

On Thursday, it was announced that Intrawest sold Panorama Mountain Village resort in British Columbia to Panorama Mountain Village Inc., a new company run by developer Rick Jensen. The price was not disclosed, but reports are that it was less than the \$100 million Powdr Corp. of Utah paid Intrawest for Copper Mountain in November.

“There are no other sales in the works that I’m aware of,” Intrawest’s Galbraith said.