

Subject: Bond Buyer Coverage

Colorado's Ute Indian Tribe First to Receive Triple-A Rating

By Elizabeth Albanese

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The Bond Buyer

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DALLAS -- The Southern Ute Indian Tribe, headquartered in Ignacio, Colo., Became the first Native American tribal government to receive a triple-A sovereign rating after Fitch yesterday announced its analysts had given the credit its highest general obligation rating.

Fitch analyst Katherine McManus said she was unsure if this was the first rating of its kind because most tribal deals are private placements with ratings not available to the public.

"As such, we have not been privy to all of the tribal deals that have happened," she said. "But I can tell you this is the first one we've done, and it's the first one we've seen to get these marks."

Tribal officials said there have been casino revenue bonds issued by tribal governments that have received ratings of triple B-minus, but this is the first public tribal credit rating for general obligation debt that has been above investment grade, let alone triple-A.

The tribe expects to parlay the rating news into a well-received sale of about \$75 million of GOs in the next two months. Proceeds from the sale would pay for several projects, including a detention center, infrastructure such as water and sewer lines and plants, and a private school that would be operated by the tribe. Most of the work on these projects has already begun, financed by a bridging loan from Bank One, officials said. They added the upcoming deal would probably be privately placed, because at this point they don't feel it's necessary to take the steps of registering with the Securities and Exchange Commission or applying for a bank letter of credit.

"We're obviously elated by the news," said John Jurrius, president of Jurrius Enterprises and the financial adviser for the tribe. "We're an anomaly compared to other tribes -- it's unusual for a tribe to be run like corporate America, and that's what we do here."

Jurrius said tribal leaders retained his services about 10 years ago to help them put together a sound fiscal plan.

"Tribal leaders knew they wanted to help diversify their finances because the majority of their assets are based on mineral assets, which are being depleted," he said. "But you have to remember that while all tribes are taught to be a government, unlike other forms of government, they have no tax base. It's like going to the Walgreen's on the corner and saying, 'okay, you get to be a government now, but you also have to pay for roads and water and sewer for your whole block here, but you can't levy any taxes.' It's not exactly a recipe for success."

The report, written by Fitch analysts McManus, Jessalynn Moro, Janet Martin, Jason Dickerson, and Sean Sexton, indicated that part of the high credit marks could be attributed to the tribe's successful financial plan. The Ute government has not only a growth fund to pay for development, but also a permanent fund that could be likened to a university endowment or the Texas Permanent School Fund.

"As this fund grows, it could be used to provide security for debt for perpetuity," Moro said. Jurrius said the tribe has adopted fiscal strategies usually only employed by corporations to ensure liquidity.

"They've worked hard to make their vision for growth a reality," he said. "They now have over \$1 billion of liquidity, and I expect them to be able to play with the highest players in the bond market. I expect the market to meet them on the same grounds they would any triple-A rated credit."

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