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## **Investor may help financially troubled CityCenter**

### **Colony Capital may provide cash boost**

By HOWARD STUTZ  
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Los Angeles-based Colony Capital, which owns the Las Vegas Hilton and 75.9 percent of Station Casinos, could be bringing some much-needed cash to the troubled \$8.7 billion CityCenter development, news reports say.

The Wall Street Journal reported Wednesday that the real estate investment trust, which has investments in companies that operate casinos in Las Vegas, Atlantic City, the Midwest and in the South, is considering investing in the Strip project, which has another equity payment coming due in less than two weeks.

MGM Mirage spokesman Alan Feldman said he couldn't comment on the report, and a spokeswoman for Colony's outside public relations firm also wouldn't comment.

Station Casinos spokeswoman Lori Nelson said officials for the company were unavailable for comment on reports about Colony Capital's potential investment into CityCenter.

A source told The Wall Street Journal, however, that Colony was in discussions with both MGM Mirage and Dubai World, 50-50 partners in the 76-acre Strip development. The source also suggested that Colony could be acting as a broker trying to repair the fractured relationship between MGM Mirage and Dubai World.

MGM Mirage last week made a \$200 million equity payment on CityCenter, which included \$100 million that was owed by Dubai World. The company spelled out the details of last week's actions in a filing Wednesday with the Securities and Exchange Commission.

Another payment is due April 13 and it is unclear whether MGM Mirage will have help from its reluctant joint-venture partner or will have to fund the project on its own. And, the possibility once again exists that CityCenter could be forced into a bankruptcy reorganization if the payment is not made, shutting down construction on the site.

The amount that is due later this month won't be known until Perini Building Co., CityCenter's general contractor, submits a bill for construction costs.

MGM Mirage needed permission from its senior lenders to make last week's payment or else CityCenter would have been pushed into a bankruptcy filing.

Feldman said MGM Mirage would make the next payment, too, but needs approval once again from its senior lenders.

Last week, MGM Mirage Chairman and Chief Executive Officer Jim Murren said the company did not want to see CityCenter fall into a bankruptcy reorganization, which would idle some 8,500 construction jobs.

"We are doing our utmost to see that this project continues," Murren said.

An economics professor at the University of Nevada, Las Vegas said a CityCenter shutdown could boost Southern Nevada's unemployment figures by as much as 1 percentage point.

The company, however, told investors it may be in a bind because Dubai World seemingly won't participate and the lenders may be unwilling to grant additional waivers. There is still \$800 million remaining to be funded by the CityCenter partners before a \$1.8 billion credit facility can be accessed to pay additional construction costs. MGM Mirage and Dubai World still need to raise \$1.2 billion to complete the development, which is scheduled to begin opening in October.

"There can be no assurance that any such waiver, amendment or long-term solution will be available," MGM Mirage wrote in its SEC filing, meaning a bankruptcy action would be the only option.

On March 22, Dubai World, the investment arm of the Persian Gulf emirate, sued MGM Mirage, saying the company had mismanaged CityCenter, leading to cost overruns. Also, MGM Mirage's financial issues, detailed in an SEC filing, breached the joint venture pact.

MGM Mirage said the lawsuit lacked merit.

Dubai World refused to participate in last week's payment and there is no reason to believe the company will participate this month, sources said. Dubai World officials did not answer e-mail questions on the matter Wednesday.

JP Morgan gaming analyst Joe Greff said last week it seemed Dubai World was looking for a way out of the CityCenter venture, possibly by selling its stake in the project. Greff also speculated Dubai World may not have money available to make the equity payments.

Dubai World and the emirate of Dubai have been caught up in the global financial crisis; many of the region's companies face liquidity issues that have befallen American businesses.

Contact reporter Howard Stutz at [hstutz@reviewjournal.com](mailto:hstutz@reviewjournal.com) or 702-477-3871.

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