



The go-to place for management

ALL BNET | ARTICLES | LIBRARY | STOCKS | DICTIONARY

IN **Business** | **Management** | **Strategy** | **Work Life** | **Insight** | **Industries**

Login | Newsletters | My BNET

Today

Management

Strategy

Work Life

Insight

Industries ^{NEW}

Business Library

Video

Find Articles in: All Business Reference Technology News Lifestyle

Business Services Industry

Fitch Rates Southern Ute Indian Tribe's Adjustable Rate GOs 'AAA'/'F1+'; Outlook Stable

Business Wire , Jan 11, 2007

EMAIL PRINT

NEW YORK -- Fitch assigns an 'AAA'/'F1+' rating to the Southern Ute Indian Tribe's, (the Tribe) \$175 million taxable adjustable rate bonds, series 2007. The bonds are expected to price via negotiation with JP Morgan the week of Jan. 29, 2007. The bonds will mature Jan. 1, 2027 and will be issued as multi modal bonds, initially in weekly variable rate demand mode mode, with interest payable on the first business day of each month commencing March 1, 2007. Liquidity support will be provided by the Tribe. Proceeds will be used to fund the construction of a casino and related hotel facility. Fitch also Fitch affirms the 'AAA'/'F1+' rating on the Tribe's \$69 million outstanding series 2001 adjustable rate bonds. The long-term Rating Outlook is Stable.

The 'AAA' long-term rating reflects the pledge of the full faith and credit of the Tribe to re-pay bond holders. Credit strengths include the Tribe's extremely high level of financial flexibility with tribal assets prudently management by a highly skilled and experienced team. The Tribe has demonstrated commitment to adherence to its well conceived financial plan, which seeks to preserve the financial health of the core government while insulating it from its business operations, which are more aggressively managed. While a significant portion of the Tribe's revenues are derived from its oil and gas operations, steps have been taken to diversify its business enterprises.

The 'F1+' short-term rating reflects the strong liquidity position and sound internal procedures the Tribe has put in place to provide for the timely access and transfer of funds in the event of a failed remarketing of the 2001 or 2007 bonds. In conjunction with both series of bonds, the Tribe has entered into a standby bond purchase agreement whereby it agrees to purchase bonds tendered and not successfully re-marketed.

The Southern Ute Indian Tribe is a federally recognized Tribe of approximately 1,400 members with a checkerboard tribal and non-Indian land reservation totaling 700,000 acres in southwestern Colorado. The Tribe operates pursuant to a tribal constitution originally adopted in 1936 that includes prohibition on the impairment of contracts. The governing body of the Tribe is the seven member tribal council that is elected at large by the tribal membership to serve staggered three year terms. The Tribe provides significant governmental services to its membership, including education, social, health and family services.

The series 2006 bonds are being issued to provide funding for the construction of a casino and hotel facility that will replace the Tribe's existing Sky Ute Casino facility. The new facility will house up to 700 gaming machines, compared to the 412 operated at the current facility, and will include the development of a 112 room hotel, a bowling center, miniature golf facility, and an event and conference center. The project is expected to

Sponsored Links

Lost Instrument Bonds

We Provide Surety Bonds Nationwide Call us Today! (973) 425-9200

www.specialriskmanagers.com

11% High-Yield Bond Funds

Provide your email to receive the names of these safe bond funds.

www.topstockanalysts.com

We write all Surety Bonds

award winning service best in class 1% bond rate. Free quotes.

www.pinnaclesurety.com

Women's Long Term Care

6 quotes, from America's 6 "best" long term care insurance carriers

Itcfp.us

Performance Bonds Fast

All states, competitive rates, fast service. 122 years in business.

www.suretybondsource.com

Compare Long Term Care

Compare LTC Insurance Plans in Your Area. Free Comparisons Nationwide.

www.4freequotes.com

▼ Ad Feedback



- Retail Roundup: Lenox Files for Bankruptcy Protection, 7-Eleven and J.C....
- Automated invoice template
- Pushing the "Soft" Side of "Lean" Management Makes Improvements Last: McKinsey
- About.com CEO Throws Cold Water on Sale Rumors



Most Popular White Papers

- 5 Super Tips To Get Rid Of Your Public Speaking Fear: How To Overcome Public Speaking Anxiety
- Using the 6 Laws of Persuasion in Negotiations

open in June 2008. The current facility is healthy financially, with an operating margin of 53% in fiscal 2006. The Tribe projects that earnings before interest, taxes, depreciation and amortization (EBITDA) will increase by 25% in the first year of operations of the new facility.

The Tribe derives a sizable portion of its revenues from its oil and gas enterprise operations, the majority of which are conducted by three separate companies, Red Willow, Red Cedar and Aka Energy. All three entities remain financially healthy and have witnessed significant growth since Fitch initially reviewed them in 2001. While each of the three companies remain smaller than many of their peers in their respective industries, the risk profiles of these operations are mitigated significantly by the prudent financial structure at each firm. The relatively small debt levels at each company enable the tribe to maximize net cash flow. The Tribe also receives a significant amount of revenues derived from the ownership of royalty interests. In recent years, the Tribe has sought to diversify its revenue stream away from its on-reservation natural resources operations; in fiscal 2006 49% of its revenues were derived from off reservation or non-energy related sources, up from 13% in fiscal 2003.

Bond security provisions require that the Tribe adhere to a financial covenant test that limits the amount of general obligation (GO) debt outstanding to 40% of the net assets of its primary government activities. In addition to the \$175 million currently being issued, the Tribe plans to issue an additional \$50 million in GO debt in the next six months to construct a cultural center and museum. Including the debt planned for issuance, outstanding debt will equal 22% of fiscal 2006 primary governmental assets.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

COPYRIGHT 2007 Business Wire
COPYRIGHT 2008 Gale, Cengage Learning

1

2

Sponsored Links

[Church Loan; Bank Said No](#)

We Say Yes, It Is All We Do. No personal guarantee, no bond fee
church-financing.com

[Investments In Danger?](#)

Learn How To Protect Your Wealth. Turn The '09 Crisis Into Cash. Free
www.moneyandmarkets.com

[6 long term care quotes](#)

From America's 6 "best" insurance carriers; free eGuide, consultation
www.ltcfp.com

[Municipal Bonds](#)

Searching For Municipal Bonds? Visit Our Municipal Bonds Guide.
kellyscornerstore.com

[Top 10 Interview Dressing Tips](#)

[What To Expect From A Second Interview?](#)

[Using VoIP to Cut Costs in a Slowing Economy](#)

[Ad Feedback](#)

Content provided in partnership with



[Site Help & Feedback](#) | [About BNET](#)

[BNET US](#) | [BNET AU](#) | [BNET UK](#) | [BNET China](#)

Popular on CBS sites: [March Madness](#) | [iPhone 3G](#) | [Grammys](#) | [Antivirus Software](#) | [Recipes](#) | [Spore](#) | [NFL](#) | [Katy Perry](#)

[About CBS Interactive](#) | [Jobs](#) | [Advertise](#) | [Mobile](#)

Visit other CBS Interactive Sites [Select Site](#)

© 2009 CBS Interactive Inc. All rights reserved. | [Privacy Policy](#) | [Terms of Use](#) | [Site Map](#)

