

Calgary-area racing complex selling land to raise funds

Developer of Balzac track raising funds

BY MARIO TONEGUZZI, CALGARY HERALD FEBRUARY 24, 2010

CALGARY - Developers of the multi million-dollar racetrack and entertainment complex in Balzac are selling some of the land to raise money after seeking creditor protection last fall.

The United Horsemen of Alberta has 11.57 hectares of land for sale, the Herald has learned. It's part of a plan, which included previous land sales, to raise money so the project can proceed.

Recently, the group reached an agreement with its largest creditor, Ivanhoe Cambridge to forgive its current and future indebtedness, about \$52 million, in exchange for United Horsemen's interest in about 50.86 hectares of land. Under the agreement, United Horsemen retained the option to buy back 32.37 of those hectares.

The group remains under creditor protection, its president Darcy Marler said Tuesday.

He said United Horsemen has two purchase and sale agreements on the east side of the site that are also in the works and moving toward completion. They involve Hopewell Development and the United Farmers of Alberta for about 23.87 hectares and 8.9 hectares, respectively.

Marler said those deals would generate about \$22.5 million.

Assuming all the lands are sold, United Horsemen will own about 15.37 hectares of land where the barns are situated.

"When we first entered creditor protection in September, we owed about \$95 million . . . With the deal with Ivanhoe and these Hopewell and UFA sales, we'll be down about \$10 million to \$15 million still owing. We'll have eliminated close to about 90 per cent of our total debt, which is quite significant," said Marler.

The organization said on its website it's taking a phased approach to the development, with a single-storey racing and entertainment centre built, along with a 1.6-kilometre race track and six barns. The main revenue sources, which include 650 slot machines, simulcast betting and restaurant and bar, have been retained in the complex for the first phase.

"We're kind of the poster child for getting caught in the middle of the economic storm here the last few years," said Marler. "We had the big Taj Mahal vision of the world -- hotel and grandstand and everything.

"Last year, we started to kind of scale that down to something that was more economical, but still, with the way our balance sheet was and the way the economy was, we really didn't have any chance."

He said now that United Horsemen has cleaned up its finances with selling excess lands, coupled with the economic recovery, the organization believes it has a "fighting chance of going and getting the new equity partners that we need and the financing that we need to make the track viable again -- because we really weren't in that position before with the kind of trouble we'd gotten ourselves into financially."

Marler said United Horsemen is looking to raise about \$25 million in new equity and then it should get the bank financing to see the project through.

Colliers International in Calgary has recently put 11.57 hectares of United Horsemen land on the market. The property consists of eight lots, with one lot of 4.47 hectares listed for sale at \$1.85 million per hectare. The other lots are listed for \$1.36 million a hectare.

Robert McElhoes, vice-president and partner in investment sales and land for Colliers, said the United Horsemen land has high exposure, which makes it ideal for development.

He said improved traffic flow in the area is a bonus to potential buyers, as are some of the big attractions in the area, including the CrossIron Mills shopping centre, just west of the lands for sale, which was a pioneer in the Balzac area, as well as the nearby future homes of Lowe's and Costco. Potential buyers could include retailers, restaurants and hotels, said McElhoes.

John Scott, vice-president of development with Ivanhoe Cambridge, said the land deal with United Horsemen was in settlement of costs associated with the construction of all the major infrastructure for the area, which was being cost-shared between the two parties.

"We're very interested in seeing the United Horsemen of Alberta going forward with their project still," said Scott. "With this trade of debt for land, that helped them in a lot of ways in terms of clearing up a lot of their debt."

Scott said Ivanhoe Cambridge is hopeful that through this process, United Horsemen will proceed with building the racetrack and entertainment centre.

"We've always maintained that we'd really like to have that because it adds just another element in terms of a destination," said Scott. "The shopping centre, we're very pleased with how it's performing now."

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