

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0081-22\_

SPONSOR: Jamie Henio

**TITLE: An Act Relating to the Budget and Finance Committee; Approving the Termination of the UBS Trumbull Property Fund as the Navajo Nation's Investment Manager, and Approving the Liquidation of the Navajo Nation's Assets in the Permanent Fund and the Síhasin Fund that are Currently Managed by the UBS Trumbull Property Fund**

***Date posted:*** April 14, 2022 at 6:05 PM

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**SUMMARY OF PROPOSED LEGISLATION**

TrackingNo. 0081-22

Date: March 30, 2022

Re: **AN ACT RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING THE TERMINATION OF THE UBS TRUMBULL PROPERTY FUND AS THE NAVAJO NATION'S INVESTMENT MANAGER, AND APPROVING THE LIQUIDATION OF THE NAVAJO NATION'S ASSETS IN THE PERMANENT FUND AND THE SÍHASIN FUND THAT ARE CURRENTLY MANAGED BY THE UBS TRUMBULL PROPERTY FUND**

Purpose of this Legislation:

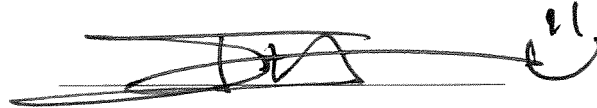
In accordance with the recommendations of the Investment Committee and the Nation's investment consultant, this Legislation would approve the termination of UBS as the Nation's investment manager for the Permanent Fund and the Síhasin Fund, and approving the Nation's liquidation of its assets in these Funds, and the placement of the assets in a temporary investment account.

OLC No. 22-014-1

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 

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6 (Primary Sponsor)

7  
8 Tracking No. 0081-22

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10 AN ACT

11 RELATING TO THE BUDGET AND FINANCE COMMITTEE;  
12 APPROVING THE TERMINATION OF THE UBS TRUMBULL PROPERTY  
13 FUND AS THE NAVAJO NATION'S INVESTMENT MANAGER, AND  
14 APPROVING THE LIQUIDATION OF THE NAVAJO NATION'S ASSETS  
15 IN THE PERMANENT FUND AND THE SÍHASIN FUND THAT ARE  
16 CURRENTLY MANAGED BY THE UBS TRUMBULL PROPERTY FUND

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18 BE IT ENACTED:

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20 SECTION ONE. AUTHORITY

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

27 B. The Budget and Finance Committee ("BFC") is authorized to promulgate rules, regulations,  
28 and policies related to contracting, investments, and financial matters of the Navajo Nation.  
29 2 N.N.C. §301(B)(1).

30 C. In exercising its authority pursuant to 2 N.N.C. §300(C)(1) and 2 N.N.C. §301(B)(1), the

1 BFC has from time to time approved and adopted comprehensive investment policies for all  
2 Navajo Nation financial resources (“Master Investment Policy”). See Resolution No. BFO-  
3 61-90, as amended by BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, BFD-41-17,  
4 BFD-45-18, and BFAP-08-21.

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

11 E. According to Section 4.3(d) of the Master Investment Policy, the BFC approves each  
12 investment manager contract and each custodian contract pertaining to the handling of  
13 Navajo Nation Funds. Section 18.8 of the Master Investment Policy gives the Investment  
14 Committee the authority to recommend the termination of investment managers, with the  
15 BFC having final authority for such 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. The UBS Trumbull Property Fund (“UBS”) currently serves as the investment manager of  
23 the Navajo Nation’s assets in the Permanent Fund and the Síhasin Fund. UBS is one of two  
24 core real estate managers charged with managing assets for the Permanent Fund and the  
25 Síhasin Fund core real estate allocations.

26 B. RVK, along with staff of the Office of the Controller, has performed a thorough review of  
27 the performance history and strategy of UBS regarding its handling of the Permanent Fund  
28 and the Síhasin Fund balances. Based on its findings, RVK now advises the Navajo Nation  
29 to terminate UBS and immediately notify UBS of the Nation’s intent to collect its assets by  
30 submitting a full liquidation request to UBS.

1 C. RVK's advice that the Navajo Nation should terminate UBS is attached as **EXHIBIT 1.**

2 RVK has also provided a memorandum explaining its recommendation. **EXHIBIT 2.**

3 D. The Investment Committee has reviewed and considered RVK's recommendation and has  
4 approved the termination of UBS. See Resolution No. NNICOC-06-21, attached as  
5 **EXHIBIT 3.**

6 E. RVK has provided an explanation of the process required for the Navajo Nation to notify  
7 UBS of the termination and to liquidate the Nation's assets in the Permanent Fund and the  
8 Síhasin Fund. **EXHIBIT 4.**

9 F. BFC has reviewed the advice of RVK and the Investment Committee, and finds that the  
10 recommendation to terminate UBS is the best interest of the Navajo Nation.  
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### 12 **SECTION THREE. APPROVAL OF TERMINATION OF UBS AND DIRECTIVES**

13 A. The Budget and Finance Committee hereby approves the termination of the UBS Trumbull  
14 Property Fund as the Navajo Nation's investment manager for the Permanent Fund and the  
15 Síhasin Fund.

16 B. The Budget and Finance Committee hereby approves the Navajo Nation's notification and  
17 request to UBS to immediately liquidate all Navajo Nation assets pertaining to the Permanent  
18 Fund and the Síhasin Fund, that are currently held or managed by UBS.

19 C. The Budget and Finance Committee hereby directs the Office of the Controller to work with  
20 RVK and the Investment Committee, as necessary, to get all required and appropriate  
21 documents prepared, executed, and delivered to UBS without haste, in order to implement  
22 the intent of this Act.

23 D. The Budget and Finance Committee hereby directs the Investment Committee to work with  
24 RVK to promptly identify, evaluate, and select a replacement investment manager and to  
25 quickly implement an alternative investment strategy for the Permanent Fund and the Síhasin  
26 Fund.

27 E. The Budget and Finance Committee hereby approves the Navajo Nation's temporary  
28 investment of all liquidated Permanent Fund and Síhasin Fund assets formerly held or  
29 managed by UBS, as determined by the Investment Committee after consultation with, and  
30 guidance from, RVK.

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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