

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0080-22\_

SPONSOR: Jamie Henio

**TITLE: An Act Relating to Budget and Finance Committee; Approving the Termination of INTECH as the Navajo Nation's Investment Manager for the Master Trust Fund and the Retirement Plan Fund, and the Reallocation of the Navajo Nation's Assets Among Incumbent Investment Managers**

***Date posted:*** April 14, 2022 at 6:00 PM

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**SUMMARY OF PROPOSED LEGISLATION**

Tracking No. 0080-22

Date: March 31, 2022

Re: **AN ACT RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING THE TERMINATION OF INTECH AS THE NAVAJO NATION'S INVESTMENT MANAGER FOR THE MASTER TRUST FUND AND THE RETIREMENT PLAN FUND, AND THE REALLOCATION OF THE NAVAJO NATION'S ASSETS AMONG INCUMBENT INVESTMENT MANAGERS**

Purpose of this Legislation:

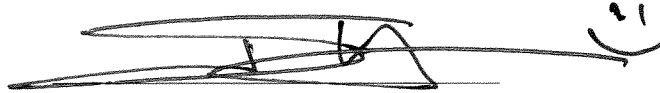
In accordance with the recommendations of the Investment Committee and the Nation's investment consultant, this Legislation would approve the termination of INTECH as the Nation's investment manager for the Master Trust Fund and the Retirement Plan Fund, the Nation's liquidation of its assets in these Funds, and the reallocation of the assets among other incumbent investment managers.

OLC No. 22-013-1

5-DAY BILL HOLD PERIOD: Johnson  
Website Posting Time/Date: \_\_\_\_\_  
Posting End Date: 04-19-22  
Eligible for Action: 04-20-22

1 PROPOSED STANDING COMMITTEE RESOLUTION  
2 24<sup>th</sup> NAVAJO NATION COUNCIL - Fourth Year, 2022

3 Introduced by:

4 

5 (Primary Sponsor)

6 Tracking No. 0080-22

7 BUDGET & FINANCE COMMITTEE

8 NAVAJO NATION COUNCIL - Fourth Year, 2022

9 AN ACT

10 RELATING TO THE BUDGET AND FINANCE COMMITTEE;  
11 APPROVING THE TERMINATION OF INTECH AS THE NAVAJO NATION'S  
12 INVESTMENT MANAGER FOR THE MASTER TRUST FUND AND THE  
13 RETIREMENT PLAN FUND, AND THE REALLOCATION OF THE NAVAJO  
14 NATION'S ASSETS AMONG INCUMBENT INVESTMENT MANAGERS

15 BE IT ENACTED:

16 SECTION ONE. AUTHORITY

17 A. The Budget and Finance Committee of the Navajo Nation Council is a standing committee  
18 of the Navajo Nation Council empowered with oversight authority over matters involving  
19 budgeting, finance, investment, bonds, contracting, insurance, audits, accounting, taxes,  
20 loans, and Chapter budget and finance, for the purpose of coordinating, overseeing, and  
21 regulating the fiscal, financial, investment, contracting, and audit policies of the Navajo  
22 Nation. 2 N.N.C. §300(C); 2 N.N.C. §300(C)(1).

23 B. The Budget and Finance Committee ("BFC") is authorized to promulgate rules, regulations,  
24 and policies related to contracting, investments, and financial matters of the Navajo Nation.  
25 2 N.N.C. §301(B)(1).

26 C. In exercising its authority pursuant to 2 N.N.C. §300(C)(1) and 2 N.N.C. §301(B)(1), the  
27 BFC has from time to time approved and adopted comprehensive investment policies for all  
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1 Navajo Nation financial resources (“Master Investment Policy”). See Resolution No. BFO-  
2 61-90, as amended by BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, BFD-41-17,  
3 BFD-45-18, and BFAP-08-21.

4 D. In Resolution No. CAU-39-73 the Navajo Nation established the Navajo Nation Investment  
5 Committee (“Investment Committee”). The Investment Committee works with the Navajo  
6 Nation’s investment consultant, RVK, Inc. (“RVK”) and advises the BFC regarding the  
7 Navajo Nation’s investment program. The Investment Committee is also responsible for  
8 recommending the selection and deselection of investment managers and custodians for the  
9 various Navajo Nation Funds, upon the guidance and advice of RVK.

10 E. According to Section 4.3(d) of the Master Investment Policy, the BFC approves each  
11 investment manager contract and each custodian contract pertaining to the investment of  
12 Navajo Nation assets and the handling of Navajo Nation Funds. Section 18.8 of the Master  
13 Investment Policy gives the Investment Committee the authority to recommend the  
14 termination of investment managers, with the BFC having final authority for such  
15 terminations.

16 F. Pursuant to Section 18.3 of the Master Investment Policy, with RVK’s guidance the  
17 Investment Committee is further authorized to transfer the Nation’s assets that are managed  
18 by a terminated investment manager into a passive benchmark tracking investment strategy  
19 with similar investment exposure, for short-term investment purposes.

## 20 21 **SECTION TWO. FINDINGS**

22 A. INTECH Broad Large Cap Growth Strategy (“INTECH”) currently serves as the investment  
23 manager of the Navajo Nation’s assets in the Nation’s Master Trust Fund and the Nation’s  
24 Defined Benefit Plan Fund (otherwise known as the Nation’s Retirement Plan Fund).

25 B. RVK, along with staff of the Office of the Controller, has performed a thorough review of  
26 the performance history and strategy of INTECH regarding its handling of the Master Trust  
27 Fund and the Defined Benefit Plan balances. Based on its findings, RVK now advises the  
28 Navajo Nation to terminate INTECH and reallocate the Nation’s assets in these two Funds  
29 to other incumbent investment managers.

30 C. RVK’s explanation and advice that the Navajo Nation should terminate INTECH and

1 reallocate its assets is attached hereto as **EXHIBIT 1**.

2 D. RVK's further explanation and advice regarding the reallocation of the Nation's assets is  
3 attached as **EXHIBIT 2**. Specifically, RVK advises that the Nation rebalance the large cap  
4 equity allocation for the Master Trust Fund and the Defined Benefit Plan by investing with  
5 Dodge & Cox, Vanguard S & P 500, and Jennison, and by placing the Nation's assets in  
6 limited liquidity real estate investments.

7 E. The Investment Committee has reviewed and considered RVK's recommendations and has  
8 approved the termination of INTECH and the liquidation and reallocation of the Navajo  
9 Nation's assets in the Master Trust Fund and Defined Benefit Plan among the Nation's other  
10 incumbent investment managers. See Resolution No. NNICDC-07-21, attached hereto as  
11 **EXHIBIT 3**.

12 F. BFC has reviewed and considered the advice of RVK and the Investment Committee, and  
13 finds that the recommendation to terminate INTECH and reallocate the Nation's assets, as  
14 explained in EXHIBIT 1 and EXHIBIT 2, is in the best interest of the Navajo Nation.

15  
16 **SECTION THREE. APPROVAL OF TERMINATION AND DIRECTIVES**

17 A. The Budget and Finance Committee hereby approves the termination of the INTECH Broad  
18 Large Cap Growth Fund as the Navajo Nation's investment manager for the Nation's Master  
19 Trust Fund and the Nation's Defined Benefit Plan.

20 B. The Budget and Finance Committee hereby approves the Navajo Nation's notification and  
21 request to INTECH to immediately liquidate all Navajo Nation assets pertaining to the  
22 Master Trust Fund and the Defined Benefit Plan, that are currently held or managed by  
23 INTECH.

24 C. The Budget and Finance Committee hereby directs the Office of the Controller to work with  
25 RVK and the Investment Committee, as necessary, to get all required and appropriate  
26 documents prepared, executed, and delivered to INTECH without haste, in order to  
27 implement the intent of this Act.

28 D. The Budget and Finance Committee hereby directs the Investment Committee to work with  
29 RVK to promptly redistribute the Navajo Nation's assets retrieved from INTECH among its  
30 other incumbent investment managers, as detailed in the attached EXHIBIT 2.

1 **SECTION FOUR. EFFECTIVE DATE**

2 This Act shall become effective in accordance with 2 N.N.C. §300(C), 2 N.N.C. §300(C)(1),  
3 and 2 N.N.C. §189(A).

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5 **SECTION FIVE. SAVING CLAUSE**

6 If any portion of this Act is invalidated by the Supreme Court of the Navajo Nation, or by any  
7 Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the  
8 remainder of this legislation shall be the law of the Navajo Nation.

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