

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0133-20__

SPONSOR: Jamie Henio

TITLE: An Action Relating to the Budget and Finance Committee; Approving a Direct Equity Investment in Company as set forth in NNICJU-08-20 pursuant to the Navajo Nation Master Investment Policy

Date posted: June 12, 2020 at 5:02PM

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LEGISLATIVE SUMMARY SHEET

Tracking No. 0133-20

DATE: June 12, 2020

TITLE OF RESOLUTION: AN ACTION RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING A DIRECT EQUITY INVESTMENT IN COMPANY AS SET FORTH IN NNICJU-08-20 PURSUANT TO THE NAVAJO NATION MASTER INVESTMENT POLICY

PURPOSE: This resolution, if approved, will approve the Direct Investment as recommended by Investment Committee Resolution N. NNICJU-08-20.

This written summary does not address recommended amendments as may be provided by the standing committee. The Office of Legislative Counsel requests each committee member to review the proposed resolution in detail.

OLC No. 20-209-1

5-DAY BILL HOLD PERIOD: Johnson
Website Posting Time/Date: _____
Posting End Date: 06-17-20
Eligible for Action: 06-18-20

1 PROPOSED STANDING COMMITTEE RESOLUTION
2 24th NAVAJO NATION COUNCIL – Second Year, 2020

3 INTRODUCED BY:

4 _____
5
6 (Primary Sponsor)

7 TRACKING NO. 0133-20

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9 AN ACTION

10 RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING A
11 DIRECT EQUITY INVESTMENT IN COMPANY AS SET FORTH IN NNICJU-08-20
12 PURSUANT TO THE NAVAJO NATION MASTER INVESTMENT POLICY
13

14 **Section One. Authority**

- 15 A. The Navajo Nation established the Budget and Finance Committee as a standing
16 committee of the Navajo Nation Council and empowered the Committee to coordinate,
17 oversee, and regulate the fiscal, financial, investment, contracting and audit policies of
18 the Navajo Nation, 2 N.N.C. §§ 300(A), 301(B)(5); and to promulgate rules and
19 regulations relative to contracting, investments, and financial matters pursuant to 2
20 N.N.C. § 301(B)(1).
- 21 B. The Navajo Nation created the Navajo Nation Investment Committee pursuant to
22 Resolution No. CAU-39-73, and the Budget and Finance Committee approved and
23 adopted the investment policies for all Navajo Nation financial resources pursuant to
24 Resolution No. BFO-61-90, as amended by BFJY-114-03, BFJA-01-08, BFJN-17-15,
25 BFD-38-17, BFD-41-17, and BFD-45-18.
- 26 C. The Navajo Nation Investment Committee is an advisory group to the Budget and
27 Finance Committee in the management of the Nation's investment program and is
28 responsible for recommending to the Budget and Finance Committee the approval of
29 the selection of investment managers and custodians recommended by the Investment
30 Consultant, subject to the approval of each investment manager contract and each

1 custodian contract by the Budget and Finance Committee, pursuant to the Master
2 Investment Policy, § 4.3(d).

- 3 D. By Resolution No. BFD-45-18, the Budget and Finance Committee approved the
4 Amended and Restated Master Investment Policy for the Navajo Nation (“Investment
5 Policy”) that specifically authorizes the Budget and Finance Committee to approve
6 direct investments in non-public companies, either equity or debt based, provided
7 such investments have a projected annual rate of return of more than the five (5) year
8 average rate of return of the Master Trust. *See* Investment Policy § 8.1(i).

9
10 **Section Two. Findings**

- 11 A. The Company is a non-native owned nationally recognized manufacturing entity that
12 enjoys worldwide brand recognition.
- 13 B. Due diligence was performed on the Company by outside legal counsel contracted
14 through the Office of Legislative Counsel and Office of the Speaker on behalf of the
15 Office of the Controller and Chairperson of the Navajo Nation Investment
16 Committee.
- 17 C. The due diligence and negotiations concerning the Company are covered by a Non-
18 Disclosure Agreement (NDA) and cannot be distributed to the public and/or anyone
19 not covered by the NDA.
- 20 D. The due diligence and negotiations concerning the Company indicate that a direct
21 investment in the Company of up to \$300 million in the form of equity will produce a
22 projected annual rate of return of more than the five (5) year average rate of return of
23 the Master Trust set forth in the most recent quarterly report provided by the Nation’s
24 Investment Consultant.
- 25 F. The Budget and Finance Committee is strongly committed to diversifying the
26 Nation’s investment portfolio to include direct investments as a means to increasing
27 the Nation’s overall revenue and rate of return.
- 28 G. Pursuant to 12 N.N.C. § 203(I) and Section 4.4 of the Investment Policy, the Navajo
29 Nation Controller carries out investments authorized and approved by the Budget and
30 Finance Committee.

1 H. Through NNICJU-08-20, attached as **Exhibit 1**, the Investment Committee
2 recommended a Direct Investment in the Company.
3

4 **Section Three. Approvals, Authorizations and Directives**

- 5 A. The Budget and Finance Committee of the Navajo Nation Council hereby approves a
6 Direct Investment by the Navajo Nation in the form of equity in the Company in an
7 amount up to \$300 million
- 8 B. The Controller shall select the trust funds under the Master Trust to be used to fund the
9 Direct Investment. Each trust fund under the Master Trust that is providing funding for
10 the equity investment shall receive a *pro rata* share of the earnings paid on the Direct
11 Investment as a return on its investment.
- 12 C. The Navajo Nation Controller shall finalize the documents for the Direct Investment
13 and shall deliver the final Direct Investment documents for execution by the Navajo
14 Nation.
- 15 D. Upon execution of the Direct Investment documents, the Office of the Controller and
16 the Office of Management and Budget and all other appropriate programs and officials
17 shall immediately take all actions necessary to effectuate the intent of this Resolution
18 including without limitation the requisite transfer of funds for the Direct Investment.
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20 **Section Four. Savings Clause**

21 Should any provision herein be determined invalid by the Navajo courts or other court of
22 competent jurisdiction, all other provisions of this legislation not determined to be invalid
23 shall remain in full force and effect.
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