

THE NAVAJO NATION  
LEGISLATIVE BRANCH  
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: \_0109-22\_

SPONSOR: Wilson C. Stewart, Jr.

**TITLE: An Act Relating to the Resources and Development, Budget and Finance, and Naabik'iyáti' Committees, and the Navajo Nation Council; Allocating \$18,880,105 from the Síhasin Fund to NavaMill Lumber & Logging Company for its Proposed Forest Products Business to be Constructed in Sawmill Chapter; Approving the Related Expenditure Plan Pursuant to 12 N.N.C. § 2501 - § 2508**

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**SUMMARY OF PROPOSED LEGISLATION**

TrackingNo. 0109-22

Date: June 29, 2022

**Re: AN ACT RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; ALLOCATING \$18,880,105 FROM THE SÍHASIN FUND TO NAVAMILL LUMBER & LOGGING COMPANY FOR ITS PROPOSED FOREST PRODUCTS BUSINESS TO BE CONSTRUCTED IN SAWMILL CHAPTER; APPROVING THE RELATED EXPENDITURE PLAN PURSUANT TO 12 N.N.C. §2501 – §2508**

**Purpose of this Legislation:**

to allocate \$18,880,105 from the Sihasin Fund to NavaMill Lumber & Logging Company for its proposed forest products business to be constructed in the Sawmill Chapter (design, planning, construction).

OLC No. 22-137-1

5-DAY BILL HOLD PERIOD: Johnson  
Website Posting Time/Date: \_\_\_\_\_  
Posting End Date: 07-05-22  
Eligible for Action: 07-06-22

Resources & Development Committee  
Thence  
Budget & Finance Committee  
Thence  
Naabik'iyáti' Committee  
Thence  
Navajo Nation Council

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

3 Introduced by:

4   
5 \_\_\_\_\_  
6 (Prime Sponsor)

7  
8 Tracking No. 0109-22

9  
10 AN ACT  
11 RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET  
12 AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND THE  
13 NAVAJO NATION COUNCIL; ALLOCATING \$18,880,105 FROM THE  
14 SÍHASIN FUND TO NAVAMILL LUMBER & LOGGING COMPANY  
15 FOR ITS PROPOSED FOREST PRODUCTS BUSINESS TO BE  
16 CONSTRUCTED IN SAWMILL CHAPTER; APPROVING THE RELATED  
17 EXPENDITURE PLAN PURSUANT TO 12 N.N.C. §2501 – §2508  
18

19 BE IT ENACTED:

20  
21 SECTION ONE. AUTHORITY

22 A. The Resources and Development Committee (“RDC”) was established as a standing  
23 committee of the Navajo Nation Council. 2 N.N.C. §500(A). The RDC has legislative  
24 authority over the Navajo Nation’s environment and natural resources and the protection  
25 thereof, as well as activities on Navajo Nation lands involving surface disturbances or  
26 alteration of the natural state of such lands. 2 N.N.C. §500(C)(1); 2 N.N.C. §500(C)(2).

27 B. The RDC has statutory authority over land withdrawals and non-mineral leasing on Navajo  
28 Nation lands. 2 N.N.C. §500(B)(2)(a). Pursuant to its authority under 2 N.N.C. §500(B)(3),  
29 the RDC delegated its responsibilities for business site leasing to the Division of Economic  
30 Development (see Resolution No. RDCD-93-15) and for land withdrawals to the Division of

1 Natural Resources (see Resolution No. RDCJN-33-15).

2 C. The Budget and Finance Committee is a standing committee of the Navajo Nation Council  
3 with the responsibility to “review and recommend to the Navajo Nation Council the  
4 budgeting, appropriation, investment and management of all funds,” which includes money  
5 from the Síhasin Fund that was established by the Navajo Nation Council in Resolution No.  
6 CD-68-14. 2 N.N.C. §301(B)(2).

7 D. The Naabik’iyáti’ Committee is a standing committee of the Navajo Nation Council that  
8 considers all proposed final actions by the Navajo Nation Council. 2 N.N.C. §164(A)(9).

9 E. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).  
10 As such, the Council may approve appropriations from the Navajo Nation’s Síhasin Fund in  
11 accordance with 12 N.N.C. §2505(A).

12 F. 12 N.N.C. §2502, as amended by Navajo Nation Council Resolution No. CJA-03-18, sets  
13 forth the purpose of the Navajo Nation Síhasin Fund (“Síhasin Fund”) as follows:

14 §2502 Purpose

15 A. The purposes of this Fund are to provide financial support and/or financing for:

- 16 1. The planning and development of economic development and regional infrastructure  
17 supporting economic development and community development, including such  
18 infrastructure as, but not limited to, housing, commercial and government buildings,  
19 waterline, solid waste management development, powerline projects, and  
20 transportation and communication systems, within the Navajo Nation; . . .

21 B. For the Purpose in §2502(A)(1), Fund expenditures for infrastructure shall not be  
22 limited by 12 N.N.C. §1310(F) or TCDCJY-77-99.

23 C. Leveraging the Fund by way of guaranteeing loans, match funding, direct funding in  
24 part, and other weighted uses of the Fund, including loan financing from the Fund, for  
25 the purposes in §2502(A)(1), shall be favored over direct funding in whole.

26 G. The Síhasin Fund provides that “Fund Principal” shall consist of all deposits made to the  
27 Síhasin Fund and that “Fund Income” shall consist of all earnings (interest, dividends, etc.)  
28 generated and realized by the Fund Principal, and that Síhasin Fund Income shall be  
29 deposited in, and added to, the Fund Principal until such time as a Fund Expenditure Plan  
30 is duly approved. 12 N.N.C. §2504 and §2505(C).

1 H. The Síhasin Fund provides that “Fund Principal and Income shall not be expended except  
2 pursuant to a Fund Expenditure Plan consistent with the purposes set forth in §2502 of this  
3 Chapter and adopted by a two-thirds (2/3) vote of all members of the Navajo Nation  
4 Council.” 12 N.N.C. §2505(A).

5  
6 **SECTION TWO. FINDINGS**

7 A. NavaMill Lumber and Logging Company (“NavaMill”) is a 100% Navajo-owned business  
8 located in the Sawmill Chapter (Arizona) of the Navajo Nation. NavaMill is requesting an  
9 allocation from the Síhasin Fund for the design, planning, and construction of its proposed  
10 forest products business (“Project”) to be located in Sawmill. This Project will consist of  
11 logging activities and the processing of timber for sale to customers with construction and  
12 building needs. NavaMill will also process timber into wood pellets to sell for indoor heating  
13 use. NavaMill’s Proposal for Funding for the Project is attached hereto as **EXHIBIT A**.

14 B. A land withdrawal for 18 acres in the Sawmill Chapter area, has been approved for  
15 commercial and industrial development purposes. **EXHIBIT B**.

16 C. NavaMill has also obtained a duly-approved Business Site Lease from the Navajo Nation,  
17 BSL No. NNFD-21-0002, for the planned Sawmill area site for its Project. **EXHIBIT C**.

18 D. The Sawmill Chapter and the Navajo Nation Forestry Department have indicated their full  
19 support of NavaMill’s proposed Project. **EXHIBIT D**.

20 E. NavaMill’s contractor has prepared a detailed cost estimate for the Project. **EXHIBIT E**.  
21 According to the contractor’s extensive cost breakdown, the total cost for the Project is  
22 estimated to be \$18,880,105. This is the dollar amount that NavaMill is requesting the  
23 Navajo Nation to allocate from the Síhasin Fund for its Project.

24 F. A set of drawings for the Project is attached as **EXHIBIT F**.

25 G. The allocation of the Síhasin funds requested by NavaMill meets the criteria for Síhasin  
26 expenditures because this Project involves “infrastructure” and “regional infrastructure  
27 supporting economic development” such as “commercial and government buildings” in  
28 accordance with 12 N.N.C. §2502(A)(1).

29 H. Approval of the requested Síhasin allocation meets the preference for leveraging Síhasin  
30 funds, as stated in 12 N.N.C. §2502(C), because NavaMill has already invested \$53,500

1 towards land surveying costs and obtaining the required archeological and environmental  
2 clearances, for this Project. In addition, NavaMill plans to seek other funds through the  
3 Native American Bank and BIA-guaranteed loans.

4 I. NavaMill states that its Project will result in the hiring of approximately 100 temporary  
5 employees to work on the Project, and 30 permanent NavaMill employees, once its forest  
6 products business is up and running. NavaMill explains that its Project will provide high-  
7 quality, locally-sourced, building and heating materials for the needs of the Sawmill Chapter  
8 and surrounding communities, as well as Navajo Nation government entities and Navajo  
9 Nation-owned enterprises. **EXHIBIT A.**

10 J. The Navajo Nation finds that approving NavaMill's requested allocation from the Síhasin  
11 Fund for its proposed Project is in the best interest of the Navajo Nation and the Navajo  
12 People.

13  
14 **SECTION THREE. ALLOCATING \$18,880,105 FROM THE SÍHASIN FUND TO**  
15 **NAVAMILL FOR ITS PROPOSED FOREST PRODUCTS**  
16 **BUSINESS TO BE CONSTRUCTED IN THE SAWMILL**  
17 **CHAPTER; APPROVING THE RELATED EXPENDITURE**  
18 **PLAN PURSUANT TO 12 N.N.C §2501 – §2508**

19 A. In accordance with 12 N.N.C. §2505(A), the Navajo Nation hereby allocates \$18,880,105  
20 from the Síhasin Fund to NavaMill Lumber & Logging Company for the design, planning,  
21 and construction of its proposed forest products business to be constructed in the Sawmill  
22 Chapter.

23 B. The Navajo Nation hereby approves the Expenditure Plan for NavaMill's proposed Project,  
24 consisting of those activities described in the attached **EXHIBIT A, EXHIBIT E, and**  
25 **EXHIBIT F.**

26 C. The Síhasin funds approved herein may be further leveraged by bond or loan financing  
27 pursuant to the Navajo Nation Bond Financing Act (12 N.N.C. §1300 *et seq.*, as amended),  
28 using Síhasin Fund earnings for repayment and financing costs, upon approval of the Budget  
29 and Finance Committee and upon further approval by a two-thirds (2/3) vote of the full  
30 membership of the Navajo Nation Council.

1 D. The Controller shall determine whether the source of the Síhasin funds approved herein will  
2 be Síhasin Fund Principal or Síhasin Fund Income, or a combination of both.

3 E. Within thirty (30) business days after the effective date of this Act, the Controller shall begin  
4 releasing the Síhasin funds approved herein to NavaMill, provided that an appropriate grant  
5 agreement, memorandum of agreement, or other legal document establishing a project  
6 schedule, payment or drawdown plan, fund management plan, or other relevant procedures,  
7 has been agreed to by the Controller and is executed by NavaMill and the Navajo Nation.

8 F. All Síhasin funds received by NavaMill shall be used strictly for the planning, design, and  
9 construction of its Project, as described in **EXHIBIT A**, **EXHIBIT E**, and **EXHIBIT F**.  
10 NavaMill shall be solely and fully responsible for complying with the Expenditure Plan  
11 approved herein, and with all provisions of the legal agreement described in Section Three  
12 (E) above.

13 G. As a condition of receiving the Síhasin funds approved herein, upon reasonable prior notice  
14 by the Navajo Nation, NavaMill shall allow and arrange for the Navajo Nation's full access  
15 to its financial records related to any and all Síhasin funds that NavaMill has drawn down,  
16 for the purpose of the Navajo Nation's review and audit of NavaMill's expenditures of the  
17 Síhasin funds.

18 H. Also as a condition of receiving the approved Síhasin funds, NavaMill shall submit a written  
19 report, and a verbal report if so requested, explaining the ongoing status of the planning,  
20 design, and construction of its Project and its expenditures of the approved Síhasin funds.  
21 Said reports shall be provided to the Resources and Development Committee, and the  
22 Naabik'iyáti' Committee by the end of each Fiscal Year Quarter until NavaMill's Project is  
23 completed or the entire amount of approved Síhasin funds is exhausted.

24 I. Any and all savings or unused amounts of the Síhasin funds approved herein shall be  
25 immediately returned to the Síhasin Fund Principal once NavaMill's Project is completed, or  
26 upon the reversion deadline in Section Three (J) below.

27 J. The Síhasin funds approved herein shall not lapse on an annual basis. However, any and all  
28 Síhasin funds not spent or encumbered within twenty-four (24) months of the date NavaMill  
29 receives its first drawdown of funds, shall then immediately revert to the Síhasin Fund  
30 Principal, unless otherwise approved by both the Resources and Development Committee

1 and the Naabik'íyáti' Committee.

2 K. The Síhasin Fund shall be reimbursed the amount approved herein, from funds available to  
3 the Navajo Nation from any and all state and federal sources, including Congressional  
4 appropriations under the American Rescue Plan Act of 2021 ("ARPA") or other COVID-19-  
5 related relief, so long as the Project expenditures described herein are deemed eligible under  
6 such COVID-19-related or other funding sources.

7  
8 **SECTION FOUR. EFFECTIVE DATE**

9 This Act and the Expenditure Plan approved herein shall be effective pursuant to 12 N.N.C.  
10 §2505.

11  
12 **SECTION FIVE. SAVING CLAUSE**

13 If any portion of this Act is invalidated by the Supreme Court of the Navajo Nation, or by any  
14 Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the  
15 remainder of this Act shall be the law of the Navajo Nation.