

Navajo Nation's credit raised

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Provides stability for financing

WINDOW ROCK, Ariz. – On May 30, the Navajo Nation raised its credit rating to ‘A’, as affirmed by S&P Global Ratings, strengthening the Nation’s financing options with respect to infrastructure and capital projects.

“Raising our credit rating is a great accomplishment,” President Russell Begaye said. “The Nation has remained diligent in maintaining low debt burden while also implementing strong financial management policies.”

According to S&P Global Ratings, the Navajo Nation’s long-term rating was raised to ‘A’ from ‘BBB+’, in regards to its series 2015A general obligation refunding bonds. In addition, S&P affirmed its ‘A’ issuer credit rating (ICR) on the Nation.

The Nation’s ability to pay its series 2015A bonds is closely tied to its operations, which is reflected in the ICR. In determining the ICR, S&P evaluates all operational aspects and credit features that it believes would affect the Nation’s ability and willingness to pay on a timely basis.

“The Navajo Nation must continue to be financially mindful and strategic in leveraging funds for infrastructure and capital projects,” Begaye said. “By doing this the Nation will continue on a path toward achieving aAAA rating while also increasing confidence in the investor community.”

In terms of rating factors, S&P stated the Nation has very strong reserves; revenue-generating

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natural resource assets beyond additional revenue streams and good management policies that support permanent fund growth.

S&P Global Ratings considers the Nation's management practices good under its Financial Management Assessment (FMA) methodology, indicating financial practices exist in most areas.

This stability reflects S&P's expectation that the Nation's revenues will be sufficient to support operations and financial flexibility through its permanent fund and that its carrying charges will remain low.

Notably, the Nation does not rely on gaming activities to generate general operating revenues, unlike most tribes that S&P Global Ratings has dealt with to date.

"The Navajo Nation will continue to progressively improve its credit rating so that we can expand our financing options when it comes to funding future projects," Begaye said.