TITLE: An Act Relating to Budget and Finance Committee; Ratifying Amendments to the Fee Schedules of the Retirement Plan and Master Trust Investment Manager Agreements

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DATE: March 8, 2021

TITLE OF RESOLUTION: AN ACT RELATING TO BUDGET AND FINANCE COMMITTEE; RATIFYING AMENDMENTS TO THE FEE SCHEDULES OF THE RETIREMENT PLAN AND MASTER TRUST INVESTMENT MANAGER AGREEMENTS

PURPOSE: The purpose of this resolution is for the Navajo Nation to ratify certain amendments to the fee schedules of the Retirement Plan and Master Trust investment manager agreements.
PROPOSED STANDING COMMITTEE RESOLUTION

24th NAVAJO NATION COUNCIL - THIRD YEAR, 2021

INTRODUCED BY

[Signature]

Primary Sponsor

TRACKING NO. 0036-21

AN ACT

RELATING TO BUDGET AND FINANCE COMMITTEE; RATIFYING AMENDMENTS TO THE FEE SCHEDULES OF THE RETIREMENT PLAN AND MASTER TRUST INVESTMENT MANAGER AGREEMENTS

SECTION ONE. AUTHORITY

A. The Budget and Finance Committee of the Navajo Nation Council is empowered with the “authority including but not limited to budget, finance, investment, bonds, contracting, insurance, audits, accounting, taxes, loans, Chapter budget and finance for the following purposes: 1) [t]o coordinate, oversee, regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation.” 2 N.N.C. §§ 300(C), (C)(I).

B. The Budget and Finance Committee is empowered to coordinate and review all fiscal, financial, and investment activities of the Navajo Nation pursuant to 2 N.N.C. § 301(B)(5).

C. The Budget and Finance Committee adopted investment policies for all Navajo Nation financial resources, the Master Investment Policy, in Resolution Nos. BFO-61-90, BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, and BFD-41-17; the Budget and Finance Committee approved the current version of the Master Investment Policy in BFD-45-18.
D. The Navajo Nation created the Navajo Nation Investment Committee in Resolution No. CAU-39-73.

E. The Navajo Nation Investment Committee is an advisory group to the Budget and Finance Committee regarding the management of the Navajo Nation’s investment programs, and is responsible for approving and making recommendations to the Budget and Finance Committee for the adoption of modifications to the Master Investment Policy, Sub-Policies, and Asset Class Guidelines, pursuant to the Master Investment Policy at § 4.3. The Investment Committee also makes recommendations to the Budget and Finance Committee for approval of investment managers and custodians, in accordance with §§ 4.3, 4.3(d) of the Master Investment Policy.

SECTION TWO. FINDINGS

A. The Navajo Nation and Capital Guardian Trust Company have entered into various investment management agreements ("Agreements") relating to the Navajo Nation Master Trust and the Navajo Nation Defined Benefit Plan, all of which are attached as Subexhibits 1-5 to Navajo Nation Investment Committee Resolution No. NNICFB-05-20 (attached hereto as Exhibit A). The Agreements are as follows:

- Grantor Trust Agreement, dated August 30, 2005 (Subexhibit 1);
- Investment Management Agreement, dated August 30, 2005 (Subexhibit 2);
- Addendum to the Investment Management Agreement, dated August 30, 2005 (Subexhibit 3);
- Letter of Understanding, dated August 30, 2005 (Subexhibit 4);
- Addendum to the Investment Management Agreement, dated October 11, 2007 (Subexhibit 5).

B. The Navajo Nation Controller, pursuant to her duties under the Master Investment Policy at § 4.4, has coordinated with the Navajo Nation’s investment consultant, RVK, Inc., and both have recommended to the Navajo Nation Investment Committee certain proposed amendments to the Capital Guardian Trust Company’s Investment Manager Agreements related to the Account Fee Schedules for Account No. 44347100 for the
Retirement Plan, and for Account No. 44347200 for the Master Trust. The proposed amendments are attached to Exhibit A as Subexhibit 6 and Subexhibit 7, respectively.

C. As shown in Exhibit A attached hereto, the Navajo Nation Investment Committee has reviewed the recommendation by the Navajo Nation Controller and RVK, Inc., regarding the proposed amendments shown in Subexhibit 6 and Subexhibit 7. In Resolution No. NNICFB-05-20 the Navajo Nation Investment Committee approved the recommendation by the Navajo Nation Controller and RVK, Inc. to adopt the proposed amendments.

D. In Resolution No. NNICFB-05-20 the Navajo Nation Investment Committee also recommends to the Budget and Finance Committee the ratification of the proposed amendments to the Capital Guardian Trust Company’s Investment Manager Agreements related to the Account Fee Schedules for Account No. 44347100 for the Retirement Plan, and for Account No. 44347200 for the Master Trust, as shown in Subexhibit 6 and Subexhibit 7 to Exhibit A attached hereto, respectively.

E. The Investment Committee’s recommendation and the proposed amendments have been reviewed by the Navajo Nation Department of Justice and have been determined “legally sufficient.” Exhibit B.

SECTION THREE. APPROVAL

The Budget and Finance Committee approves the recommendation of the Navajo Nation Investment Committee, adopting the amendments to the Capital Guardian Trust Company’s Investment Manager Agreements related to the Account Fee Schedules for Account No. 44347100 for the Retirement Plan, and for Account No. 44347200 for the Master Trust, as shown in Subexhibit 6 and Subexhibit 7 to the attached Exhibit A, respectively.