

Ruffin eager to strike deal for New Frontier

It has been a tumultuous nine years for New Frontier owner Phil Ruffin.

The Kansas billionaire who now calls Las Vegas home says he's close to selling his casino and its valuable land to Israeli-based real estate investment group Elad Properties in a deal Ruffin said would bring him more than USD 1 billion.

„In real estate the deal's not done until the money changes hands, but it is a fantastic deal,“ Ruffin said.

He said that the price for the aging casino and its 34-acre site is less than the USD 1.5 billion reported in a Web story on TheStreet.com, but more than USD 1 billion.

„It's in the middle of those numbers,“ Ruffin said.

That's quite a profit, considering he bought the New Frontier for USD 165 million in 1998, and the hotel property then included the land that now hosts the Trump condominium development.

I've been reporting on Ruffin for almost eight years, and have always enjoyed our good-natured conversations. He's willing to admit mistakes, and doesn't seem to suffer from the megalomania that afflicts some of his billionaire brethren, especially in the resort business.

When we talked last week, Ruffin was in good spirits, but said that I should be careful not to jump to the same conclusion the online financial reports had reached.

„It's not a done deal,“ he said.

Ruffin said the incredible price for the property was

justified by the scarcity of quality sites on the Strip and by the New Frontier's proximity to Wynn Las Vegas and its Encore sister property, the Venetian and its soon to open Palazzo sister as well as Boyd Gaming's Echelon Place.

Nine years ago Ruffin rescued the property from a bitter six-year strike by the Culinary Union, quickly made peace with the union, and began formulating plans to redevelop the site and build a new resort.

In 2000 he announced plans to build a USD 700 million San Francisco-themed resort on the site, but two years later said the tough post-9/11 economy and high interest rates prevented him from borrowing the money he needed to build.

He flirted with several major casino operators about joining him in a joint venture to redevelop the site, but never struck a deal.

One deal Ruffin later said he regretted passing on would have had him sell the property to Wynn Resorts in exchange for a healthy chunk of Wynn stock, shares that then were far below their current price north of USD 98.

As the value of Strip real estate, the cost of new upscale resorts and construction costs kept skyrocketing in recent years, Ruffin kept upping the price of the project he hoped to build, to USD 900 million, then USD 1.3 billion and finally USD 2 billion when he announced plans less than a year ago to build the Montreaux.

When Elad first approached him one month ago about a deal, Ruffin countered with a higher number and the parties quickly reached tentative agreement, with the remaining details consisting of warranties and representation, he said. If the deal is finalized, the process should take about two to three months to close.

If the deal does get made, Ruffin said he's staying in Las

Vegas.

„We'll be looking for something else in the market," he said. „There will be other opportunities. And I'm a Las Vegas resident.“

And the buyers may want to keep the New Frontier open while they pursue licensing and site planning, and Ruffin said they've discussed having him continue to run the property for eight months to a year.