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Initial expenditure plan for settlement funds focuses on water projects for Navajo communities

WINDOW ROCK – Following months of discussions, public hearings, and meetings that included recommendations from the Navajo people, chapters, and many officials, legislation was officially introduced on Tuesday, which seeks to adopt a Síhasin Fund Bulk Water & Wastewater Development Expenditure Plan – the first of several expenditure plans that outlines the use of a portion of the \$554 million, less attorney fees, received from a settlement agreement with the federal government.

Legislation No. 0015-16 sponsored by Council Delegate Leonard Tsosie (Baca/Prewitt, Casamero Lake, Counselor, Littlewater, Ojo Encino, Pueblo Pintado, Torreon, Whitehorse Lake), outlines an expenditure plan that allows for approximately \$101 million for large water projects over a five-year period and calls for the use of funding from federal, state, or private entities through match funding, joint funding, contribution funding, cost-share funding or other agreements to subsidize the costs of the water projects.

The proposed plan was developed by the Síhasin Fund Sub-committee, which was established in April 2015 and tasked with recommending an expenditure plan for the funds received from the federal government through a settlement agreement in which the Navajo Nation received approximately \$554 million.

Delegate Tsosie chairs the subcommittee, whose membership also includes Council Delegates Seth Damon, Nathaniel Brown, Walter Phelps, Jonathan Perry, Otto Tso, Nelson S. BeGaye, Kee Allen Begay, Jr., Mel R. Begay, Lee Jack, Sr., Tom T. Chee, and Davis Filfred.

The plan developed over the course of 12 meetings held by the Síhasin Fund Sub-committee, which considered public comments from seven public hearings that were held across the Navajo Nation in 2014, and many presentations and recommendations from numerous entities.

In 2014, the Council adopted the Navajo Nation Breach of Trust Settlement Act that created the Síhasin Fund and mandated that the funds from the settlement agreement be used for 1) the planning and development of regional infrastructure supporting economic and community development and 2) educational opportunities for members of the Navajo Nation.

“More than 80-percent of the Navajo people stated that they want infrastructure development with the trust settlement fund. The Síhasin Fund Subcommittee, on behalf of the Navajo Nation Council, followed this instruction from the Navajo people. Developing a plan for this kind of development is hard and complicated work and the subcommittee is proud to finish this phase,” stated Delegate Tsosie, chair of the Síhasin Fund Subcommittee.

The “Bulk Water & Wastewater Development Expenditure Plan” is a joint proposal submitted by the Navajo Tribal Utility Authority and the Navajo Nation Water Management Branch that lists over 40 projects that target five interrelated project categories including:

- 1) The establishment of bulk water capacity and the treatment and transmission of that bulk water to the delivery systems.
- 2) The improvement of existing water systems through renovation, upgrade, and capacity increase to accommodate the delivery of new bulk water.
- 3) The construction of new plants, as well as the upsizing or replacement of existing plants, to process new bulk water.
- 4) The development and construction of bridge water projects, such as new groundwater wells, to bridge the capacity until the larger capacity reaches certain areas that are farthest from the bulk water sources.
- 5) The interconnection of lines that will network water systems together to move water from system to system and eventually create the flow path to move bulk water to the farthest reaches and isolated communities.

According to the legislation, NTUA would receive approximately \$85 million and the WMB would receive approximately \$16 million over the five-year period to complete the projects. Additionally, the legislation states that NTUA will repay its funding to the Navajo Nation through a loan agreement that would require the approval of the Council’s Budget and Finance Committee.

Delegate Damon, who played an instrumental role in the development of the plan, also noted that bond financing could be another option to finance projects.

“This plan addresses one of the most fundamental necessities for Navajo families, communities, and economic development – the need for water infrastructure. In order to promote economic development, we first need basic infrastructure and this plan takes a major step in addressing that need,” said Delegate Damon.

The Nation finalized its very first bond financing agreement in November 2015, which opened another avenue for the Nation to finance projects that benefit Navajo communities.

“It is good to see the settlement monies be used for direct benefit to Navajo people and communities. The plan includes bulk water transport and will improve and upgrade current water infrastructure so that Navajo rate-payers will not foot the bill for this cost in the near future,” stated Delegate Tsosie. “The plan also addresses some wastewater development and Sewage Disposal System projects to begin helping with the operation and maintenance cost to keep rates down.”

According to Delegate Tsosie, the plan will also allow the Nation to work with Congress to help fund Sewage Disposal System projects that would provide direct waterlines to Navajo homes and begin to fund the Navajo Nation's own version of water rights infrastructure and other form of leveraging for water projects.

In August, the Council's Naabik'iyátí' Committee approved an investment policy that allowed the Nation to invest the settlement funds into a diversified portfolio that includes stocks, bonds, real estate, and other investment vehicles that have led to a return on the Nation's investment.

The Nation's investors have explained that due to the volatility of the stock market, the settlement funds have been invested in increments of \$50 million per month since the investment policy was approved in August. To date, the Nation has invested approximately \$200 million in the stock market and will continue doing so until the entire amount is invested or until an expenditure plan is approved by the Council.

The Síhasin Fund Subcommittee said additional expenditure plans will be introduced to address economic and community develop and education opportunities as mandated by the Navajo Nation Breach of Trust Settlement Act of 2014.

Legislation No. 0015-16 is assigned to the Resources and Development Committee, Budget and Finance Committee, Naabik'iyátí' Committee, and the Navajo Nation Council. The bill will require two-thirds approval, or 16 supporting votes, from members of Council.

To view the legislation and the project listing, please click [here](#). Public comments may be submitted to the Office of Legislative Services at P.O. Box 3390, Window Rock, Arizona 86515 or e-mailed to comments@navajo-nsn.gov.

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