

Southern Utes get rare AAA bond rating

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Friday, June 08, 2001 - IGNACIO - The Southern Ute Tribe, an energy-rich nation of 1,375 people situated on a 700,000-acre reservation in southwestern Colorado, is the first American Indian tribe to earn the top rating of international bond rating agency Fitch Inc.

On Wednesday, Fitch assigned its AAA general-obligation bond rating, the ultimate credit rating, to the Ignacio-based tribe. The Southern Utes now have a better credit rating than Japan or Canada. Only a dozen entities worldwide, the United States included, have attained a triple-A, said tribal financial analyst Brian McNiell.

"I'm on Cloud 9," Tribal Councilor Pearl Casias said Thursday. "It's phenomenal that in six years we were able to pull this off."

Casias was in Vernal, Utah, dividing her time between talks with the Northern Utes on economic-development strategies and interviews by The Wall Street Journal and other media.

Fitch said in a press release that the rating is consistent with the tribe's "extraordinary financial resources and governmental operating flexibility ..."

The tribe has no general-obligation bond debt; however, the AAA rating is what Fitch said it would assign to senior tribal obligations payable from all available tribal sources, assuming the tribe adheres to its detailed 1999 financial plan. Casias credits the tribe's contract consultant, John Jurrius of Jurrius Enterprises, with the lion's share of that plan. She also praised longtime Tribal Chairman Leonard Burch.

Jurrius has said that the tribe, which is a huge player in the natural gas industry, is so successful because it thinks more like a business than a government.

McNiell said that officials of top rating agency Standard & Poor will visit the tribe next week, and that agency is expected to issue a rating by the end of June. The tribe also expects to issue tax-exempt general-obligation bonds at 2.15 percent, even though the tribe doesn't really need to raise money, McNiell said.

"It's just a great rate for us to finance infrastructure," McNiell said. "If we can borrow at 2 percent and earn 40 percent, there's no reason why we shouldn't."

The tribe's net worth is in excess of \$1 billion.

If the tribe's revenues were eliminated, its investments would ensure it was financially stable for 35 years, tribal officials said.