

SUMMARY OF PROPOSED LEGISLATION

Tracking No. 0232-22

Date: December 1, 2022

Re: AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND TO THE NAVAJO NATION COUNCIL; APPROVING \$17,513,187 FROM THE SÍHASIN FUND FOR THE NAVAJO NATION SHOPPING CENTERS, INC. FOR NNSCI'S PROPOSED EXPANSION OF THE DILKON SHOPPING CENTER; APPROVING THE RELATED EXPENDITURE PLAN

Purpose of this Legislation:

to approve \$17,513,187 from the Sihasin Fund for the Navajo Nation Shopping Centers, Inc. to implement and complete its proposed expansion project for the Dilkon Shopping Center; approving the Expenditure Plan for the project.

OLC No. 22-400-1

5-DAY BILL HOLD PERIOD: 3:26pm; 12-02-22
Website Posting Time/Date: 12-07-22
Posting End Date: 12-08-22
Eligible for Action: 12-08-22

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

PROPOSED NAVAJO NATION COUNCIL RESOLUTION
24th NAVAJO NATION COUNCIL - Fourth Year, 2022

Introduced by:



(Prime Sponsor)

Tracking No. 0232-22

AN ACTION



**RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET
AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND TO
THE NAVAJO NATION COUNCIL; APPROVING \$17,513,187 FROM THE
SÍHASIN FUND FOR THE NAVAJO NATION SHOPPING CENTERS, INC.
FOR NNSCI'S PROPOSED EXPANSION OF THE DILKON SHOPPING
CENTER; APPROVING THE RELATED EXPENDITURE PLAN**

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee was established as a standing committee of the Navajo Nation Council, and given oversight authority over business site leasing, economic and community development matters, and the Navajo Nation Shopping Centers, Inc. ("NNSCI"). 2 N.N.C. §500(B) and §500(C); see also, Navajo Nation Council Resolution No. CO-63-02 (attached as **EXHIBIT A**) with NNSCI's Articles of Incorporation and NNSCI's original Bylaws, and the current NNSCI Bylaws (attached as **EXHIBIT A-1**).
- B. The Budget and Finance Committee is a standing committee of the Navajo Nation Council with the responsibility to "review and recommend to the Navajo Nation Council the budgeting, appropriation, investment and management of all funds" which includes money from the Navajo Nation's Síhasin Fund. 2 N.N.C. §301(B)(2).

1 C. The Naabik'íyáti' Committee is a standing committee of the Navajo Nation Council that
2 considers all proposed final actions by the Navajo Nation Council. 2 N.N.C. §164(A)(9).

3 D. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. §102(A).

4 As such, the Council may approve appropriations from the Navajo Nation's Síhasin Fund.
5 Specifically, 12 N.N.C. §2505(A) permits expenditures from the Síhasin Fund upon a 2/3
6 approval vote of all members of the Navajo Nation Council.

7 E. 12 N.N.C. §2502, as amended by CJA-03-18, states the purpose of the Navajo Nation Síhasin
8 Fund ("Síhasin Fund") as follows:

9 §2502 Purpose

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

11 1. The planning and development of economic development and regional
12 infrastructure supporting economic development and community development,
13 including such infrastructure as, but not limited to, housing, commercial and
14 government buildings, waterline, solid waste management development,
15 powerline Projects, and transportation and communication systems, within the
16 Navajo Nation; . . .

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

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

22 F. The Síhasin Fund provides that "Fund Principal" shall consist of all deposits made to the
23 Síhasin Fund and that "Fund Income" shall consist of all earnings (interest, dividends, etc.)
24 generated and realized by the Fund Principal, and that Síhasin Fund Income shall be
25 deposited in, and added to, the Fund Principal until such time as a Fund Expenditure Plan is
26 duly approved. 12 N.N.C. §2504 and §2505(C).

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

1 **SECTION TWO. FINDINGS**

2 A. NNSCI was established in 2002 as an independent corporate entity under the Navajo Nation
3 Corporation Code. A copy of NNSCI's Articles of Incorporation and current Bylaws are
4 included under **EXHIBITS A** and **A-1**. NNSCI manages 9 shopping centers across the
5 Navajo Nation, including the Dilkon Shopping Center located in the Dilkon Chapter of the
6 Navajo Nation. See NNSCI's website: *nnsclnc.com*.

7 B. NNSCI is requesting \$17,513,187 from the Navajo Nation's Síhasin Fund for its proposed
8 expansion of the Dilkon Shopping Center ("Expansion Project"). The letter requesting the
9 Síhasin money, from NNSCI's Chief Executive Officer, is attached as **EXHIBIT B**.

10 C. NNSCI has provided a 21-page proposal for the Expansion Project explaining the estimated
11 costs of the Project, anticipated economic benefits to the area, potential tax revenues, and
12 other matters regarding the Expansion Project. **EXHIBIT C**. NNSCI's proposal includes an
13 Executive Summary and detailed Cost Estimate for the Expansion Project. **EXHIBIT D**.

14 E. In Resolution No. DIL-2022-11-001 the Dilkon Chapter expresses its full support for
15 NNSCI's Expansion Project. Resolution No. DIL-2022-001 is attached as **EXHIBIT E**.

16 F. Allocation of the Síhasin funds as requested by NNSCI meets the criteria for Síhasin
17 expenditures because the proposed expenditure involves regional infrastructure supporting
18 economic development and community development in the area, as described in 12 N.N.C.
19 §2502(A)(1).

20 G. Allocation of the requested Síhasin funds also meets the criteria for the leveraging of funds,
21 as described in 12 N.N.C. §2502(C), because the Expansion Project is expected to generate
22 significant tax revenues for the Navajo Nation.

23
24 **SECTION THREE. APPROVING \$17,513,187 FROM THE SÍHASIN FUND FOR THE**
25 **NAVAJO NATION SHOPPING CENTERS, INC. FOR NNSCI'S**
26 **PROPOSED EXPANSION OF THE DILKON SHOPPING**
27 **CENTER; APPROVING THE RELATED EXPENDITURE PLAN**

28 A. Pursuant to 12 N.N.C. §2505(A), the Navajo Nation hereby approves the allocation of
29 \$17,513,187 from the Síhasin Fund for the Navajo Nation Shopping Centers, Inc. to
30 implement and complete its proposed Expansion Project for the Dilkon Shopping Center.

- 1 B. The Navajo Nation hereby approves the related Expenditure Plan for the Expansion Project,
2 as set forth in the **EXHIBIT C** attached hereto.
- 3 C. The Controller shall determine whether the source of the Síhasin funds approved herein will
4 be Síhasin Fund Principal or Síhasin Fund Income, or a combination of both.
- 5 D. The total amount of Síhasin funds approved herein may be further leveraged by bond or loan
6 financing pursuant to the Navajo Nation Bond Financing Act (12 N.N.C. §1300 *et seq.*, as
7 amended), using Síhasin Fund earnings for repayment and financing costs, upon approval of
8 the Budget and Finance Committee and upon a 2/3 approval vote of the full membership of
9 the Navajo Nation Council.
- 10 E. No later than 30 business days after the effective date of this Action, the Controller shall
11 begin transferring to NNSCI the Síhasin funds approved herein. All such transfers shall be
12 in accordance with an appropriate grant agreement, memorandum of agreement, or other
13 legal document executed by NNSCI and the Navajo Nation. Such agreement shall be binding
14 upon the parties, shall be approved by the Controller, and shall establish a Project schedule,
15 a payment or drawdown plan, a funds management plan, or other relevant procedures that
16 will govern NNSCI's access to, and expenditures of, the Síhasin funds approved herein.
- 17 F. Síhasin funds shall not be comingled with any other funds. The approved Síhasin funds shall
18 be used by NNSCI strictly for the implementation and completion of the Expansion Project
19 as described in **EXHIBIT C**. Furthermore, NNSCI shall be responsible for complying with
20 the Expenditure Plan (**EXHIBIT C**) approved herein, and with all terms and conditions of
21 the legal agreement described in Section Three (E) above.
- 22 G. As a condition of receiving the approved Síhasin funds, NNSCI shall allow the Navajo
23 Nation full access to its financial and other records related to the Síhasin funds it has received
24 and to the Expansion Project. Such access shall be for the purpose of the Navajo Nation's
25 review and audit of NNSCI's expenditures of Síhasin funds, and the progress of the
26 Expansion Project.
- 27 H. NNSCI shall submit a written report, and a verbal report if so requested, explaining the
28 ongoing status of the Expansion Project and its expenditures of the Síhasin funds, to the
29 Resources and Development Committee, the Budget and Finance Committee, and the
30 Naabik'íyáti' Committee. Such reports shall be provided by the end of each Fiscal Year

Quarter until the Expansion Project is completed, or until all approved Síhasin funds are exhausted, or upon the reversion deadline in Section Three (J) below.

I. The approved Síhasin funds for the Expansion Project shall not lapse at the end of any fiscal year, as might otherwise occur under 12 N.N.C. §820(N), so long as: (1) all Síhasin funds in the Expansion Project account are accounted for as of September 30 of each fiscal year; and (2) any/all remaining Síhasin funds are budgeted in the next upcoming fiscal year for use on the Expansion Project.

J. Notwithstanding Section Three (I) above, any remaining amount of Síhasin funds not expended or encumbered within 36 months of NNSCI's first receipt of such funds shall revert to the Síhasin Fund, unless otherwise approved prior to such reversion by both the Resources and Development Committee and the Naabik'íyáti' Committee.

K. The Síhasin Fund may be reimbursed the amount of funds approved herein, from funds available to the Navajo Nation from any and all state, federal, or other sources.

SECTION FOUR. EFFECTIVE DATE

This Action shall become effective pursuant to 12 N.N.C. §2505(A) and 2 N.N.C. §221(B).

SECTION FIVE. SAVING CLAUSE

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

RESOLUTION OF THE
NAVAJO NATION COUNCIL

Approving the 1) Establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation and 2) the Adoption of its Articles of Incorporation and Bylaws

WHEREAS:

1. Pursuant to 2 N.N.C. §102 (A), the Navajo Nation Council is the governing body of the Navajo Nation; and

2. Since the adoption of the original Plan of Operation in February 1982, the Navajo Nation Shopping Centers Management Program has progressively and successfully made significant improvements in the management of its shopping centers with the assistance of the Division of Economic Development and having completed the construction of nine (9) shopping centers with the tenth shopping center under construction; and

3. The Navajo Nation Shopping Centers Management Program is continuing to be a key economic thrust in economic development initiatives for the Navajo Nation by creating employment, providing goods and services, generating revenue, creating business opportunities and promoting the development of local commerce; and

4. The growth in the number of shopping centers has placed increased demands and responsibilities upon the Navajo Nation Shopping Centers Management Program in the management and maintenance of its shopping centers; in order to address such demands and responsibilities it is necessary for the Navajo Nation to establish the Navajo Nation Shopping Centers Management Program as an independent corporation and to adopt its Articles of Incorporation and Bylaws; and

5. By Resolution EDCJN-52-02 (attached as Exhibit "A"), the Economic Development Committee of the Navajo Nation Council recommended and approved to the Navajo Nation Council to establish the Navajo Nation Shopping Centers as an Independent Corporation of the Navajo Nation and to adopt its Articles of Incorporation and Bylaws and on September 23, 2002, the Government Services Committee of the Navajo Nation Council did not recommend and disapproved its resolution by a vote of 0 in favor, 4 opposed and 0 abstained (attached as Exhibit "B"); and

6. The establishment of the Navajo Nation Shopping Centers as an independent corporation will require the transfer of all current Navajo Nation Shopping Centers Management Program records, financial accounts, physical property, contracts and lands withdrawn for the shopping centers to the Corporation; and

7. The Navajo Nation Shopping Centers Management Program and the Division of Economic Development, having reviewed the need to establish a Corporation of the Navajo Nation to better manage and maintain its shopping centers, recommends to the Navajo Nation Council the establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation and recommends approval and adoption of its Articles of Incorporation and Bylaws.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Navajo Nation Council hereby approves the establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation.

2. The Navajo Nation Council further approves the adoption of the Articles of Incorporation and Bylaws for the Navajo Nation Shopping Centers (attached hereto as Exhibits "C" and "D").

3. Furthermore, the Navajo Nation Council hereby approves the transfer of all Navajo Nation Shopping Centers Management Program records, financial accounts, physical property, contracts and tracts of land withdrawn for shopping centers to the Corporation, with all authorities and responsibilities over such properties; however Navajo local governance shall have the opportunity to submit proposals to own and operate said shopping centers in the future.

4. The Navajo Nation Council authorizes the Speaker of the Navajo Nation Council and the President of the Navajo Nation to do any and all things necessary, advisable or incidental to carry out the purpose of this resolution not inconsistent with Navajo Nation or applicable laws.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 60 in favor, 2 opposed and 0 abstained, this 24th day of October 2002.

Edward T. Begay

Edward T. Begay, Speaker
Navajo Nation Council

Nov 5, 2002
Date

Motion: Robert Ortiz
Second: Tim Goodluck

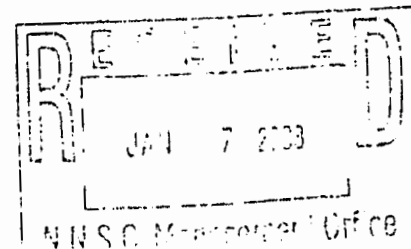
ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby give notice that I will not veto the foregoing legislation, pursuant to 2 N.N.C. Section 1005 (C) (10), on this 16th day of November 2002.

Kelsey A. Begaye
Kelsey A. Begaye, President
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. Section 1005(C)(10) this _____ day of _____ 2002 for the reason(s) expressed in the attached letter to the Speaker.

Kelsey A. Begaye
Kelsey A. Begaye, President
Navajo Nation



EDCJN-52-02

**RESOLUTION OF THE
ECONOMIC DEVELOPMENT COMMITTEE
OF THE NAVAJO NATION COUNCIL**

Approving and Recommending To the Navajo Nation Council:
1) the Establishment Of the Navajo Nation Shopping Centers As a
Corporation Of the Navajo Nation, and 2) the Adoption Of Its
Articles Of Incorporation and Bylaws

WHEREAS:

1. Pursuant to 2 N.N.C. §§721, 722 and 724(E), the Economic Development Committee of the Navajo Nation Council was established and duly authorized to regulate, enforce and foster policies pertaining to economic development and to serve as the oversight committee of enterprises with specific authority to recommend creation of enterprises; and
2. Since the adoption of the original Plan of Operation in February 1982, the Navajo Nation Shopping Centers Management Program has progressively and successfully made significant improvements in the management of its shopping centers, and with the assistance of the Division of Economic Development completed the construction of nine shopping centers with the tenth shopping center currently under construction; and
3. The Navajo Nation Shopping Centers Management Program is continuing to be a key economic thrust in economic development initiatives for the Navajo Nation; creating employment, providing goods and services, generating revenue, creating business opportunities and promoting the development of the local commerce; and
4. The growth in the number of shopping centers has placed increased demands and responsibilities upon the Navajo Nation Shopping Centers Management Program in the management and maintenance of its shopping centers; in order to address such demands and responsibilities, it is necessary for the Navajo Nation to establish the Navajo Nation Shopping Centers Management Program as an Independent Corporation and to adopt the Articles of Incorporation consistent to that Corporation, incorporated herein as Exhibit "A" and recommends approval and adoption of its Bylaws, incorporated herein as Exhibit "B"; and

5. The Navajo Nation Shopping Centers Management Program and the Division of Economic Development, having reviewed the need to establish a Corporation of the Navajo Nation to better manage and maintain its shopping centers, recommends to the Economic Development Committee of the Navajo Nation Council, the establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation and recommends approval and adoption of its Articles of Incorporation and Bylaws.

NOW THEREFORE BE IT RESOLVED THAT:

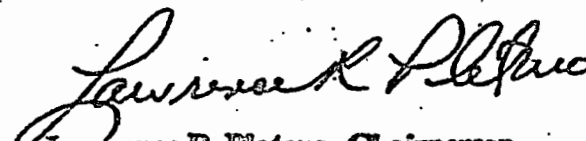
1. The Economic Development Committee of the Navajo Nation Council hereby approves and recommends that the Navajo Nation Council take the following actions: 1) the establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation and 2) Adoption of Its Articles of Incorporation and Bylaws, incorporated herein as Exhibit "A" and Exhibit "B".

2. The Economic Development Committee of the Navajo Nation Council further approves and recommends that the Navajo Nation investment of Navajo Nation and Navajo Nation Shopping Centers Corporation be capitalized with existing assets and liabilities of the Corporation.

3. The Economic Development Committee of the Navajo Nation Council further requests the Division of Economic Development and the President of the Navajo Nation to do any and all things necessary, advisable or incidental to carry out the purpose of this resolution consistent with Navajo Nation and applicable laws.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Economic Development Committee of the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 0 abstained, this 5th day of June 2002.


Lawrence R. Platero, Chairperson
Economic Development Committee

Motion: Kenneth Maryboy
Second: Wilford Lane

**PROPOSED RESOLUTION OF THE
GOVERNMENT SERVICES COMMITTEE
OF THE NAVAJO NATION COUNCIL**

Approving and Recommending to the Navajo Nation Council, 1) the Establishment of the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation, 2) the Adoption of its Articles of Incorporation and Bylaws, and 3) the Amendment of Resolution No. GSCF-13-96 by Deleting the Navajo Nation Shopping Centers Plan of Operation from the Division of Economic Developments Plan of Operation.

WHEREAS:

1. Pursuant to 2 N. N. C. Section 343 (B) (2), the Government Services Committee of the Navajo Nation Council is authorized to create any division or department of the Executive Branch of the Navajo Nation Government by adoption of its plan of operation and to amend or rescind that plan or the existing plan of operation for any division or department; and
2. Since the adoption of its original Plan of Operation in February, 1982, the Navajo Nation Shopping Centers Management Program has progressively and successfully made significant improvements in the management of its shopping centers, and with the assistance of the Division of Economic Development completed the construction of nine shopping centers with the tenth shopping center currently under construction; and
3. The Navajo Nation Shopping Centers Management Program is continuing to be a key economic thrust in economic development initiatives for the Navajo Nation by creating employment, providing goods and services, generating revenue, creating business opportunities and promoting the development of the local commerce; and
4. By Economic Development Committee Resolution No., EDCJA-10-96, attached hereto and incorporated herein as Exhibit "A", the Economic Development Committee of the Navajo Nation Council recommended approval of the Plan of Operation of the Division of Economic Development and rescission of prior inconsistent plan of operation, including Resolution No. ACMA-21-82 which approved a plan of operation for the Navajo Nation Shopping Centers; and
5. By Government Services Committee Resolution No. GSCF-13-96, attached hereto and incorporated herein as Exhibit "B", the Government Services Committee of the Navajo Nation Council approved and adopted a Plan of Operation for the Division of Economic Development, which includes the Navajo Nation Shopping Centers Management Program; and
6. The Economic Development Committee by Resolution No. EDCJN-52-02, the Economic Development Committee of the Navajo Nation Council approved the establishment of the Navajo Nation Shopping Centers as a Corporation and adopted the Articles of Incorporation and Bylaws, attached as Exhibit "C"; and

7. The Navajo Nation Shopping Centers Management Program and the Division of Economic Development, having reviewed the need to establish a Corporation of the Navajo Nation to better manage and maintain its shopping centers, recommends to the Government Services Committee of the Navajo Nation Council to 1) establish the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation, 2) recommends approval and adoption of its Articles of Incorporation and Bylaws, and 3) approve the deletion of the Navajo Nation Shopping Centers Plan of Operation from the Division of the Economic Development Plan of Operation.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Government Services Committee of the Navajo Nation Council hereby approves and recommends that the Navajo Nation Council, 1) establish the Navajo Nation Shopping Centers as a Corporation of the Navajo Nation; and 2) recommends the adoption of its Articles of Incorporation and By-laws, attached hereto and incorporated herein as Exhibit D and Exhibit E.

2. The Government Services Committee of the Navajo Nation Council further approves and recommends that the investment of the Navajo Nation and Navajo Nation Shopping Centers Corporation be capitalized with existing assets and liabilities of the Corporation.

3. The Government Services Committee of the Navajo Nation Council further requests the Speaker of the Navajo Nation Council, and the President of the Navajo Nation to do any and all things necessary, advisable or incidental to carry out the purpose of this resolution consistent with Navajo Nation and applicable laws.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Government Services Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 0 in favor, 4 opposed, and 0 abstained, this 23rd day of Sept 2002.

Chairperson
Government Services Committee.

Motion:
Second:

FAILED

ARTICLES OF INCORPORATION

of

Navajo Nation Shopping Centers, Inc. (NNSCI)

FILED

File Number 100732

JAN 15 2003

Navajo Nation Corporation Act
By Paul D. Boyer
Department Director

I, the undersigned natural person, being over the age of twenty-one years acting as incorporator of a corporation under the Navajo Nation Corporation Act, adopt the following Articles of Incorporation for such Corporation.

I

The name of the corporation is Navajo Nation Shopping Center, Inc. (NNSCI)

II

The period of its duration is perpetual.

III

The purposes for which the corporation is organized are:

- (a) To own and operate, directly or through subsidiary corporations, joint ventures, associations, partnerships or otherwise, any shopping center and commercial development with property and asset management and related business.
- (b) To form subsidiary corporations and to enter into and form partnerships, joint ventures, associations, and other business arrangements.
- (c) To conduct activities in all phases of the shopping center development and management (property and asset) industry either within or outside of the jurisdiction of the Navajo Nation.
- (d) To engage in any lawful business with the powers permitted to a corporation organized under the Navajo Nation Corporation Code.
- (e) To pursue the above purposes for the benefit of the Navajo Nation government, and to return all dividends and distributions of profit to the Navajo Nation government to be devoted to essential governmental functions.

IV

The character of business which the corporation initially intends to conduct, is management and development of Navajo Nation Shopping Center properties and assets which includes marketing, leasing and maintenance of the shopping centers.

V

The aggregate number of shares of common stock which the corporation shall have authority to issue is 100,000 shares with a par value.

VI

All of the stock of the corporation shall be owned by the Navajo Nation and administered as part of the Business and Industrial Development Fund. In all matters other than the selection of Directors, the Economic Development Committee of the Navajo Nation Council shall serve as the shareholder's representative with the powers to vote the Nation's shares.

VII

Provisions for the regulation of the internal affairs of the corporation shall be set forth in the By-Laws, as adopted by the Board of Directors and as amended from time to time in conformity with these Articles.

VIII

The address of the initial registered office of the corporation is Navajo Nation Department of Justice, P.O. 2010, Window Rock, Navajo Nation (AZ) 86515, and the name of its initial registered agent at such address is Nathan Begay, General Manager, Navajo Nation Shopping Centers, Inc.

IX

The number of directors constituting the initial Board of Directors of the corporation is five persons shall be nominated from Tuba City, Chinle, Shiprock, Crownpoint and Ft. Defiance communities, and concurred by the President of the Navajo Nation who are to serve as directors until the first annual meeting of shareholders or until their successors are selected.

A successor Board of Directors of five members shall be selected within twelve months of the date of incorporation as follows: Five (5) persons from the five different communities shall be nominated and concurred by the President of the Navajo Nation. The list of the Five nominees shall then be presented to the Economic Development Committee of the Navajo Nation Council ("Committee") for its final confirmation at a duly scheduled meeting of the Committee at which a quorum is present; the Committee shall consider each nominee and vote on them individually; a majority vote in favor of any such nominee shall constitute confirmation of such nominee as a director; the Committee may table for any reason any nomination for consideration of that nomination at the next duly scheduled meeting of the Committee; and, if any nominee is rejected by vote of the Committee, the Committee shall so notify the President of the Navajo Nation as appropriate who shall make a new nomination for consideration by the Committee in conformity with the above procedures; *provided*, that two of the directors first selected by the Committee shall be confirmed for terms of three year each, that two of the directors first selected by the Committee shall be confirmed for terms of two years each; that the remaining directors first selected by the Committee shall be confirmed for terms of one year, and after the expiration of such terms the successor directors shall be confirmed for terms of three years; and, *provided further*, that upon the resignation, removal, death, expiration of term or other vacancy, any such vacancy in the Board of Directors shall be filled at the time of such vacancy in conformity with the above procedures and for such terms as are appropriate to preserve the staggered terms established above; and *provided further*, that all times the majority of the directors shall be enrolled members of the Navajo Nation, and that the other directors shall be respected individuals with substantial experience in positions of responsibility of at least Ten years of recognized business expertise in a business law, real estate, economic, and substantial management experience in the shopping center industry and *provided further* that one of the directors shall be an officer of

the corporation and *provided further*, that all directors whose position or credentials are not specified hereinabove shall all have substantial experience in positions of responsibility of at five (5) years of recognized business experience.

X

The corporation shall be capitalized initially by transfers of all existing assets and existing liabilities of the Navajo Nation Shopping Centers, a quasi-enterprise of the Navajo Nation, to Navajo Nation Shopping Centers, Inc. (N. N. S. C. I.).

XI

The name and address of the incorporator is Nathan Begay, General Manager, Navajo Nation Shopping Centers, Inc., P.O. Box 478, Window Rock, Navajo Nation (AZ) 86515. The initial directors of the corporation shall be:

- Tony Skrelunas
- Wilson Yellowhair
- James Pullaro
- James Henry
- Calvin McKerry

These directors shall serve until new directors are selected under the procedures outlined in Article IX. As new directors are approved, they will replace the initial directors in the sequence in which they are listed above.

XII

An affidavit signed by each director stating that he consents to being a director shall be on file with the corporation.

XIII

The corporation agrees to abide by all criminal, civil, and regulatory laws of the Navajo Nation.

XIV

The corporation shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the corporation if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation, but, with respect to any criminal action or proceeding, the corporation shall not pay criminal fines for which such person is personally liable.

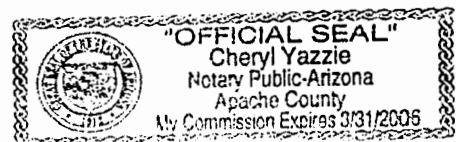
By action of the Board of Directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such a person and incurred by such a person in any such capacity, or arising out of that person's status as such, whether or not the corporation would have the power or would be required to indemnify that person against such liability under the provisions of this article or of the Navajo Nation Corporation Code.

XV

Immediately upon the approval of these Articles of Incorporation by the Navajo Nation Council, the corporation may commence doing business as a wholly owned corporation of the Navajo Nation.


Incorporator

DATED THIS 14th DAY OF Jan, 2003



NAVAJO NATION SHOPPING CENTERS INC. (NNSCI)
ACKNOWLEDGMENT OF THE REGISTERED AGENT

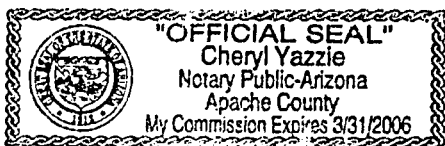
I, Nathan Begay, having been designated to act as Registered Agent, hereby consent to act in that capacity until a resignation is submitted in accordance with the Navajo Nation Corporation Act.

Nathan Begay
(Signature of Registered Agent)

Department of Justice
P.O. Drawer 2010
Window Rock, Az. 86515

STATE OF Arizona,
COUNTY OF Apache,

Nathan Begay, Registered Agent for Navajo Nation Shopping Centers, Inc., (NNSCI),
acknowledged the foregoing instrument before me this 14th day of Jan, 2003.



Cheryl Yazzie
(Notary Public)
My Commission Expires: 3/31/06

NAVAJO NATION CORPORATION CODE

I hereby certify this to be a true and complete copy of the document filed in this office and admitted to record in

File No. 100 732, on 15 Jan 2003.

By: Frank D. Day, Jr.
Date: 1-15-03

**BYLAWS OF
NAVAJO NATION SHOPPING CENTERS, INC.**

ARTICLE I.

NAME

The name of this corporation shall be Navajo Nation Shopping Centers, Inc. (NNSCI).

ARTICLE II.

PURPOSE AND OBJECTIVE

A. Purpose

Navajo Nation Shopping Centers, Inc. shall be organized for the purpose of planning, developing, managing, operating and maintaining all Navajo Nation-owned or assigned shopping centers within or near the Navajo Nation; including but not limited to the Window Rock Shopping Center, Tuba City Shopping Center, Kayenta Shopping Center, Shiprock Shopping Center, Crownpoint Shopping Center, St. Michaels Shopping Center, Navajo Pine Shopping Center, Pine Hill Shopping Center, Pinon Shopping Center, Dilkon Shopping Center and other shopping centers to be developed within or near the Navajo Nation.

B. Objective

The objective for the establishment of NNSCI is to stimulate and facilitate the economic growth of the Navajo Nation by:

1. Establishing a sound and productive corporation.
2. Delivery of more goods and services.
3. Generation of revenues.
4. Generation of employment and income for citizens of the Navajo Nation.
5. Retention and re-circulation of monetary currency within the borders of the Navajo Nation.
6. Creation of business opportunities for qualified entrepreneurs.

The Navajo Nation Shopping Centers, Inc. (NNSCI) is hereby duly organized and established as an independent Corporation owned by the Navajo Nation.

NNSCI shall be administered, governed, managed and operated under the laws, ordinances and authority of the Navajo Nation and in conformity with the By-Laws herein provided.

METHOD OF OPERATION

The method of operation to be used by NNSCI in the management of all shopping centers shall be of a profit-making corporation.

ARTICLE III.

BOARD OF DIRECTORS; COMPOSITION, OFFICERS, QUALIFICATION, TERMS, REMOVAL AND VACANCIES

A. Powers

The activities, affairs and property of the corporation shall be managed, directed and controlled, and its powers exercised by, and vested in, the Board of Directors.

B. Board of Directors; Officers

1. The NNSCI Board of Directors shall consist of five (5) members; three (3) of which shall serve as officers of the Board, and two (2) of which shall serve as regular board members. All Board members shall be appointed by the President of the Navajo Nation and confirmed by the Economic Development Committee of the Navajo Nation Council. The NNSCI's Board of Directors shall elect the following officers from its own membership:
 - a. Chairperson of the Board
 - b. Vice Chairperson of the Board
 - c. Secretary/Treasurer
2. The Chairperson of the Board of Directors shall preside at all Board meetings and shall perform all duties and responsibilities required by that office. The Vice Chairperson of the Board shall act in the capacity of the Chairperson of the Board in his/her absence and shall, if deemed necessary, perform all duties delegated to the Vice Chairperson of the Board.
3. Each board member shall have voting rights and privileges to vote on issues and matters brought before the Board.
4. No employee of the federal or Navajo Nation government or elected Navajo Nation official, shall be a member of the Board. No Board member shall be an employee of the corporation.

C. Board Qualifications

1. The Board shall have at least three (3) members who are enrolled members of the Navajo Nation. All board members must have at least ten (10) years of recognized business expertise in business law, finance, real estate or economics and substantial management experience in the shopping center industry or business management.
2. A prospective Board member who has been convicted of a felony or any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to extortion, embezzlement, bribery, perjury, fraud, false pretense, theft and conversion, shall not qualify for membership on the Board.

D. Board of Directors Term of Office

The term of office for the initial Board shall be staggered as follows:

1. Position #1 - Three (3) years.
2. Position #2 - Three (3) years.
3. Position #3 - Two (2) years with option for renewal.
4. Position #4 - Two (2) years with option for renewal.
5. Position #5 - One (1) year with option for renewal.

Upon the expiration of these terms all future board appointments shall be for three (3) years.

E. Board Removal; Forfeiture; and Resignation

1. Any member of the Board may be removed by a majority vote at a duly called Board meeting for one (1) or more of the following reasons:
 - a. Failure to attend three (3) consecutive Board meetings or failure to attend twenty five percent (25%) of all Board meetings in a one (1) year period unless there is a justifiable reason, such as illness or extreme emergency; or
 - b. Conduct which tarnishes, distorts, discredits or damages the integrity, credibility or reputation of NNSCI, including but not limited to unauthorized use of NNSCI property or services.
2. Any member of the Board shall automatically forfeit his or her position if one or more of the following events occur:
 - a. Conviction of a felony; and /or
 - b. Conviction of any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to extortion, embezzlement, bribery, perjury, fraud, false pretenses, theft and conversion
3. Any member may resign from the Board effective upon acceptance by the Board.

F. Board Vacancy

1. A vacancy in the membership of the Board shall exist when the Board declares a vacancy.
2. Any and all vacancies of the Board shall be filled on a temporary basis by the Board until such time as the position is filled for the remainder of the term of the vacancy.
3. In the event the office of the Chairperson of the Board becomes vacant, the Vice Chairperson of the Board shall act and perform all the duties of the Chairperson of the Board until such time as a new Chairperson of the Board is elected by the Board.

G. Ex-Officio Member

1. There shall be one (1) ex-officio member appointed to the Board. The ex-officio member shall be the Executive Director. The ex-officio member shall not be a regular member of the Board.
2. The ex-officio member shall not have any voting right on the board. The ex-officio member shall not be entitled to per diem or reimbursement for expenses

ARTICLE IV

AUTHORITY OF THE BOARD

Subject to all applicable laws, the NNSCI Board of Directors shall exercise the following authority:

A. Capacity to Act

Authority to act on behalf of the NNSCI in planning, financing, development, management and maintenance of all shopping centers within or near the Navajo Nation.

B. To Act as Agent

Authority to act as agent for the NNSCI as a Corporation.

C. To Adopt NNSCI Seal

Authority to adopt the official SEAL of NNSCI. The official SEAL of NNSCI shall be a seal that is symbolic of the NNSCI's commitment to greater economic growth and prosperity throughout the establishment of shopping centers within the Navajo Nation.

D. Operations Management

1. Authority to manage and direct the physical operation of the NNSCI to accomplish the purpose of the Navajo Nation Shopping Centers, Inc., as set forth in Article II (A) hereof.
2. Authority to manage and direct the financial operations of the NNSCI to accomplish the objective of the Navajo Nation Shopping Centers, Inc., as set forth in Article II (B) hereof.
3. Authority to conduct comprehensive market and feasibility studies in the planning and development, financing, design and shopping centers within or near the Navajo Nation.
4. Authority to initiate and implement the planning and research for the development, financing, design, and construction of all shopping centers within or near the Navajo Nation.

E. Facilities and Real Property

Authority to utilize, improve, retain and assume custody, management and maintenance of all NNSCI facilities and real property and all other facilities and real property that may become the property of or assigned to the NNSCI.

Such authority shall not be construed as authorizing the NNSCI to mortgage or encumber other Navajo Nation Trust land, except on such encumbrances as are made in conformance with applicable federal and Navajo Nation Laws.

The Board shall have the authority to purchase, pledge, exchange and dispose of all NNSCI personal property as deemed necessary to effectively and efficiently manage the operation of the NNSCI.

F. To Retain Legal Counsel

The Board shall have the authority to retain Legal Counsel to provide legal services on all matters that affect NNSCI, including but not limited to, tenant leases, loan guarantees, contracts, agreements, claims, disputes and suits.

G. Shopping Center Tenant Lease Agreements

The Chairperson of the Board shall have authority to execute Tenant Leases upon Board approval.

1. Leasing of Shopping Center Space

- a. Authority to lease to tenants (individuals, partnerships, corporate entities or other appropriate entities) space within the shopping center for the express purpose of conducting retail and service business and other businesses of the type ordinarily found in shopping center developments.
- b. Authority to assess and collect rental from tenants and any and all other applicable charges as deemed appropriate and necessary to adequately and reasonably provide a financial return to NNSCI for use of space within the shopping centers.

2. Leasing of Shopping Center Commercial Undeveloped Pad Sites.

- a. Authority to lease to tenants (individual, partnerships, corporate entities or other appropriate entities) shopping center commercial pads within the shopping center development tracts for the express purpose of conducting commercial business.
- b. Authority to assess and collect rental from tenants and any and all other applicable charges as deemed appropriate and necessary to adequately and reasonable provide a financial return to NNSCI for use of commercial pads within the shopping center development tracts.

H. To Execute Guaranties

Authority to borrow funds and execute any guaranty with respect to indebtedness, interest, contracts or other obligations lawfully entered into by or on behalf of the NNSCI to the extent that such guaranty is made and subject to the express limitations that NNSCI shall not incur

obligations in excess of its ability to pay as required and that the liability for such obligations be limited to the available assets of the NNSCI. Property otherwise subject to restrictions on alienation or held in trust status or not owned by the NNSCI may not be used as security of any sort except as done in accordance with applicable federal and Navajo Nation laws.

I. Depository

Authority to select and approve all depositories used for the deposit of funds by the NNSCI.

J. Investment of Funds

To make investment decisions, subject to the limitations contained herein, and to provide for the establishment and maintenance of effective investment policies and procedures.

K. To Make Contracts

Authority to enter into, make, perform, carryout, cancel or receive any and all contractual agreements as the Board deems necessary to accomplish the purposes set forth in Article II (A) hereof. The Board shall not enter into contractual agreements wherein the obligation incurred is in excess of its ability to repay and satisfy the obligation as required. Contractual authority may be delegated to the General Manager of NNSCI.

L. To Make Recommendations

Authority to amend or revise the Corporation By-Laws whenever deemed necessary or appropriate to improve upon the operation and management of NNSCI.

M. Copyrights, Trademarks and Patents

Authority to purchase, hold, own, use license, lease and sell NNSCI copyrights, trademarks, patents, licenses and inventions, provided that all such transactions shall be conducted in the name and on behalf of the Navajo Nation.

N. Ancillary Power

Subject to applicable laws, powers to initiate and exercise all other authority necessary, appropriate, incidental or advisable to accomplish the purposes for which the NNSCI is organized and established.

ARTICLE V

BOARD INDEMNIFICATION

- A.** NNSCI shall indemnify any officer, employee or any Director of the Corporation for reasonable expenses actually and necessarily incurred by him/her in connection with the defense of any action, suit, or proceeding in which he/she is made a party by reason of being, or having been such officer, employee, or Director of the Corporation except in relation to matters as to which such person shall be adjudged on such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty, or except in relation to matters in which such person was

acting beyond the scope of his/her employment or authority. The corporation shall also reimburse to any officer, employee or General Manager of the corporation reasonable cost of settlement of any such action, suit, or proceeding if it shall be found by a majority of the Board, other than Board members involved in the matter of controversy (whether or not a quorum exists), that it is in the best interest of the corporation that such settlement be made and that such person was not guilty of negligence or misconduct, the above rights of indemnification and reimbursement shall not be deemed exclusive of any other rights that affected persons may be entitled to receive, but shall be subject to any applicable limitation otherwise imposed by law.

- B.** The NNSCI shall indemnify and hold the Navajo Nation harmless if the Nation or any of its entities is made or is threatened to be made a party to any threatened, pending or completed action or suit, or from any other claim or loss suffered by the Navajo Nation as the result of any action or inaction by the corporation of its Board members, officers, agents or employees, including all expenses and attorney's fee actually or reasonably incurred in connection with the defense or settlement of any such action, claim or loss.

ARTICLE VI

OPERATION OF THE BOARD

A. Rules and Procedures

The Board shall adopt rules, policies and procedures, as it may deem necessary for the orderly conduct of its Board meetings. Roberts Rules of Order shall be followed at all meetings.

B. Regular Meetings

The Board shall meet at least on a quarterly basis upon proper written notice of the time, date, place and agenda. The Board shall not hold more than one (1) meeting per month nor more than six (6) per year. However, three (3) additional sessions per year shall be allowed with prior written notice on an emergency or special meeting basis.

C. Special Meetings

Subject to the paragraph B above, three (3) special meetings may be called by the Chairperson of the Board with prior written notice.

D. Annual Meetings

The first Board meeting held at the beginning of the calendar year in the month January shall be recognized as the Annual Meeting of the Board. Regular meeting procedure shall apply and the annual meeting shall be considered as one of the Board's regular meetings.

E. Notices Requirements

1. Notice of Board Meeting, time, place, date and agenda shall be prepared in writing and delivered personally or sent by registered or certified mail to each member of the Board no later than thirty (30) days preceding the next Board meeting, except in cases where a special meeting is called by the Chairperson of the Board.

2. Actions taken by the Board at any meeting held without complying with the above notice requirements shall be termed void, null and of no force or effect and beyond the Board's authority.

F. Board Quorum

At least three (3) members of the Board, two (2) of which shall be officers and one (1) Board member, shall constitute a quorum. A quorum shall at all times, act in the best interest of the NNSCI. The majority actions taken by the quorum shall be the act of the Board. The presiding Chairperson shall have the right to vote.

G. Board Minutes/Reports

1. The Secretary/Treasurer of the Board, in coordination with the General Manager shall make arrangements for the recording of minutes and attendance of each Board meeting. Such Board meeting minutes shall be made available within fifteen (15) days after each Board meeting to each member of the Board and the General Manager of the NNSCI. The Secretary/Treasurer, in conjunction with the General Manager, shall coordinate the financial reporting to the Board.
2. The Chairperson of the Board shall, at its Annual Management Board Meeting in coordination with the General Manager present a formal Annual Operations Report of the NNSCI. The Annual Report shall include the following:
 - a. Status on the physical operations of NNSCI.
 - Facilities Management at all shopping centers.
 - Real Property Management of all existing and planned shopping center development tracts.
 - b. Status on the financial management of NNSCI.
 - c. Current year operating budget
 - Statistical data on the current financial performance and position of NNSCI.
 - Disclosure of any and all major expenditures from the NNSCI budget.
 - Disclosure of any and all transfer of funds from any line item account.
3. Disclosure of all contract agreements entered into with vendors, contractors and subcontractors and disclosure of all associated contract expenditures.
4. Disclosure of all financial agreements entered into with financial institutions and disclosure of all associated outstanding accounts.
5. All operating budgets prior to each fiscal year.

H. Conflicts of Interest

Any contract agreements or transaction conducted between the NNSCI and any employee of the NNSCI, any member of the Board, or any partnership, corporation, firm or legal entity in which any NNSCI employee or Board member has an interest, shall be considered a direct conflict of interest and shall be prohibited.

I. Reimbursement and Board Fee

The Board shall be reimbursed for any and all expenses incurred for attending duly called meetings. Executing an approved Board Meeting Agenda by a Board quorum shall constitute a meeting. Board members will be given a fee of \$250.00 per meeting. The reimbursement shall be not more than \$.345 per mile for travel, not more than \$35.00 per day for meals, and not more than \$60.00 per day for lodging. At the discretion of the Board, the amounts for reimbursement can be amended if the circumstances and conditions warrant such amendment.

ARTICLE VII

NAVAJO NATION SHOPPING CENTERS, INC. GENERAL MANAGER

- A.** The Board shall employ and negotiate an employment contract and provide policy direction and supervision to the General Manager of the NNSCI. The General Manager shall report and be directly responsible to the Board.
- B.** The General Manager shall be subject to removal or termination of employment contract for the following reasons:
 - 1. Insubordination, poor performance as a manager or negligence in his or her duties and responsibilities as a manager as determined in the sole discretion of the Board.
 - 2. Conduct which tarnishes, distorts, discredits or damages the integrity, credibility or reputation of NNSCI, including but not limited to, unauthorized use of NNSCI property or services.
 - 3. Conviction of a felony.
 - 4. Conviction of any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to, extortion, embezzlement, bribery, perjury, fraud, false pretense, theft and conversion.
- C.** The General Manager shall have the following duties, responsibilities and authority:
 - 1. Prepare an annual business plan to include an operating budget and marketing plan.
 - 2. Formulate and execute the operating policies adopted by the Board and administratively manage the day-to-day operation of NNSCI.
 - 3. Plan, organize, administer and implement appropriate programs and projects to accomplish the purposes and objectives.

4. Be managerially responsible for all contractual obligations entered into and created by the executed tenant lease agreements.
5. Monitor and enforce to the extent allowable by applicable laws, the contractual obligations of the Tenants as created by the lease agreements.
6. Collect rental and other payments on behalf of NNSCI according to the terms of the tenant lease agreements and deposit said receipts into a commercial bank account according to NNSCI accounting procedures outlined in the By-Laws hereto.
7. Solicit, negotiate and process for approval lease agreements for any vacant space or any space to become vacant in accordance with established leasing policies and procedures of NNSCI.
8. Maintain an aesthetically pleasing, tidy, clean and safe shopping environment.
9. Be responsible for monitoring and protecting the capital investments and to ensure that the investments receive a reasonable return.
10. With the approval of the Board, negotiate and enter into any contracts necessary for the professional and profitable operation of the NNSCI including contracts for professional services, supplies and repairs.
11. Maximize the profitability of the NNSCI by sound business advertising, promotion and marketing management.
12. Ensure that leasing, promotion, advertising and operation will maintain a high standard of efficiency, performance and profit. Remit not less than quarterly, earnings from minimum annual rental and not less than annually earnings from percentage rental and all other receipts of as a return on capital investment in accordance with the provisions in the Corporation By-Laws.
13. Be responsible for handling the daily finances of NNSCI including the collection of receivable, deposits of receipts in a commercial bank account; purchases for the business, processing of payroll, payment of all expenses due on the activities of the business, and all other financial transactions of NNSCI.
14. Be responsible for monitoring and reporting of the internal accounting systems of NNSCI to the Board. Submit monthly, quarterly or annual financial reports as required to the Board.
15. Be responsible for the development of NNSCI's Personnel Policies and Procedures.
16. Pursuant to NNSCI Personnel Policies and Procedures pertaining to employment of employees, be responsible for establishing staff positions, hiring and terminating employees, and daily personnel management for the efficient operation of NNSCI giving preference to qualified Navajos who apply for such positions.

17. Oversee the preparation and disbursement of the payroll for all employees. Payroll for employees shall have priority in disbursement of expenses for the NNSCI.
 18. Implement and enforce a security system for the protection of NNSCI property and premises.
 19. Maintain a high quality maintenance level for a safe and clean working and shopping center environment and to maximize the useful life of NNSCI property and premises.
 20. Make recommendation to the Board on all matters related to improving the operation of NNSCI and perform all other functions and duties as may be advised, directed or recommended by the Board in accordance with the Corporation By-Laws.
- D. In the event a vacancy occurs in the office of the General Manager, or the General Manager can not physically perform the duties and responsibilities of the General Manager, the Board may immediately appoint an interim or acting General Manager, but shall proceed promptly advertise, recruit and employ a permanent General Manager.
- E. The General Manager shall possess the education, skills, and experience required to enable him/her to successfully carry out the duties herein described to manage the operations of NNSCI as a corporation of the Navajo Nation. Specifically, the General Manager shall meet the following requirements:
1. A Bachelor's degree in Business Administration or Business Management or related field with ten (10) years comprehensive experience in administering business development projects, planning and budgeting.
 2. Possess strong management skills to plan, develop, administer and implement programs and projects to accomplish the objectives of NNSCI.
 3. Possess working knowledge and experience in coordinating effective media advertisements, developing marketing strategies and organizing promotional activities on behalf of NNSCI.
 4. Demonstrate strong professional interpersonal and communication skills.

ARTICLE VIII

ACCOUNTING

The General Manager shall be responsible for the establishment, management and maintenance of an accounting system, which serves to control the physical operations and assets of NNSCI and ensures accountability in the financial management of NNSCI.

A. Accounting System

The NNSCI accounting system shall be in conformity with generally accepted accounting principles and practices commonly used by such licensed professionals as Certified Public Accountants.

B. Deposit of Funds

All funds to be collected hereunder are to be deposited and managed by the General Manager or his/her authorized representative in a commercial bank account as established in the name of Navajo Nation Shopping Centers, Inc.

C. Income Accounting

The income accounting structure shall represent the various sources of income from rent and other sources for each of the shopping centers including, but not limited to the following:

- Rental Income - Minimum Rent
- Rental Income - Overages
- Rental Income - Rent Escalation Charges
- Income for - Common Area Charges
- Income Interest
- Other categories for Income Received on a regular basis
- Income - Utility Reimbursement
- Miscellaneous Income

Daily and Annual records and accounts shall be maintained for each lease to readily furnish the amounts due and paid in relation to the following elements of data:

- Gross Annual Sales
- Rate of Percentage Rent
- Minimum Annual Rent
- Charges for Common Area Service
- Miscellaneous Charges
- Total Rent and Charges

D. Expense Accounting

The Expense accounting structure shall represent the various functional categories and natural divisions of expenses including, but not limited to, the following:

1. Functional Categories

- Building Maintenance
- Common Area (CAM), such as parking lot/sidewalks, etc.
- Control Utility System
- General and Administrative, such as, Management and Marketing
- Depreciation and Amortization

2. Divisions of Expenses

- Payroll and Fringe Benefits
- Contractual Services
- Professional Services
- Materials and Supplies
- Utilities
- Equipment Lease
- Travel and Per Diem
- Communications
- Advertising and Promotion
- Insurance

Each functional category and Natural division shall be coded to provide readily available information on all expense of each shopping center.

E. Responsibility of Funds

All income and revenues and expenses from all shopping center operations shall be deposited and withdrawn from the commercial account by and upon the sole authority of the General Manager utilizing banking deposit slips and checks. All checks for Expenditures in excess of \$10,000.00 shall require the signature of both the General Manager and chairperson of the Board. All such accounts shall be subject to audit by the Navajo Nation at any time, but in no event less than annually. Cost for the annual audit shall be paid for from the NNSCI account. Each person authorized to make expenditures may be held personally responsible for any discrepancy discovered through the audit and may be subject to prosecution.

All checks, expenditures, deposits and withdrawals to and from the NNSCI commercial bank account less than \$10,000.00 shall be the responsibility of the General Manager. All checks for expenditures in excess of \$10,000.00 shall require the signature of the General Manager and the Chairperson of the Board. This amount may change at the discretion of the Board. All such accounts shall be subject to an audit any time, but in no event less than annually. Cost for the annual audit shall be paid for from the NNSCI Professional Services Account.

F. Earnings

For the purpose of this Corporation profit will be defined as revenues less expenses. Transfer of profits from one shopping center for the use of another shopping center will require authorization by the Board.

Earnings are defined as the excess of receipts over expenditures for a given period of operation and are to be used for capital investment and working capital.

G. Quarterly Deposits

Annual profits from minimum annual rental, when achieved, shall be paid the Navajo Nation as dividends on an annual basis within thirty (30) days of the close of each calendar year. If a shopping center does not realize a profit or suffers loss for any quarter, the General Manager shall prepare a full report with a financial statement on the condition of the business for presentation to the NNSCI Board.

Earnings from Minimum Annual Rentals, Common Area Maintenance charges, and other income received on a regular basis, shall be credited by the General Manager or his/her authorized representative on a quarterly basis within ten (10) days of the close of each calendar year. If a shopping center does not realize a profit or suffers a loss for any year, the General Manager shall prepare a summary report with a financial statement on the conditions of the business for presentation to the NNSCI Board.

H. Annual Deposits

Earnings from Rental Income; Overages when achieved, shall be credited by the General Manager or his/her authorized representative on an annual basis within thirty (30) days of the close of each calendar year. If a shopping center does not realize a profit or suffers a loss for any calendar year, the General Manager shall prepare a full report with a financial statement on the condition of the business for presentation to the NNSCI Board.

I. Capital Improvement Funds

The NNSCI Board shall establish a special fund for deposit of earnings derived from the operation of NNSCI. Said earnings shall be considered a Capital Improvement Fund and shall be utilized at the discretion of the NNSCI Board for future shopping center projects or other investment by the NNSCI. Earnings remaining at the end of the fiscal year will be carried over the subsequent fiscal year in the same special account.

J. Reporting

In order to effectively manage a shopping center, the NNSCI Board must receive timely and accurate operation information in a form, which summarizes the data contained in the Accounting records in a meaningful manner. The General Manager shall prepare annual financial records of the operating income (loss) and cash flow for presentation to the NNSCI Board. Said report shall include:

1. Budgeted amounts of income and expense for the current month and year to date.
2. Actual amounts of income and expense for the current month and year to date.
3. Deviations from the plan for each item of income and expense for the current month and year to date.
4. Net income (loss) for bookkeeping purposes for the current month and the year to date.
5. Net cash flow for the current month and the year to date.

At the end of the calendar year, the General Manager shall prepare an annual report and financial statement of the shopping centers

ARTICLE IX

AUDITS

The accounts and records of the NNSCI shall be audited independently by a Certified Public Accounting firm, which shall be approved by the Board prior to the close of each calendar year. Copies of such audit reports shall be furnished to the same parties receiving copies of the quarterly financial and operating statements. The firm should be requested to certify the financial statements.

ARTICLE X

INSURANCE

The NNSCI Board shall determine and fund the insurance requirements of NNSCI upon recommendation of the General Manager and all applicable federal laws.

ARTICLE XI

NAVAJO PREFERENCE IN EMPLOYMENT AND TRAINING ACT, NAVAJO BUSINESS OPPORTUNITY ACT

- A. NNSCI shall comply with the Navajo Preference in Employment Act, Title 15 NNC §§ 601-619, in the hiring, training, advancement and retention of all Navajo Nation Shopping Center's employees.
- B. NNSCI shall comply with the Navajo Nation Business Opportunity Act of the Navajo Nation Title, 15 N.N.C. §§ 201-216 (CAP-37-02), in the management of NNSCI.

ARTICLE XII

FORUM FOR DISPUTE RESOLUTIONS

All disputes involving the NNSCI shall be resolved in the courts of the Navajo Nation, provided however, the NNSCI at the discretion of its General Manager, in consultation with legal counsel, may institute legal proceedings in any forum which the General Manager may deem appropriate to best protect the legal interest of the Navajo Nation Shopping Centers, Inc.

ARTICLE XIII

AMENDMENT OF BY-LAWS

The Corporation By-Laws for NNSCI shall be amended from time to time by the Board of Directors of NNSCI as necessary for the proper management and operation of NNSCI.

**GOVERNING BYLAWS OF NAVAJO NATION SHOPPING
CENTERS, INC.**

Amended December 18, 2020

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**GOVERNING BY-LAWS
OF
NAVAJO NATION SHOPPING CENTERS, INC.**

**ARTICLE I.
Name**

Name:

The name of this corporation shall be Navajo Nation Shopping Centers, Inc. (herein referenced to as "NNSCI").

**ARTICLE II.
Purpose and Objectives**

Section 1: Purpose

The NNSCI shall be organized for the purpose of planning, developing, managing, operating and maintaining all Navajo Nation owned, NNSCI owned or assigned shopping centers or businesses within or near the Navajo Nation's Shopping Centers; including but not limited to the Window Rock, Tuba City, Kayenta, Shiprock, Crownpoint, St. Michaels, Navajo Pine, Pine Hill, Pinon, Dilkon and other shopping centers and commercial developments to be developed within or near the Navajo Nation. The purpose of the NNSCI shall include the power to operate retail stores within the shopping centers or apart from the shopping centers and the power to develop and operate modern-day businesses including, but not limited to, residential, museums and other businesses thereof.

Section 2: Objectives

The objectives for the establishment of the NNSCI are to stimulate and facilitate the economic growth of the Navajo Nation by:

- A. Establishing a sound and productive corporation.
- B. Retention and re-circulation of monetary currency within the borders of the Navajo Nation.
- C. Delivery of more goods and services.

D. Generation of revenues.

E. Generation of employment and income for citizens of the Navajo Nation.

F. Creation of business opportunities for qualified entrepreneurs.

Section 3:

The NNSCI is hereby duly organized and established as an independent Corporation owned by the Navajo Nation as Shareholders.

Section 4:

NNSCI shall be administered, governed, managed and operated under the laws, ordinances and authority of the Navajo Nation and in conformity with the By-Laws herein provided.

ARTICLE III.
Method of Operation

The NNSCI's method of operation shall be as a profit-making corporation.

ARTICLE IV.
Board of Directors; Composition, Officers, Qualification, Terms, Removal & Vacancies

Section 1: Powers:

The activities, affairs and property of the corporation shall be managed, directed and controlled, and its powers exercised by, and vested in, the Board of Directors (hereinafter "Board").

Section 2: Board of Directors; Officers:

- A. The NNSCI Board of Directors shall consist of five (5) members; three (3) of whom shall serve as officers of the Board, and two (2) of whom shall serve as regular Board members. All Board members shall be appointed by the President of the Navajo Nation and confirmed by the Resources and Development Committee of the Navajo Nation Council. The NNSCI's Board of Directors shall, during its duly called meeting, elect the following officers from its own membership:
- i. Chairperson
 - ii. Vice Chairperson
 - iii. Secretary/Treasurer
- B. The Chairperson of the Board of Directors shall preside at all Board meetings and shall perform all duties and responsibilities required by the Bylaws. The Vice Chairperson of the Board shall act in the capacity of the Chairperson of the Board in his/her absence and shall, if deemed necessary, perform all duties delegated to the Vice Chairperson of the Board.
- C. Each Board member shall have voting rights and privileges to vote on issues and matters brought before the Board.
- D. No employee of the federal or Navajo Nation government shall be a member of the Board except as may be classified as a Navajo Nation employee for federal tax purposes and/or except to serve on the Board for a limited time to prevent the Board from losing a quorum to carry out the affairs of the corporation. See, section 5 (B)(c) of Article IV of the Bylaws of the NNSCI for a situation where the Board becomes employed by the Navajo Nation while serving on the Board. ~~or~~ No elected Navajo Nation official shall be a member of the Board except as may be classified as Navajo Nation employee for federal tax purposes and/or except to serve on the Board for a limited time to prevent the Board from losing a quorum to carry out the affairs of the corporation. See, section 5 (B)(d) of Article IV of the Bylaws of the NNSCI for a situation where the Board becomes an elected official of the Navajo Nation while serving on the Board. No Board member shall be an employee of the corporation.

Section 3: Board Qualifications:

- A. The Board shall have at least three (3) members who are enrolled members of the Navajo Nation. All Board members must have at least ten (10) years of recognized business expertise in business law, finance, real estate or economics and substantial management experience in the shopping center industry or business management.
- B. A prospective Board member who has been convicted of a felony or any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to extortion, embezzlement, bribery, perjury, fraud, false pretense, theft and conversion, shall not qualify for membership on the Board.

Section 4: Board of Directors Term of Office:

The term of office for the Board shall be staggered, as established with the initial Board, three (3) years for each seat.

Section 5: Board Removal; Forfeiture; and Resignation:

- A. Any member of the Board may be removed by a majority vote at a duly called Board meeting for one (1) or more of the following reasons:
 - a. Failure to attend three (3) consecutive, duly called Board meeting in a one (1) year period unless there is a justifiable reason, such as illness or extreme emergency. Participation by phone for any of the duly called meetings of the Board shall not constitute failure to attend a meeting but considered as in-person attendance; or
 - b. Conduct which tarnishes, distorts, discredits or damages the integrity, credibility or reputation of NNSCI, including but not limited to unauthorized use of NNSCI property or services.
- B. Any member of the Board shall forfeit his or her position if one or more of the following events occur:
 - a. Conviction of a felony; and/or
 - b. Conviction of any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to extortion,

embezzlement, bribery, perjury, fraud, false pretenses, theft and conversion.

- c. Becoming an employee of the federal or Navajo Nation government when serving on the Board; however, in the event that the forfeiture would cause the Board to lose a quorum to carry out the affairs of the corporation, the Board member who is taking employment with the federal or Navajo Nation government position shall stay on the Board until a new Board member is appointed to the Board.
 - d. Becomes an elected Navajo official when serving on the Board; however, in the event that the forfeiture would cause the Board to lose a quorum to carry out the affairs of the corporation, the Board member taking an official position shall stay on the Board until a new Board member is appointed to the Board.
- C. Any member may resign from the Board effective upon acceptance by the Board.

Section 6: Board Vacancy:

- A. A vacancy in the membership of the Board shall exist when the Board declares a vacancy.
- B. Any and all vacancies of the Board shall be filled on a temporary basis by the Board until such time as the position is filled for the remainder of the term of the vacancy or until by confirmation of the Resources and Development Committee of the Navajo Nation Council upon recommendation by the President of the Navajo Nation for the terms that expired.
- C. In the event the office of the Chairperson of the Board becomes vacant, the Vice Chairperson of the Board shall act and perform all the duties of the Chairperson of the Board until such time as a new Chairperson of the Board is elected by the Board. If the Vice Chairperson cannot act and perform the duties of the Chairperson, the Board may select a member of the Board to run the meeting until new officers are elected.

ARTICLE V.
Authority of the Board

Subject to all applicable laws, the NNSCI Board of Directors shall exercise the following authority:

Section 1: Capacity to Act:

Authority to act on behalf of the NNSCI in planning, financing, development, management and maintenance of all shopping centers within or near the Navajo Nation and in the fulfillment of the purposes of the NNSCI.

Section 2: To Act as Agent:

Authority to act as agent for the NNSCI as a Corporation.

Section 3: To Adopt NNSCI Seal:

Authority to adopt the official SEAL of NNSCI. The official SEAL of NNSCI shall be a seal that is symbolic of the NNSCI's commitment to greater economic growth and prosperity throughout the establishment of shopping centers within the Navajo Nation.

Section 4: Operations Management:

- A. Authority to manage and direct the physical operation of the NNSCI to accomplish the purpose of the NNSCI as set forth in Article II (Section 2) hereof.
- B. Authority to manage and direct the financial operations of the NNSCI to accomplish the objective of the Navajo Nation Shopping Centers, Inc., as set forth in Article II (Section 3) hereof.
- C. Authority to conduct comprehensive market and feasibility studies in the planning and development, financing, design and shopping centers within or near the Navajo Nation.
- D. Authority to initiate and implement the planning and research for the development, financing, design, and construction of all shopping centers within or near the Navajo Nation.

Section 5: Facilities and Real Property:

- A. Authority to utilize, improve, retain and assume custody, management and maintenance of all NNSCI facilities and real property and all other facilities and real property that may become the property of or assigned to the NNSCI.
- B. Such authority shall not be construed as authorizing the NNSCI to mortgage or encumber other Navajo Nation Trust land, except on such encumbrances as are made in conformance with applicable federal and Navajo Nation Laws for restricted property. The NNSCI is authorized to mortgage or encumber real property owned by the NNSCI.
- C. The Board shall give the authority to purchase, pledge, exchange and dispose of all NNSCI personal property or real property as deemed necessary to effectively and efficiently manage the operation of the NNSCI.

Section 6: To Retain Legal Counsel:

The Board shall have the authority to retain Legal Counsel to provide legal services on all matters that affect NNSCI, including but not limited to, tenant leases, loan guarantees, contracts, agreements, claims, disputes and suits.

Section 7: Shopping Center Tenant Lease Agreements:

The Board is authorized to approve Leasing Management Plan and tenant leases. It has delegated the leasing approval authority to the Chief Executive Officer (CEO) of the NNSCI through the Leasing Management Plan and through these Bylaws. The CEO has the authority to execute tenant leases.

Section 8: To Execute Guaranties:

Authority to borrow funds and execute any with respect to indebtedness, interest, contracts or other obligations lawfully entered into by or on behalf of the NNSCI to the extent that such guaranty is made and subject to the express limitations that NNSCI shall not incur obligations in excess of its ability to pay as required and that the liability for such obligations be limited to the available assets of the NNSCI. Property otherwise subject to restrictions on alienation or held in trust status or not owned by the NNSCI may not be used as security of any sort except as done in accordance with applicable federal and Navajo Nation laws

Section 9: Depository:

Authority to select and approve all depositories used for the deposit of funds by the NNSCI.

Section 10: Investment of Funds:

To make investment decisions, subject to the limitations contained herein, and to provide for the establishment and maintenance of effective investment policies and procedures.

Section 11: To Make Contracts:

Authority to enter into, make, perform, carryout, cancel or receive any and all contractual agreements including, but not limited to, contract services and/or management services for NNSCI owned property and for non-NNSCI owned properties as the Board deems necessary to accomplish the purposes set forth in Article II hereof. The Board shall not enter into contractual agreements wherein the obligation incurred is in excess of its ability to repay and satisfy the obligation as required. Contractual authority may be delegated to the CEO of NNSCI, provided that, in the aggregate, the contract amount does not exceed \$50,000.00, and/or is subject to the adopted budget of the board for such expenditures. This amount may be either lowered or increased by board resolution.

Section 12: To Make Recommendations:

Authority to amend or revise the Corporation By-Laws whenever deemed necessary or appropriate to improve upon the operation and management of NNSCI.

Section 13: Copyright, Trademarks and Patents:

Authority to purchase, hold, own, use license, lease and sell NNSCI copyrights, trademarks, patents, licenses and inventions, provided that all such transactions shall be conducted in the name and on behalf of the Navajo Nation.

Section 14: Ancillary Power:

Subject to applicable laws, powers to initiate and exercise all other authority necessary, appropriate, incidental or advisable to accomplish the purposes for which the NNSCI is organized and established including, but not limited to formation of committee(s) to address the objectives and goals of the NNSCI.

ARTICLE VI.
Board Indemnification

Section 1.

NNSCI shall indemnify any officer, employee or any Director of the Corporation for reasonable expenses actually and necessarily incurred by him/her in connection with the defense of any action, suit, or proceeding in which he/she is made a party by reason of being, or having been such officer, employee, or Director of the Corporation except in relation to matters as to which such person shall adjudged on such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty, or except in relation to matters in which such person was acting beyond the scope of his/her employment or authority. The corporation shall also reimburse to any officer, employee or CEO of the corporation reasonable cost of settlement of any such action, suit, or proceeding if it shall be found by a majority of the Board, other than Board members involved in the matter of controversy (whether or not a quorum exists), that it is in the best interest of the corporation that such settlement be made and that such person was not guilty of negligence or misconduct, the above rights of indemnification and reimbursement shall not be deemed exclusive of any other rights that affected persons may be entitled to receive, but shall be subject to any applicable limitation otherwise imposed by law.

Section 2.

The NNSCI shall indemnify and hold the Navajo Nation harmless if the Nation or any of its entities is made or is threatened to be made a party to any threatened, pending or completed action or suit, or from any other claim or loss suffered by the Navajo Nation as the result of any action or inaction by the corporation of its Board members, officers, agents or employees, including all expenses and attorney's fee actually or reasonably incurred in connection with the defense or settlement of any such action, claim or loss.

ARTICLE VII.

Operation of the Board

Section 1: Rules and Procedures:

The Board shall adopt rules, policies and procedures, as it may deem necessary for the orderly conduct of its Board meetings with adherence to the Robert's Rules of Order, to the most recent Edition.

Section 2: Regular Meetings:

The Board shall meet at least on a quarterly basis upon proper written notice of the time, date, place and agenda. The Board may hold other meetings as deemed necessary to conduct corporate business provided that appropriate funds are available.

Section 3: Special Meetings:

Subject to Section 2 above, special meetings maybe called by the Chairperson of the Board or majority of the Board with prior notice.

Section 4: Annual Meeting:

The first Board meeting held at the beginning of the calendar year in the month January shall be recognized as the Annual Meeting of the Board. Regular meeting procedure shall apply.

Section 5: Executive Session:

At any meeting of the Board, with a majority vote of the Board members who are present at the meeting, the Board may go into executive session to discuss any matter, and, the topic discussed in executive session may or may not be reported into the minutes of the Board meeting after the executive session. Such disclosure of the discussion in executive session will be determined by the majority of the Board in executive session or in the Board meeting after the executive session.

Section 6: Resolution Requirement:

A resolution to be considered by the Board shall be summarized and all attachments shall be attached to the resolution for consideration.

Section 7: Notices Requirements:

- A. Notice of Annual and Regular Board meeting, time, place, and date and agenda shall be prepared in writing and delivered personally or sent by regular mail or e-mail to member of the Board no later than five (5) calendar days prior to the next Board meeting, except in cases where a special meeting is called by the Chairperson of the Board or by the majority of the Board.
- B. Actions taken by the Board at any meeting held without complying with the above notice requirements shall be termed void, null, of no force or effect and beyond the Board's authority.

Section 8: Board Quorum:

At least three (3) members of the Board one (1) of whom shall be an officer shall constitute a quorum. A quorum shall at all time, act in the best interest of the NNSCI. The majority actions taken by the quorum shall be the act of the Board. The presiding Chairperson shall have the right to vote.

Section 9: Board Minutes/Reports:

- A. The Secretary/Treasurer of the Board, in coordination with the CEO shall make arrangements for the recording of minutes of each Board meeting. Such Board meeting minutes shall be made available prior to the next regular Board meeting to each member of the Board and the CEO of the NNSCI. The Secretary/Treasurer, in conjunction with the CEO, shall coordinate the financial reporting to the Board.
- B. The Chairperson of the Board shall, at its Regular Meeting in coordination with the CEO, present a formal Management Report of the NNSCI. The Report shall include the following:
 - a. Status on the physical operations of NNSCI.
 - 1. Facilities Management at all shopping centers and properties of the NNSCI.
 - 2. Real Property Management of all existing and planned shopping center development tracts.
 - b. Status on the financial management of NNSCI.
 - c. Current year operating budget.
 - 1. Statistical data on the current financial performance and position of NNSCI.
 - 2. Disclosure of any and all major expenditures from the NNSCI budget.
 - 3. Disclosure of any and all transfer of funds from any line item account.
- C. Disclosure of all contract agreements entered into with vendors, contractors and subcontractors and disclosure of all associated contract expenditures.

- D. Disclosure of all financial agreements entered into with financial institutions and disclosure of all associated outstanding accounts.
- E. All operating budgets prior to each fiscal year.
- F. A report by an individual other than the Board or by a staff of the NNSCI Management shall be limited to fifteen (15) minutes.
- G. A legal report to the Board on legal issues, contracts, projects for the NNSCI and other matters.

Section 10: Conflicts of Interest:

Any contract agreements or transaction conducted between the NNSCI and any employee of the NNSCI, any member of the Board, or any partnership, corporation, firm or legal entity in which any NNSCI employee or Board member has an interest, shall be considered a direct conflict of interest and shall be prohibited unless such legal entity is created by the NNSCI to satisfy the intent and purpose of Articles III(a) and (b) of the Articles of Incorporation for the NNSCI. A Board member or staff who is not conflicted by the agreement or transaction shall determine if this provision has been violated by the Board member or employee of the NNSCI.

Section 11: Reimbursement and Board Fee:

- A. The Board shall be reimbursed for any and all reasonable expenses incurred for meetings or any other business on behalf of the corporation. Any other business shall be confined to businesses that are authorized by the Bylaws or have been previously approved by the Board. Mileage shall not exceed the federal maximum mileage rate. For duly-called board meetings, Board members will be given a fee of \$500.00 per day for in-person attendance; \$500.00 per day for conferences, trainings, NNSCI committee meetings, attendance of the which promotes the interest of the NNSCI (subject to the Board Chairperson's approval) and will make a report to the full Board on the conference, training, committee meeting or attendance of the event; and \$250.00 for board meetings conducted by a conference call. At the discretion of the Board, the amounts for reimbursement can be amended if the circumstances and conditions warrant such amendment.

- B. Meetings conducted via teleconference or over the internet virtually due to a declared state of emergency by the Navajo Nation government or U.S. government, shall be given a fee of \$500.00 per day for duly-called board meetings.
- C. Non-Board member may not receive reimbursement unless approved by the Board.
- D. The reimbursement for travel, meals, lodging, incidentals and other activities to the Board members will be carried out in accordance with the Travel Policy and Procedures Hand Book of the NNSCI as approved by the Board unless otherwise stated in that policy or stated in the Board resolution.

ARTICLE VIII
Navajo Nation Shopping Centers, Inc. CEO

Section 1:

The Board shall employ and negotiate the terms of an employment contract, including the annual salary, and provide policy direction and supervision to the CEO of the NNSCI including annual evaluation. The CEO shall report and be directly responsible to the Board.

Section 2:

The CEO shall be subject to removal or termination of employment contract for the following reasons:

- A. Insubordination, poor performance as a CEO, or negligence in his or her duties and responsibilities as a CEO, as determined in the sole discretion of the Board.
- B. Conduct which tarnishes, distorts, discredits or damages the integrity, credibility or reputation of NNSCI, including but not limited to, unauthorized use of NNSCI property or services.
- C. Conviction of a felony.
- D. Conviction of any misdemeanor or infraction in any court involving deceit, untruthfulness and dishonesty, including but not limited to, extortion, embezzlement, bribery, perjury, fraud, false pretense, theft and conversion.

- E. Failure to perform duties and responsibilities that are prescribed in the Bylaws, strategy plans, other plans, policies or regulations of the NNSCI.
- F. The above is not an exhaustive list of reasons for removal or termination; other reasons may be included in the employment contract.

Section 3:

The CEO shall have the following duties, responsibilities and authority.

- A. Establish, prepare and present an annual plan to include an operating budget, a strategic, business and marketing plan and to comply herewith upon Board's approval.
- B. Execute the operating policies adopted by the Board and administratively manage the day-to-day operation of NNSCI. The CEO will formulate policies for Board consideration.
- C. Plan, organize, administer and implement appropriate programs and projects to accomplish the purposes and objectives.
- D. Be managerially responsible for all contractual obligations entered into and created by the executed tenant lease agreements.
- E. Monitor and enforce to the extent allowable by applicable laws, the contractual obligations of the Tenants as created by the lease agreements.
- F. Collect rental and other payments on behalf of NNSCI according to the terms of the tenant lease agreements and deposit said receipts into a commercial bank account according to NNSCI accounting procedures outlined in the By-Laws hereto.
- G. Solicit, negotiate and process for approval lease agreements for any vacant space or any space to become vacant in accordance with established leasing policies and procedures of NNSCI as follows:
 - a. As to Leasing of Shopping Center Space, the CEO is authorized to lease to tenants (individuals, partnerships, corporate entities or other appropriate entities) space within the shopping center for the express purpose of

conducting retail and service business and other businesses of the type ordinarily found in shopping center developments and enforce the terms of the lease.

- b. As to Leasing Shopping Center Space, the CEO is authorized to assess and collect rental from tenants and any and all other applicable charges as deemed appropriate and necessary to adequately and reasonably provide a financial return to NNSCI for use of space within the shopping centers and enforce the terms of the lease.
 - c. As to Leasing of Shopping Center Commercial Undeveloped Pad Sites, the CEO is authorized to lease to tenants (individual, partnerships, corporate entities or other appropriate entities) shopping center commercial pads within the shopping center development tracts for the express purpose of conducting commercial business and enforce the terms of the lease.
 - d. As to Leasing of Shopping Center Commercial Undeveloped Pad Sites, the CEO is authorized to assess and collect rental from tenants and any and all other applicable charges as deemed appropriate and necessary to adequately and reasonably provide a financial return to NNSCI for use of commercial pads within the shopping center development tracts, and enforce the terms of the lease.
- H. Maintain an aesthetically pleasing, tidy, clean and safe shopping environment.
- I. Be responsible for monitoring and protecting the capital investments and to ensure that the investments receive a reasonable return.
- J. With the approval of the Board, negotiate and enter into any contracts necessary for the professional and profitable operation of the NNSCI including contracts for professional services, supplies and repairs. The contract will comply with the Navajo Nation Business Opportunity Act.
- K. Maximize the profitability of the NNSCI by sound business advertising, promotion and marketing management.
- L. Ensure that leasing, promotion, advertising and operation will maintain a high standard of efficiency, performance and profit. Remit not less than quarterly, earnings from minimum annual rental and not less than annually earnings

from percentage rental and all other receipts of as a return on capital investment in accordance with the provisions in the Corporation By-Laws.

- M. Be responsible for the daily finances of NNSCI including the collection of receivables, deposits of receipts in a commercial bank account, purchases for the business, processing of payroll, payment of all expenses due on the activities of the business, and all other financial transactions of NNSCI.
- N. Be responsible for monitoring and reporting of the internal accounting systems of NNSCI to the Board. Submit monthly, quarterly or annual financial reports as required to the Board.
- O. Be responsible for the development of NNSCI's Human Resource Manual.
- P. Pursuant to NNSCI Human Resource Manual pertaining to employment of employees, be responsible for establishing staff positions, hiring and terminating employees, and daily personnel management for the efficient operation of NNSCI giving preference to qualified Navajos who apply for such positions.
- Q. Oversee the preparation and disbursement of the payroll for all employees. Payroll for employees shall have priority in disbursement of expenses for the NNSCI.
- R. Implement and enforce a security system for the protection of NNSCI's property and premises.
- S. Maintain a high-quality maintenance level for a safe and clean working and shopping center environment and to maximize the useful life of NNSCI property and premises.
- T. Make recommendation to the Board on all matters related to improving the operation of NNSCI and perform all other functions and duties as may be advised, directed or recommended by the Board in accordance with the Corporation By-Laws.

Section 4: Chief Executive Officer; Vacancy and Hire.

- A. In the event a vacancy occurs as a result of resignation, removal or termination from the office of the CEO, the Board may immediately appoint an interim or

acting CEO. The Board shall proceed promptly to advertise, recruit and employ a permanent CEO; if the CEO cannot physically perform the duties and responsibilities of the CEO, the Board may appoint a temporary CEO to carry out the duties of the CEO, and such appointment should not exceed three (3) months without Board approval.

B. The CEO shall possess the education, skills, and experience required to enable him/her to successfully carry out the duties herein described to manage the operations of NNSCI as a corporation of the Navajo Nation. Specifically, the CEO shall meet the following requirements:

- a. A Master's degree in Business Administration or Business Management or related field with ten (10) years comprehensive experience in administering business development projects, planning and budgeting. The requirement of having a master's degree shall become effective for all applicants after July 30, 2009.
- b. Possess strong management skills to plan, develop, administer and implement programs and projects to accomplish the objectives of NNSCI.
- c. Possess working knowledge and experience in coordinating effective media advertisement, developing marketing strategies and organizing promotional activities on behalf of NNSCI.
- d. Demonstrate strong professional interpersonal and communication skills.

ARTICLE IX

Accounting

Section 1:

The CEO shall be responsible for the establishment, management and maintenance of an accounting system, which serves to control the physical operations and assets of NNSCI and ensures accountability in the financial management of NNSCI. All expenses shall be governed by the annual budget of the NNSCI.

Section 2:

The Controller shall have the following authority:

- A. Controller shall have full authority to approve or disapprove expenditures per the annual budget and such authority shall not be unreasonably executed.
- B. Before a purchase order, contract or similar instrument is executed, the Controller shall approve the purchase order, contract or similar instrument upon determining if funds have been earmarked for the contract, and such authority shall not apply in the case of an emergency.

Section 3: Accounting System:

The NNSCI accounting system shall be in conformity with Generally Accepted Accounting Principles and practices commonly used by the Financial Accounting Standards Board.

Section 4: Deposit of Funds:

All funds to be collected hereunder are to be deposited and managed by the CEO or his/her authorized representative in a commercial bank account as established in the name of Navajo Nation Shopping Centers, Inc.

Section 5: Income Accounting:

- A. The income accounting structure shall represent the various sources of income from rent and other sources for each of the shopping centers including, but not limited to the following:
 - a. Rental Income – Minimum Rent
 - b. Rental Income – Overages
 - c. Rental Income – Rent Escalation Charges
 - d. Income for – Common Area Charges
 - e. Income Interest
 - f. Other categories for Income Received on a regular basis
 - g. Miscellaneous Income
- B. Daily and Annual records and accounts shall be maintained for each lease to readily furnish the amounts due and paid in relation to the following elements of data:
 - a. Gross Annual Sales
 - b. Rate of Percentage Rent
 - c. Minimum Annual Rent
 - d. Charges for Common Area Service

- e. Miscellaneous Charges
- f. Total Rent and Charges

Section 6: Expense Accounting:

- A. The Expense accounting structure shall represent the various functional categories and natural divisions of expenses including, but not limited to the following:
- B. Functional Categories
 - a. Building Maintenance
 - b. Common Area (CAM), such as parking lot/sidewalks, etc.
 - c. Control Utility System
 - d. General and Administrative, such as, Management and Marketing
 - e. Depreciation and Amortization

Divisions of Expenses

- a. Payroll and Fringe Benefits
 - b. Contractual Services
 - c. Professional Services
 - d. Materials and Supplies
 - e. Utilities
 - f. Equipment Lease
 - g. Travel and Per Diem
 - h. Communications
 - i. Advertising and Promotion
 - j. Insurance
 - k. Navajo Sales Tax
- C. Each functional category and natural division shall be coded to provide readily available information on all expense of each shopping center.

Section 7: Responsibility of Funds:

- A. The CEO's authority to spend funds is subject to Controller's approval.
- B. All income and revenues and expenses from all shopping center operations shall be deposited and withdrawn from the commercial account by and upon the sole authority of the CEO, utilizing banking deposit slips and checks. All such accounts shall be subject to audit by the Navajo Nation at any time, but

in no event less than annually. Cost for the annual audit shall be paid from the NNSCI account. Each person authorized to make expenditures may be held personally responsible for any discrepancy discovered through the audit and may be subject to prosecution.

- C. All checks, expenditures, and withdrawals to and from the NNSCI commercial bank account less than \$10,000.00 shall be the responsibility of the CEO and a staff who will have signature authority. All checks for expenditures in excess of \$10,000.00 shall require the signature of the CEO and the Chairperson of the Board or as designated by the Board. This amount may change at the discretion of the Board. All such accounts shall be subject to an audit any time, but in no event less than annually. Cost for the annual audit shall be paid from the NNSCI Professional Services Account.

Section 8: Earnings:

For the purpose of this Corporation profit will be defined as revenues less expenses. Earnings are defined as the excess of receipts over expenditures for a given period of operation and are to be used for capital investment and working capital.

Section 9: Quarterly Deposits:

- A. Annual profits from minimum annual rental, when achieved, may be paid the Navajo Nation as dividends on an annual basis within thirty (30) days of the close of each calendar year. If a shopping center does not realize a profit or suffers loss for any quarter, the CEO shall prepare a full report with a financial statement on the condition of the business for presentation to the NNSCI Board.
- B. Earnings from Minimum Annual Rentals, Common Area Maintenance charges, and other income received on a regular basis, shall be credited by the CEO of his/her authorized representative on a quarterly basis within ten (10) days of the close of each calendar year. If a shopping center does not realize a profit or suffers a loss for any year, the CEO shall prepare a summary report with a financial statement on the conditions of the business for presentation to the NNSCI Board.

Section 10: Deposits:

Earnings from Rental Income, and Overages, when achieved, shall be credited by the CEO or his/her authorized representative when received. If a shopping center does not realize a profit or suffers a loss for any calendar year, the CEO shall prepare a full report with a financial statement on the condition of the business for presentation to the NNSCI Board.

Section 11: Capital Improvement Funds:

The NNSCI Board shall establish a special fund for deposit or earnings derived from the operation of NNSCI. Said earnings shall be considered a Capital Improvement Fund and shall be utilized at the discretion of the NNSCI Board for future shopping center projects or other investment by the NNSCI. Earnings remaining at the end of the fiscal year will be carried over the subsequent fiscal year in the same special account.

Section 12: Reporting:

- A. In order to effectively manage a shopping center, the NNSCI Board must receive timely and accurate operation information in a form, which summarizes the data contained in the Accounting records in a meaningful manner. The CEO shall prepare annual financial records of the operating income or loss and cash flow for presentation to the NNSCI Board. Said report shall include:
- a. Budgeted amounts of income and expense for the current month and year to date.
 - b. Actual amounts of income and expense for the current month and year to date.
 - c. Deviations from the plan for each item of income and expense for the current month and year to date.
 - d. Net income or loss for bookkeeping purposes for the current month and the year to date.
 - e. Net cash flow for the current month and the year to date.
- B. At the end of the calendar year, the CEO shall prepare an annual report and financial statement of the shopping centers.

ARTICLE X
Audits

The accounts and records of the NNSCI shall be audited independently by a Certified Public Accounting firm, which shall be approved by the Board prior to the close of each calendar year. Copies of such audit reports shall be furnished to the Board, staff of NNSCI and Resources and Development Committee.

ARTICLE XI
Insurance

The NNSCI Board shall determine and fund the insurance requirements of NNSCI upon recommendation of the CEO and all applicable federal and Navajo laws.

ARTICLE XII
Navajo Preference in Employment and Training Act, Navajo Business Opportunity Act

Section 1:

NNSCI shall comply with the Navajo Preference in Employment Act, Title 15 N.N.C. §§601 - 619, in the hiring, training, advancement and retention of all Navajo Nation Shopping Center's employees.

Section 2:

NNSCI shall comply with the Navajo Nation Business Opportunity Act of the Navajo Nation Title 5 N.N.C. §§201 et seq. (CJA-07-05), in the management of NNSCI.

ARTICLE XIII
Forum for Dispute Resolutions

All Disputes involving the NNSCI shall be resolved in the courts of the Navajo Nation or through arbitration, provided however, the NNSCI at the discretion of its CEO and Board, in consultation with legal counsel, may institute legal proceedings in any forum which the CEO may deem appropriate to best protect the legal interest of the NNSCI.

ARTICLE XIV
Amendment of By-Laws

The Corporation By-Laws for NNSCI shall be amended from time to time by the Board of Directors as necessary for the proper management and operation of NNSCI.



Celebrating 40 Years of Providing F

EXHIBIT B

November 14, 2022

Mr. Elmer P. Begay, Council Delegate
Navajo Nation Council
THE NAVAJO NATION
PO Box 3390
Window Rock, Arizona 86515

Office of Legislative Counsel
200 Parkway Bldg. #4
P.O. Box 3390
Window Rock, Arizona 86515

CROWNPOINT

NAVAJO PINE

Dear Delegate Begay,

WINDOW ROCK

Navajo Nation Shopping Centers Inc. (NNSCI) is providing you information for the proposed Dilkon Shopping Center projects for new retail space development with the source of funds being the Sihasin Fund. The plans for the retail expansion are summarized in the *attached Commercial Retail Real Estate Investment* report.

ST. MICHAELS

NNSCI looks to your support and to the Sihasin Fund as a significant opportunity for NNSCI to bring much needed commercial development, retail and employment opportunities and new tax revenues to the Southwest Navajo Region of the Navajo Nation.

PINON

I am open to make myself available to discuss our development plans. You are welcome to reach me at (928) 871-2218 or at ntaylor@nnsinc.com.

DILKON

Sincerely,

TUBA CITY

Nicholas Taylor, CEO
Navajo Nation Shopping Centers, Inc

KAYENTA

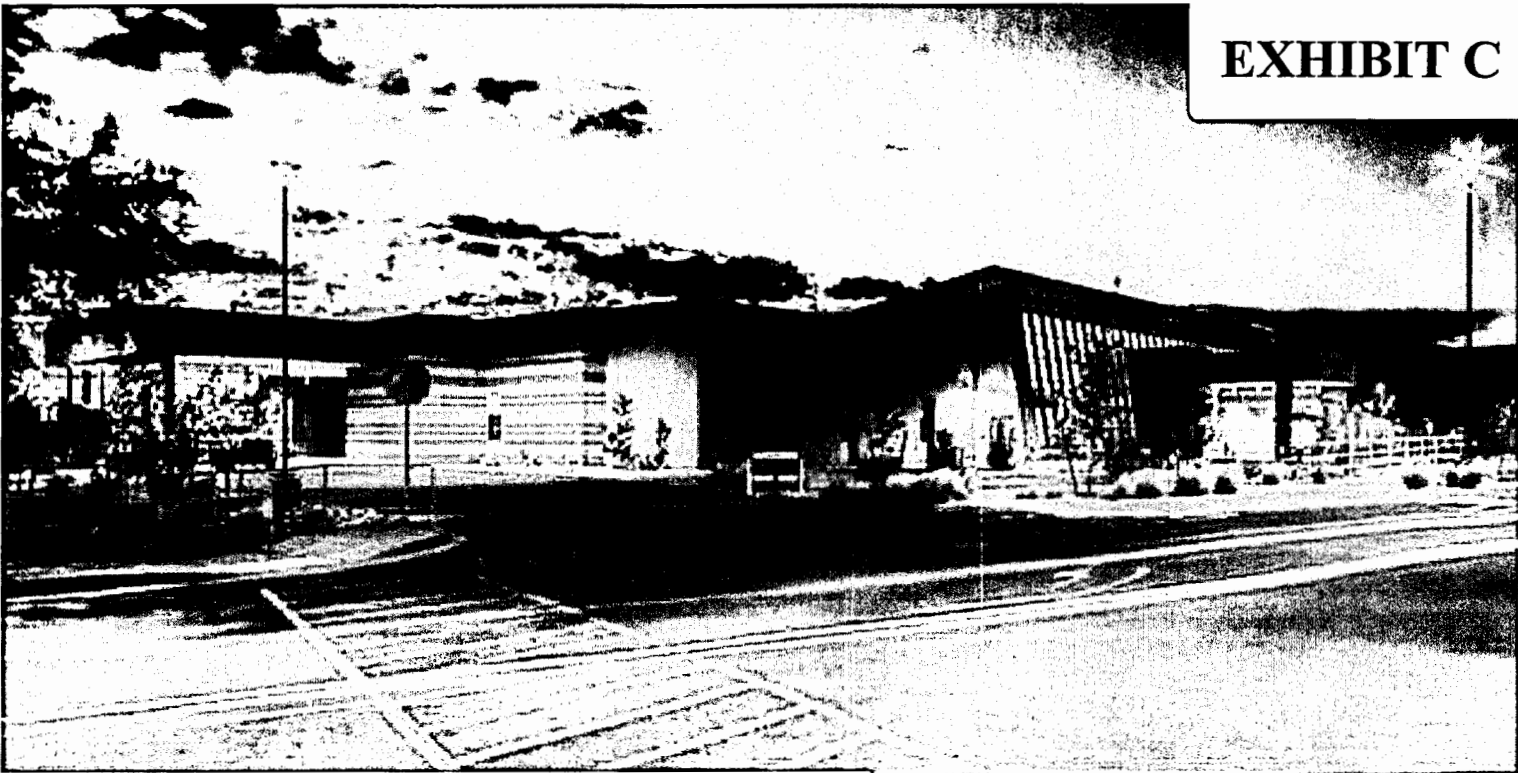
Attachment (1): *Commercial Retail Real Estate Investment*

- Project Budget – 2023 OMB Budget Forms
- Dilkon Chapter Resolution DIL-2022-11-001

SHIPROCK

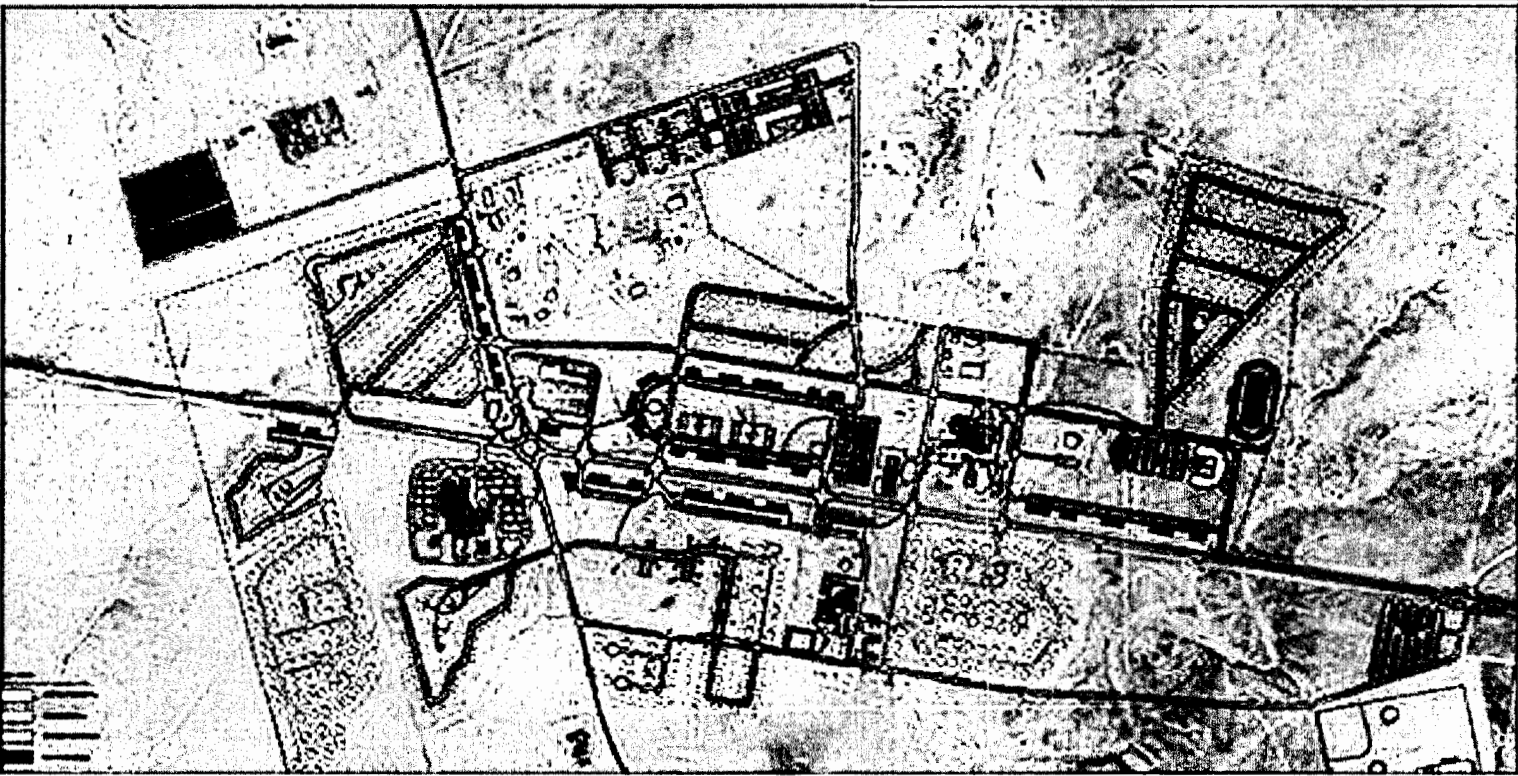
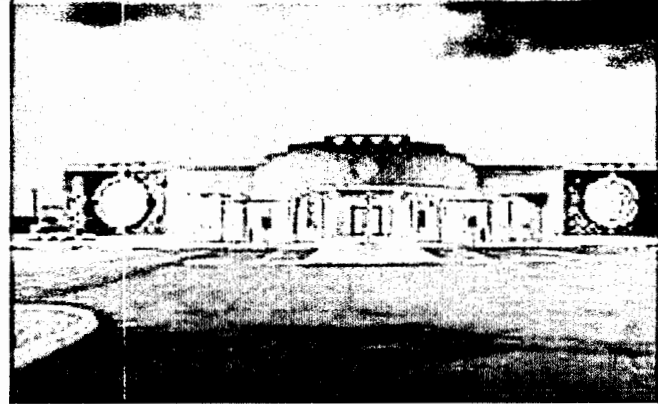
CC: NNSCI Board of Directors – Ms. Canyon, Mr. Graham, Mr. Skrelunas
Mr. Raymond Nopah, General Manager, NNSCI
Chrono/File

EXHIBIT C



Commercial Retail Real Estate Investment:

Complimentary Investment for Dilkon Region & Economic Expansion
Currently Underway



**Commercial Retail Real Estate
Investment:
Complementary Investment for Dilkon
Region & Economic Expansion
Currently Underway**

Prepared by:
Raymond K. Nopah, General Manager
Navajo Nation Shopping Centers, Inc.
November 9, 2022

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Executive Summary

The Navajo Nation Shopping Centers, Inc. has coordinated with the Dilkon Chapter and community members on the addition of new retail goods and services at the Dilkon Shopping Center located in Dilkon, AZ. This addition of new retail goods and services is a step toward enhancing the current tenant mix at the Dilkon Shopping Center while benefitting visitors of the grocery anchored shopping center.

The project site is not a greenfield project, but instead is a simple expansion on an existing site with readily access to utility infrastructure, road right-of-way access and paved parking. For these reasons, the project direction is clear, development time is less, risk is less and costs are less compared to a new site development.

The Dilkon Chapter area is expected to receive a large economic boost to the region with the near completion of the new medical hospital and medical staff housing units. The addition of medical service and housing present a unique opportunity to increase and diversify retail services to the Dilkon area that would benefit local and regional patrons.

The new medial hospital is categorized as a regional service provider which would service patients from surrounding chapters such as Jeddito, Ganado, Greasewood, White Cone, Indian Wells, and Leupp. In addition, the service areas will also include patients from the municipalities of Winslow and Holbrook.

Dilkon Chapter Commercial Retail Development / Use Concept

Site Area	Recommended Lot Size	Commercial Retail Business
Lot "A"	17,435 sf (.5 acres)	U.S. Postal Office
Lot "B"	66,402 sf (1.5 acres)	Family Restaurant, Auto Parts Store
Lot "C"	72,630 sf (1.7 acres)	Hair Salon, Cellular Store, Souvenir Store, Offices (3), Variety Store

The NNSCI would be the owner and property manager of the new retail real estate.

Introduction

Since 2002, the Navajo Nation Shopping Centers, Inc. (NNSCI) has been keeping its market analysis for commercial development feasibility study for the Dilkon Chapter. The current analysis provides commercial development opportunities existing in the Dilkon Chapter.

Dilkon Chapter has recently become the most important regional center in the southwest Navajo Nation. Many people living in the rural Southwest Navajo communities come to Dilkon to work, for school, shop and to gather annually for the Southwest Navajo Fair.

As trade and services, Dilkon is the center for health care, education, and government services. The town of Dilkon and its neighboring chapters along Navajo Route 60 and Navajo Route 15 are poised to experience significant growth in retail and service-related businesses such as fast-food restaurants and automobile services.

In our work with the Dilkon Chapter we've identified the following significant conditions and issues.

- The new Dilkon Medical Center, the Staff Housing Quarters and the Southwest Broadband Expansion are critical factors when considering immediate and future commercial developments.
- The *Dilkon Chapter Land Use Planning Project* report provides a guide for identifying real estate opportunities for commercial development.
- Dilkon is poised to become an important regional activity center. Dilkon's hotel and residential housing expansion will affect the local supply for goods and services, and other development. This new regional center will effectively sprout new business opportunities.

A. Development Opportunities

- Highway Intersection. Navajo Route 60 and 15 should be emphasized for coordinated travel, tourism and commercial development. The new medical center, new residential quarters and existing neighborhood shopping center are at this intersection.
- In addition to existing businesses operating in the area, as with any regional centers there are established informal commercial activities, such as agriculture, arts & crafts, informal enterprises-that could be formalized. The recent new developments will significantly help to market these local goods.
- There are excellent views of geographic features along the Navajo Route highways that are attractive to tourists presenting opportunities for scenic turnouts, recreation, and rest stops. Seasonal tourist-related automobile traffic on US Highway 491 could support new businesses.

B. Development Constraints

- Dilkon is close to extensive commercial and tourism services in Flagstaff and Winslow, Arizona.

I. Dilkon Chapter

Dilkon Chapter, Navajo Nation is located in northcentral Arizona, approximately 40 miles north of Interstate 40. The Navajo name for Dilkon is To Al Chi' Di' which is known as Small Amount of Water and is surrounded by natural flatlands and extinct volcano plumes. Located in District 7, Dilkon Chapter has a land base of 203,479 acres.

Major employers in the Dilkon area are the Navajo Nation, Dilkon Community School District and now the Dilkon Medical Center. Most people who live in Dilkon commute to surrounding communities for work, similarly, employees who work in Dilkon commute from surrounding communities. Community members travel to surrounding border towns for shopping, dining, entertainment and other services related to livestock or agriculture.

Based on work completed by the NNSCI, site visits, and review of the chapter's comprehensive land use plan, the following general observations are for considerations for Dilkon's development potential.

A. Project Methodology

In our on-going support of the Dilkon Chapter, NNSCI has always been active in reviewing various local, regional, and national economic literature to better understand opportunities and constraints affecting future development. Ongoing research for this analysis included site visits, meetings with local officials and CLUP committee members, IMPLAN econometric modeling, Placer AI analysis, and U.S. census data.

The consultant team reviewed sections of the *Dilkon Chapter Land Use Planning Project*, prepared by *Dilkon CLUP*. This document provides potential locations for future residential and commercial development.

B. Census Data – On the Map

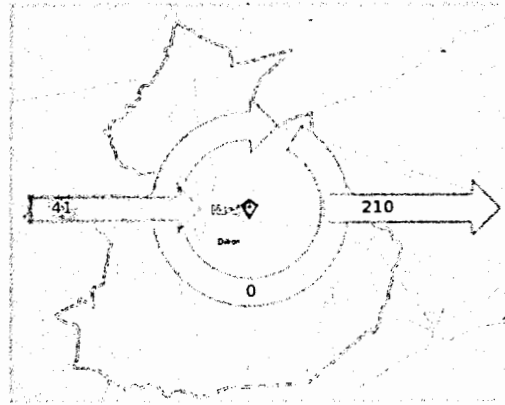
According to the 2019 US Census OntheMap data, there is a workforce of 251 that work from or come into the Dilkon Chapter. We have found the workforce demographics, include:

Table 1 – Dilkon Workforce Demographics

• <u>Jobs by Worker Age</u>	77.1% are between the age of 29-54
• <u>Jobs by Earning</u>	36.7% of the workforce earn \$3,333 per month or more
• <u>Jobs by Industry Sector</u>	21.9% of the workforce are employed in the Health Care and Social Assistance industry.
• <u>Education Attainment</u>	40.4% of the workforce have some college, bachelor or advanced degree.

Of the 251 workforces, 210 reside in Dilkon but have employment outside of Dilkon, while 41 of the work force are from areas outside of Dilkon.

Graph 1: Inflow / Outflow of Workforce for Dilkon, Arizona



C. Placer.ai

Placer.ai is a location analytics company that collects geolocation data from mobile devices and used to visit trends, trade areas, vehicle traffic count, and demographics. Placer.ai uses available resources its captures from mobile phone devices to perform data-capture, integration, analysis and reporting, all in real-time.

Table 2 – Dilkon Shopping Center Visits, Last 12 Months

Data Event	Outcome
Number of Visits	199,500
Visitors	33,400
Average Number of Visits	5.98 visits per individual
Average Time Spent	31 minutes

D. IMPLAN

IMPLAN is an input-output economic modeling program for regional economic impact analysis. IMPLAN combines sets of extensive databases of economic data from various sources, measuring interdependencies between different branches of different regional economies. IMPLAN's regional economic research data is available at each regional level, spans multiple data years, and offers up to 536 sectors for analysis. IMPLAN's data provides analysts with a comprehensive picture of economic impacts and their effects.

E. Area Tourism Analysis

Tourist visitations to locations near the Southwest Navajo Nation as reported in 2018 by the Arizona Office of Tourism Research Division show for a great potential to not only attract tourist to the Dilkon community to see and visit the local volcano plumes but for the Dilkon community to develop its own tourism industry. Developing local restaurants, auto parts store, a souvenir shop will help to attract tourism to the Dilkon Community.

Table 3 – Tourism Visitations in Dilkon Vicinity - 2018

Attraction	Visitation Count	State Rank	Distance from Dilkon
Grand Canyon National Park	6,380,495	1	180 miles
Petrified Forest National Park	644,922	7	66
Canyon De Chelly	439,306	10	86
Barringer Meteor Crater	265,200	13	66
Sunset Crater Volcano National Monument	104,583	27	73
Navajo National Monument	61,195	40	110
Hubbell Trading Post	39,361	47	57
	7,935,062		

With major roadways in state highways 89, 87 and 264, and Interstate 40, Dilkon is poised to create an attraction for tourist to shop at the retail establishments offered in family restaurant, auto parts, grocery store, souvenir shop and the local arts and craft market.

F. Existing Dilkon Gross Revenue and Tax

In 2021, with retail space of 23,170 sf, the Dilkon Shopping Center reported \$5,777,936 in gross sales. For years 2015-2021, it generated \$38,885,487 in gross sales. Gross sales represent the dollar amount local consumers spend their income for goods and services. For 2015-2021, the average gross sales per square footage was \$239.75. For the same years the average Navajo Sales Tax per year was \$333,304, while for years 2015-2021 the Dilkon Shopping Center generated approximately \$2,333,129 in Navajo Nation sales tax.

By knowing the average gross sales per square footage and with the Expenditure Plan's total retail square footage proposed for 20,000 additional square footage, the analysis for projected gross sales and Navajo Nation sales tax are reported in the following table:

Table 4 – Dilkon Shopping Center Gross Sales, 2015-2021

	Actual	Projected		
	2015-2021	2024	% Increase	10-Year Total (2024 – 3033)
Average Annual Gross Receipt	5,555,070	10,350,123	86.3%	103,501,230
Average Annual Sales Tax Revenue to the NN	333,301	621,007	86.3%	6,210,070

G. Community Survey

NNSCI on a continual basis survey community member to evaluate customers visiting our shopping centers primarily to learn more about local consumer behavior and aspirations for future development.

The following key points we have learned from a review of the customers' responses:

- 1 In terms of monthly expenditures, groceries are the top priority, followed by utilities (i.e., electric, propane, water), and vehicle payment and gasoline. Other major expenses include, clothing, insurance, livestock feed.
- 2 Almost all chapter members responding to the survey conduct their shopping in Flagstaff and Winslow on a regular basis. Those surveyed responded that they visit grocery stores, laundromats, restaurants, gas stations, auto parts stores and clothing store regularly.
- 3 When asked what businesses they would like to see built in their community, most Dilkon residents surveyed indicated they would like to see a restaurant, post office auto parts store, and laundromat.
- 4 A number of people listed a feed store and agricultural related services as a desired future business.
- 5 People were generally in favor of developing tourism facilities, mainly a motel, campground/RV Park and an artisan and craft market.

H. Southwest Navajo Economy

The NNSCI conducted key stakeholder interviews to learn about Dilkon's economic and community development plans. According to stakeholders, while their overall economic conditions are of importance to the community of Dilkon, improving business development in Dilkon is vital to their certified status as a local government chapter.

The following summarizes important aspects of Dilkon's economy:

1. Dilkon is the market, service, and government center for the Navajo Nation and federal government. In addition to these local service centers, substantial numbers of non-residents, such tourists, health care patients and their families, government office visitors, and government employees living off reservation bring positive impact to the local market.
2. Most of Dilkon's demand for business space is along Navajo Route 60 and Navajo route 15. This is where most traffic occurs as result of the two roads intersect downtown Dilkon.
3. Many of the businesses in Dilkon operate in buildings owned and/or leased by the Navajo Nation Shopping Center or by the Navajo Nation. Available rental space is limited and the demand for commercial and retail space is substantial.

4. Tourism attracts thousands of visitors annually, and Navajo cultural merchandise has a significant economic influence encouraging tourism and visitors in the area. Much of the region's popularity for tourism-based businesses is related to tourist inflow from State Roads 87 and 77.
5. There is little infrastructure supporting tourism, like enclosed arts and fashion retail businesses, cultural center, hotel, family restaurant or tourist shops.
6. There are a number of open-space arts & craft market that is a significant part of the local economic base. Among the regular booths are Navajo herbalists, jewelry vendors, and local native foods.
7. According to local CLUP reports knowledgeable of local land designations, there is limited land with utility readily available for immediate development for commercial, retail, office or industrial opportunities.
8. Future projects planned by the local chapter for the area that will enhance greater commerce and trade activities for the Dilkon area are:
 - Veteran and Elderly Housing
 - Justice Court Administration Building
9. The 26,170 square foot Dilkon Shopping Center operated by the Navajo Nation Shopping Centers, Inc., includes these tenants:
 - Basha's Dine Market – 16,170 sf
 - Subway Deli (*coming in 2023*) – 2,000 sf
 - Pizza Edge – 2,000 sf
 - Elite Laundry (*coming in 2023*) – 3,000 sf
 - WHCS Dilkon Fitness Center – 2,000 sf
 - Association of Indigenous Pioneers – 1,000 sf
 - Available Lot "A" – 17,435 sf (.4 acres)
 - Available Lot "B" – 66,402 sf (1.5 acres)
 - Available Lot "C" – 72,630 sf (1.7 acres)
 - 130 total parking spaces

I. Dilkon Chapter Development – Guiding Principles and Goals

Since 2002, NNSCI has worked closely with Dilkon Chapter officials, residents and local business to formulate guiding principles and goals that reflect the Dilkon community:

1. Respect and maintain local community values and traditions while planning for future economic development.
2. Encourage community and economic development that allows families and individuals to sustain productive livelihoods.
3. Promote economic development that includes business ownership and/or employment opportunities for Dilkon Chapter members.

4. Acknowledge adopted land use plans that provide a clear conceptual guide for future economic and community development.
5. Encourage Dilkon Chapter members to work together with resource organizations to address both current and future economic development needs.
6. Plan, implement and capitalize of existing and for new infrastructure of roads, water, sewer, electric, and telecommunication to support commercial development.
7. Encourage economic development that complements a diverse range of land for uses in residential housing, agriculture, education, community civic services, and recreation.
8. Designate appropriate and viable locations for future commercial activities.

II. Commercial Retail Development Opportunities

One of the main purposes of our report of commercial retail development for the Dilkon community is to consider future commercial retail development opportunities. In our continual review of the Dilkon community and in working with the Dilkon Chapter developing additional commercial retail outlets along Navajo Route 15 and Navajo Route 60 would be the most viable location.

Dilkon leadership and community members have always expressed developing commercial retail directed to tourist oriented along Navajo Route 15 and Navajo Route 60 as part of their overall economic development strategy.

In addition, based on our continual discussions with the Dilkon Chapter the Navajo Nation Shopping Centers, Inc offered approximately 3.6 acres of available land lot at the Dilkon Shopping Center to target for immediate development.

The table below presents a list of potential uses within the NNSCI site area with input by the Dilkon Chapter for development of new commercial retail.

Table 5 – Dilkon Chapter Commercial Retail Development / Use Concept

Site Area	Recommended Lot Size	Commercial Retail Business
Lot "A"	17,435 sf (.5 acres)	U.S. Postal Office
Lot "B"	66,402 sf (1.5 acres)	Family Restaurant, Auto Parts Store
Lot "C"	72,630 sf (1.7 acres)	Hair Salon, Cellular Store, Souvenir Store, Offices (3), Variety Store

The Dilkon Shopping Center is within three-quarter (3/4) mile from these community locations:

Public and Housing Centers	Number of Individuals
• 190 Navajo Housing Authority Single Family Housing Units	➤ <u>760 individuals</u> = 190 x average of 4 individuals per household
• Navajo Nation Department of Transportation	➤ <u>30</u> – staff and administration
• Dilkon Judicial Administration and Courthouse	➤ <u>30</u> – staff and administration
• Dilkon Medical Center	➤ <u>200</u> – staff, administration, patients and visitors
• Dilkon Medical Staff Quarters	➤ <u>320 individuals</u> = 80 units x average of 4 individuals per household

Within a 3/4-mile radius up to approximately 1,340 individuals reside or work from the Dilkon Shopping Center. This proximity makes shopping at Dilkon's local neighborhood accessible and convenient.

III. Dilkon Shopping Center Operations & Highlights

Navajo Nation Shopping Centers, Inc, is organized as a corporation under the Navajo Nation Corporation Code and established as the a commercial and retail developer for the Navajo Nation.

To date the Dilkon Shopping Center consist of:

- **Established –2002**
- **Site Control** – Through approved leases, NNSCI has site-control for development.
- **Utility Infrastructure and Clearances** – NNSCI has established water, electrical and all regulatory clearances and engineering plans of its existing properties.
- **Dilkon Land Acreage** – 10 +/- acres, with 6.9 acres available for development.
- **Retail Space** – 26,170 sf of retail space currently occupied, with 45,000 sf immediately available for retail building development.
- **Retail Occupancy** – With six (6) in-line retail space and no vacancy the occupancy rate is 100%.
- **Pad Site Availability** – Three (3) individual pad sites are currently available for development.
- **Navajo Nation Sales** – In 2021, Dilkon Shopping Center tenant gross sales garnered \$5,777,936.
- **Navajo Nation Taxes** – Based on the 2021 total sales, \$346,676 sales taxes were collected.

IV. Plan Overview

With the presence of the new 80-room Dilkon Medical Center and construction of the hospital's staff quarters our Expenditure Plan present a positive economic opportunity for the Dilkon and surrounding community. The Dilkon Shopping Center with utility and land ready space is shovel-ready for the Expenditure Plan.

The Dilkon Shopping Center already exist as an economic feasible retail outlet for the local and surrounding community. An expansion under our current Expenditure Plan will provide greater shopping and dining opportunities for the local customers. In addition, the new expansion will present greater opportunities for local jobs and for Navajo business to sprout and grow. Lastly, our Expenditure Plan will increase the tax revenues for the Navajo Nation during the construction phase of adding new retail space and from the daily operations when the new businesses are in place.

V. Dilkon Shopping Center Expenditure Plan:

1. **New Retail Development.** NNSCI plans to introduce 31,000 sf of new commercial retail space. *See Exhibit 2 – New Development Cost Estimates.*

❖ The new retail will bring:

- New goods and services to the community
- Creating additional tax base
- Employment opportunities in the regional economy.
- Keeps wages, income and revenues on the Navajo Nation.

❖ Suggested planned retail development will provide:

- Post Office (8,000 sf)
- Family Dining (5,500 sf)
- Auto Part Store (7,500 sf)
- Variety Store (4,000 sf)
- 3 Retail space at 1,000 sf each (3,000 sf)
- 3 Office space at 1,000 sf each (3,000 sf)
- Parking Lot and Sidewalk (11,500 sf)

❖ Local businesses can develop new business opportunities within the 10,000 Open Retail Space:

- barber / salon
- ice-cream/coffee shops
- copy/printing
- fast food
- water store
- tourist souvenir shop

New Development Total: \$16,113,187

2. **Capital Equipment for Retail Operation.** Install restaurant with equipment that represents most expensive cost to start-up a restaurant.

- | | |
|---|--------------------|
| 1. Restaurant - ovens; range hood, freezers, refrigerators, shelves, tables, chairs, countertop, cabinets, point-of-sale system, HVAC units | \$1,200,000 |
| 2. Auto Parts Shore – shelves, HVAC units | \$200,000 |

Capital Equipment: \$1,400,000

Expenditure Plan Total: \$17,513,187

VI. Economic Impact and Return on Investment of Expenditure Plan

Income, whether by government, consumer, and business sector spending generate several layers of multiplier impact called Direct, Indirect and Induced effects. Each layer creates additional income for each sector with new payroll through additional employment, increased tax revenues for local governments and business income through consumer and business-to-business spending.

NNSCI's economic impact analysis utilizes the IMPLAN software. For our analysis, IMPLAN reviewed for various set of databases involving economic factors, multipliers and demographic statistics with a highly refined and detailed econometric modeling. IMPLAN allowed NNSCI to develop the following local-level input-output models to estimate the economic impact of the Dilkon Shopping Center's Expenditure Plan.

The economic impact of Dilkon Shopping Center Expenditure Plan is summarized below:

A. Total Income and Jobs Created.

The Dilkon Shopping Center Expenditure Plan creates \$54,788,188 net income and 637 new jobs for years 2023-2027.

Table 6: Total Income and Jobs Created, 2023-2027

	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
1. Income	36,780,470	13,240,969	4,766,749	54,788,188
2. Jobs	325	195	117	637

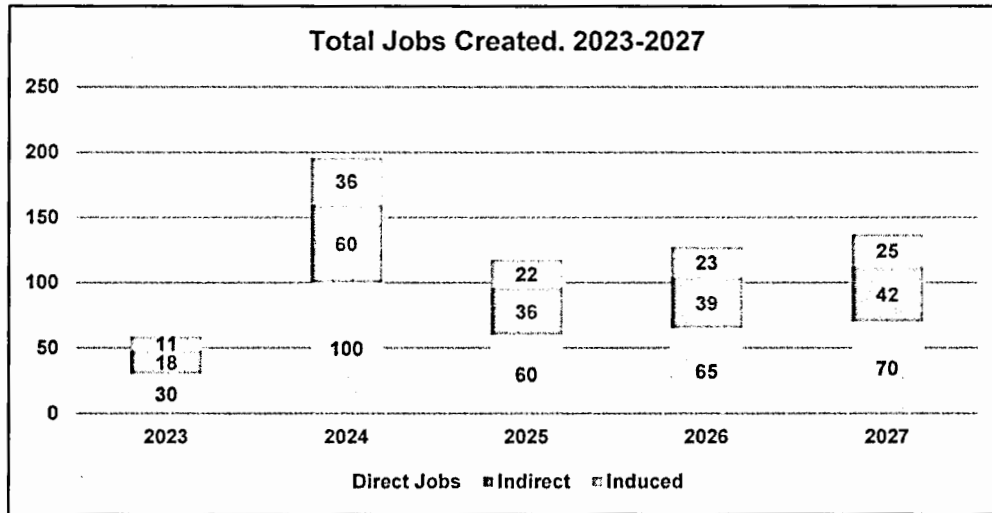
B. Number of Jobs Created by Phase and Year

A breakdown of the newly created and added jobs of 412 is presented below.

Table 7: Total Jobs Created by Phase, 2023-2027

	<u>Direct Jobs</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
2023	30	18	11	59
2024	100	60	36	196
2025	60	36	22	118
2026	65	39	23	127
2027	70	42	25	137

Graph 2: Total Jobs Created



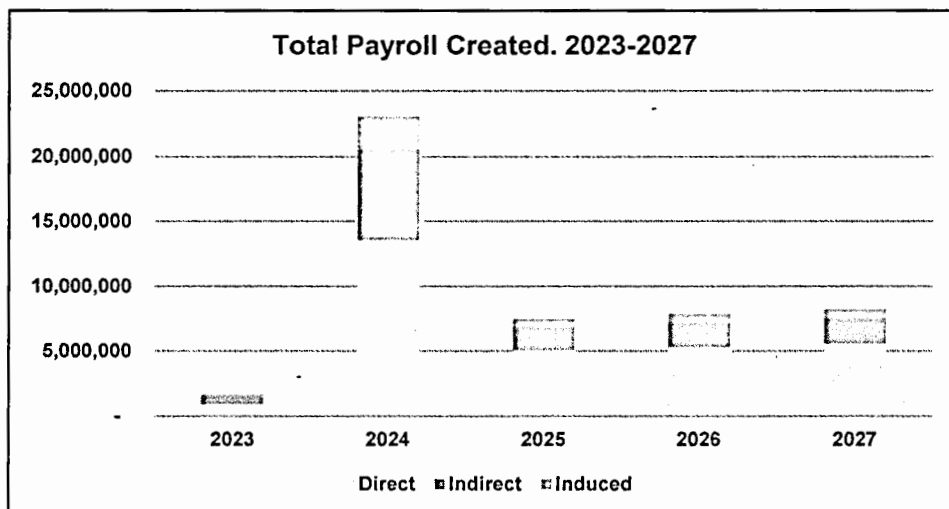
C. Total Amount of Payroll Created by Phase and Year

A breakdown of the newly created Direct, Indirect and Induced payroll adds \$48,342,912 for years 2022-2026.

Table 8: Total Amount of Payroll Created by Phase/Year, 2023-2027

	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
2023	908,489	545,093	196,234	1,649,816
2024	13,554,477	6,981,873	2,513,474	23,049,825
2025	5,034,807	1,812,530	652,511	7,499,848
2026	5,286,547	1,903,157	685,136	7,874,840
2027	5,550,874	1,998,315	719,393	8,268,582

Graph 3: Total Jobs Created



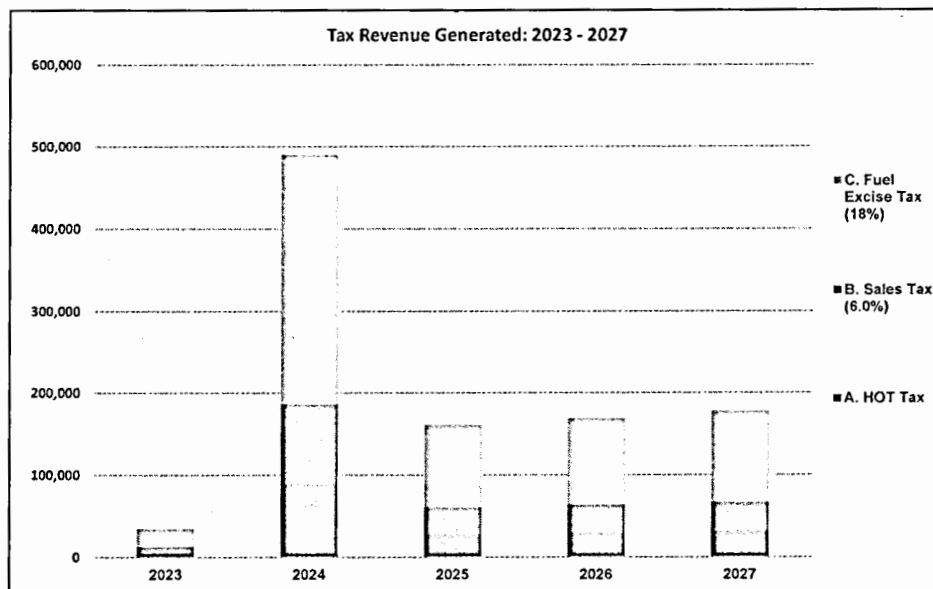
D. Navajo Nation Taxes

A breakdown of added tax revenues to the Navajo Nation through Dilkon Shopping Center Expenditure Plan. NNSCI estimates \$1,032,783 of new Navajo taxes generated for years 2023 - 2027.

Table 9: Navajo Taxes Generated from Direct, Indirect and Induced Multiplier Effect

	2023	2024	2025	2026	2027	TOTAL
A. HOT Tax	6,393	89,325	29,064	30,517	32,043	187,342
B. Sales Tax (6.0%)	6,908	96,837	31,749	33,336	35,003	203,833
C. Fuel Excise Tax (18%)	21,612	303,880	100,274	105,288	110,553	641,608
	34,913	490,042	161,087	169,142	177,599	1,032,783

Graph 4: Tax Revenue Generated



Conclusion

Overall, Dilkon Shopping Center's Expenditure Plan targets the creation of new employment, new business opportunities, generating new tax revenues for the Navajo Nation, keeping our retail stores and customers safe and more importantly maintain Navajo business and dollars within the Navajo Nation.

Exhibit 1 – Dilkon Shopping Center

PROPOSED DEVELOPMENT

- FUTURE A: 17,435.16 SQUARE FEET
- FUTURE B: 357' X 186' = 66,402 SQUARE FEET
- FUTURE C: 72,630 SQUARE FEET
- FUTURE D: 4,789 SQUARE FEET
- 130 Total Parking Spaces Available

TRADE AREA DATA

- Population: Primary 4,334, Secondary 4,146
- Projected Population Increase of 30% by 2020
- Good Mixture of Tenants
- Strong Summer Tourism
- Per Capita Income has been steadily rising
- 7,744 Trade Area Population
- 1,728 ADT-Steady Traffic Rate

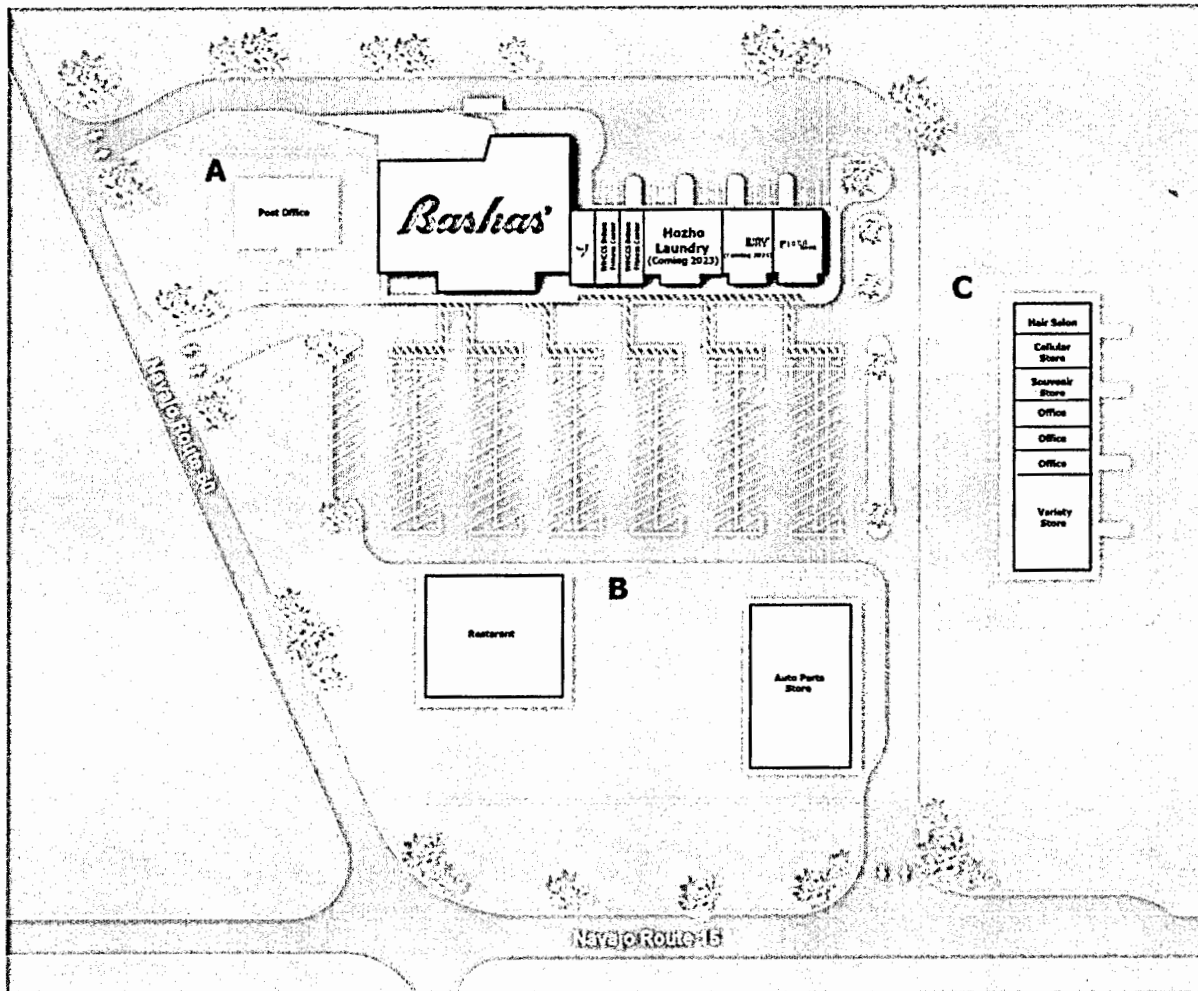


Exhibit 2 – New Development Cost Estimates

Dilkon Shopping Center - Navajo Nation Shopping Center Inc. New Development Cost - Estimates November 8, 2022

	Site "A"	Site "B"	Site "C"	TOTAL
	- Post Office (8k sf)	- Family Dining (5.5k) - Auto Parts Store (7.5k sf)	- Hair Salon (1k sf) - Cellular Store (1k sf) - Souvenir Store (1k sf) - 3-Individual Office Space (3k sf) - Variety Store (4k sf)	
Infrastructure (5% of bldg.)	161,200	261,950	201,500	624,650
Waterline (5% of Infra.)	8,060	13,098	10,075	31,233
Power Extension (60% of Infra.)	96,720	157,170	120,900	374,790
Water/Waste (15% of Infra.)	24,180	39,293	30,225	93,698
Gas Extension (20% of Infra.)	32,240	52,390	40,300	124,930
Building Construction	3,224,000	5,239,000	4,030,000	12,493,000
Parking Lot (\$20/sq. ft.)	80,002	130,003	100,002	310,006
Total Hard Costs	3,465,202	5,630,953	4,331,502	13,427,656
Contingency (5% of hard)	173,260	281,548	216,575	671,383
Soft Costs (15% of hard)	519,780	844,643	649,725	2,014,148
Total Development Costs	4,158,242	6,757,143	5,197,802	16,113,187

Square Feet - Lot	12,000	19,500	15,000	34,500
Developable Sq. Footage	8,000	13,000	10,000	23,000
Parking Lot Sq. Footage	4,000	6,500	5,000	11,500

NOTES:

- Costs represent current construction costs only. Land acquisition, professional fees, permits, and FF&E.
- Costs are for complete structure shell and interior build-out to five feet out and excludes sitework.
- Costs represent typical specifications for the location identified, and do not account for unique site conditions.
- Cost represents 25% mark-up above \$322 nation cost per square footage reported for 2nd Quarter 2022.
- 2022 Cost/Sq. Ft - Neighborhood Strip Center Mid-point Average: Calculation: $(\$361 + \$309 + \$295) / 3 = \322 .
1) Las Vegas: \$361; 2) Denver: \$309; 3) Dallas: \$295.
Source: "U.S. Costs per square Foot of Gross Floor Area 2022, Construction Market Analysis - Q2 2022." Cumming Insights. Source: <https://ccorpinsights.com>
- Open Retail and Office Space, each individually consisting of 2,000 square footage and varying for each shopping center, of: fast food, barber/salon, souvenir shop, clothing apparel, coffee/tea bistro, water store, book store, copy/printing, family dining, automotive parts store, office space.

Exhibit 3 – Dilkon Community Master Plan

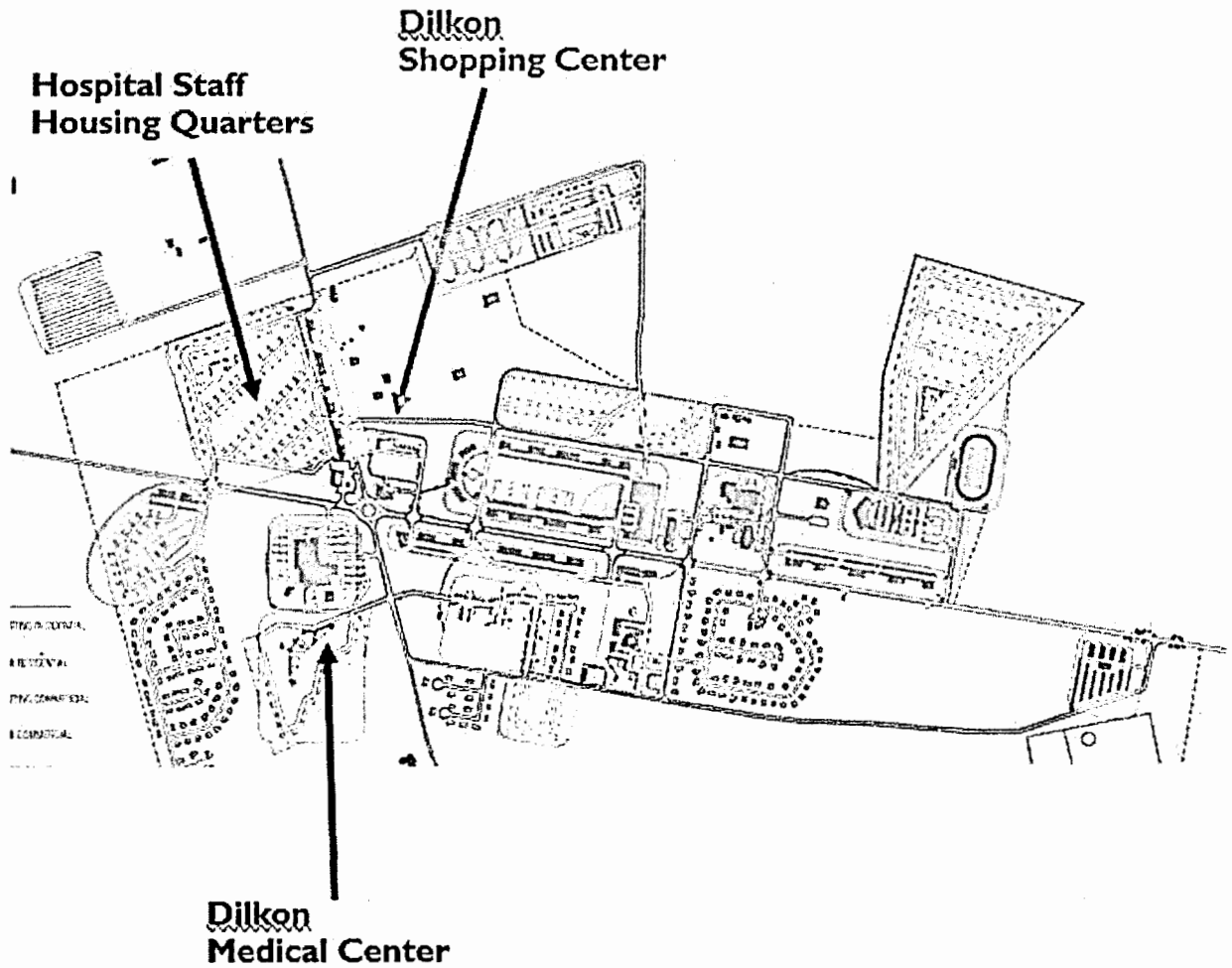


Exhibit 4 – 2019 Home Area Profile Report

Total All Jobs	Count	Share
Total All Jobs	210	100.0%

Jobs by Worker Age	Count	Share
Age 29 or younger	37	17.6%
Age 30 to 54	125	59.5%
Age 55 or older	48	22.9%

Jobs by Earnings	Count	Share
\$1,250 per month or less	29	13.8%
\$1,251 to \$3,333 per month	104	49.5%
More than \$3,333 per month	77	36.7%

Jobs by NAICS Industry Sector	Count	Share
Health Care and Social Assistance	46	21.9%
Public Administration	37	17.6%
Accommodation and Food Services	27	12.9%
Retail Trade	21	10.0%
Educational Services	21	10.0%
Construction	20	9.5%
Utilities	10	4.8%
Manufacturing	10	4.8%
Other Services (excluding Public Administration)	4	1.9%
Real Estate and Rental and Leasing	3	1.4%
Administration & Support, Waste Management and Remediation	3	1.4%
Mining, Quarrying, and Oil and Gas Extraction	2	1.0%
Transportation and Warehousing	2	1.0%
Professional, Scientific, and Technical Services	2	1.0%
Wholesale Trade	1	0.5%
Arts, Entertainment, and Recreation	1	0.5%
Agriculture, Forestry, Fishing and Hunting	0	0.0%
Information	0	0.0%
Finance and Insurance	0	0.0%
Management of Companies and Enterprises	0	0.0%

Jobs by Worker Race	Count	Share
White Alone	21	10.0%
Black or African American Alone	2	1.0%
American Indian or Alaska Native Alone	185	88.1%
Asian Alone	1	0.5%
Native Hawaiian or Other Pacific Islander Alone	0	0.0%
Two or More Race Groups	1	0.5%

Jobs by Worker Ethnicity	Count	Share
Not Hispanic or Latino	199	94.8%
Hispanic or Latino	11	5.2%

Jobs by Worker Educational Attainment	Count	Share
Less than high school	31	14.8%
High school or equivalent, no college	57	27.1%
Some college or Associate degree	61	29.0%
Bachelor's degree or advanced degree	24	11.4%
Educational attainment not available (workers aged 29 or younger)	37	17.6%

Jobs by Worker Sex	Count	Share
Male	104	49.5%
Female	106	50.5%

Exhibit 5 – Worker Inflow/Outflow

Selection Area Labor Market Size (All Jobs)	Count	Share
Living outside Dilkon, but Employed in Dilkon	41	16.3%
Living in the Dilkon Area, but Employed outside of Dilkon	210	83.7%
Net Job Inflow (+) or Outflow (-)	(169)	-

Outflow Job Characteristics (All Jobs) - 210 Workers	Count	Share
Workers Aged 29 or younger	37	17.6%
Workers Aged 30 to 54	125	59.5%
Workers Aged 55 or older	48	22.9%
Workers Earning \$1,250 per month or less	29	13.8%
Workers Earning \$1,251 to \$3,333 per month	104	49.5%
Workers Earning More than \$3,333 per month	77	36.7%
Workers in the "Goods Producing" Industry Class	32	15.2%
Workers in the "Trade, Transportation, and Utilities" Industry Class	34	16.2%
Workers in the "All Other Services" Industry Class	144	68.6%

Inflow Job Characteristics (All Jobs) - 41 Workers	Count	Share
Workers Aged 29 or younger	10	24.4%
Workers Aged 30 to 54	19	46.3%
Workers Aged 55 or older	12	29.3%
Workers Earning \$1,250 per month or less	11	26.8%
Workers Earning \$1,251 to \$3,333 per month	26	63.4%
Workers Earning More than \$3,333 per month	4	9.8%
Workers in the "Goods Producing" Industry Class	0	0.0%
Workers in the "Trade, Transportation, and Utilities" Industry Class	41	100.0%
Workers in the "All Other Services" Industry Class	0	0.0%

Executive Summary

The Navajo Nation Shopping Centers, Inc. has coordinated with the Dilkon Chapter and community members on the addition of new retail goods and services at the Dilkon Shopping Center located in Dilkon, AZ. This addition of new retail goods and services is a step toward enhancing the current tenant mix at the Dilkon Shopping Center while benefitting visitors of the grocery anchored shopping center.

The project site is not a greenfield project, but instead is a simple expansion on an existing site with readily access to utility infrastructure, road right-of-way access and paved parking. For these reasons, the project direction is clear, development time is less, risk is less and costs are less compared to a new site development.

The Dilkon Chapter area is expected to receive a large economic boost to the region with the near completion of the new medical hospital and medical staff housing units. The addition of medical service and housing present a unique opportunity to increase and diversify retail services to the Dilkon area that would benefit local and regional patrons.

The new medial hospital is categorized as a regional service provider which would service patients from surrounding chapters such as Jeddito, Ganado, Greasewood, White Cone, Indian Wells, and Leupp. In addition, the service areas will also include patients from the municipalities of Winslow and Holbrook.

Dilkon Chapter Commercial Retail Development / Use Concept

Site Area	Recommended Lot Size	Commercial Retail Business
Lot "A"	17,435 sf (.5 acres)	U.S. Postal Office
Lot "B"	66,402 sf (1.5 acres)	Family Restaurant, Auto Parts Store
Lot "C"	72,630 sf (1.7 acres)	Hair Salon, Cellular Store, Souvenir Store, Offices (3), Variety Store

The NNSCI would be the owner and property manager of the new retail real estate.

V. Dilkon Shopping Center Expenditure Plan:

1. **New Retail Development.** NNSCI plans to introduce 31,000 sf of new commercial retail space. *See Exhibit 2 – New Development Cost Estimates.*

❖ The new retail will bring:

- New goods and services to the community
- Creating additional tax base
- Employment opportunities in the regional economy.
- Keeps wages, income and revenues on the Navajo Nation.

❖ Suggested planned retail development will provide:

- Post Office (8,000 sf)
- Family Dining (5,500 sf)
- Auto Part Store (7,500 sf)
- Variety Store (4,000 sf)
- 3 Retail space at 1,000 sf each (3,000 sf)
- 3 Office space at 1,000 sf each (3,000 sf)
- Parking Lot and Sidewalk (11,500 sf)

❖ Local businesses can develop new business opportunities within the 10,000 Open Retail Space:

- barber / salon
- ice-cream/coffee shops
- copy/printing
- fast food
- water store
- tourist souvenir shop

New Development Total: **\$16,113,187**

2. **Capital Equipment for Retail Operation.** Install restaurant with equipment that represents most expensive cost to start-up a restaurant.

- | | |
|---|--------------------|
| 1. Restaurant - ovens, range hood, freezers, refrigerators, shelves, tables, chairs, countertop, cabinets, point-of-sale system, HVAC units | \$1,200,000 |
| 2. Auto Parts Shore – shelves, HVAC units | \$200,000 |

Capital Equipment: **\$1,400,000**

Expenditure Plan Total: **\$17,513,187**

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Dilkon Shopping Center - Navajo Nation Shopping Center Inc. New Development Cost - Estimates November 8, 2022

	Site "A"	Site "B"	Site "C"	TOTAL
	- Post Office (8k sf)	- Family Dining (5.5k) - Auto Parts Store (7.5k sf)	- Hair Salon (1k sf) - Cellular Store (1k sf) - Souvenir Store (1k sf) - 3-Individual Office Space (3k sf) - Variety Store (4k sf)	
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Source: "U.S. Costs per square Foot of Gross Floor Area 2022, Construction Market Analysis - Q2 2022." Cumming Insights. Source: <https://ccorpinsights.com>
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EXHIBIT E

*Elmer P. Begay, Council Delegate
Lorenzo Lee, Sr., President
Felix Tsinjinnie, Vice President
Elizabeth Yazzie, Secretary-Treasurer
Chester Benton, Grazing Committee Officer
Margie Barton, Chapter Manager
Charmayne Billie, Administrative Assistant*

DILKON CHAPTER
HCR 63 BOX E • WINSLOW, AZ • 86047

THE NAVAJO

Jonathan Nez
PRESIDENT

Myron Lizer
VICE PRESIDENT

RESOLUTION NUMBER: DIL-2022-11-001

RESOLUTION OF THE DILKON CHAPTER OF THE NAVAJO NATION

SUPPORTING AND APPROVING THE REQUEST OF SIHASIN FUNDS IN THE
AMOUNT OF SIXTEEN MILLION, ONE-HUNDRED THIRTEEN THOUSAND, ONE-
HUNDRED SEVENTY-FOUR DOLLARS (\$16,113,174.00) FOR THE EXPANSION OF
DILKON SHOPPING CENTER FOR THE MAJOR POPULATION GROWTH OF
DILKON COMMUNITY AREA.

WHEREAS:

1. Pursuant to 26 N.N.C Section 3(A) the Dilkon Chapter is a duly recognized certified chapter of the Navajo Nation Government, as listed at 11N.N.C, part 1, Section 10; and
2. Pursuant to 26 N.N.C Section 1 (B) Dilkon Chapter is vested with the authority to review all matters affecting the community; and
3. Dilkon Chapter is vested with the authority to make appropriate decisions on behalf of the community and to make recommendations to the Navajo Nation and other agencies for appropriate actions; and
4. In 2002, the Navajo Nation Council established the Navajo Nation Shopping Centers, Inc. (hereinafter "NNSCI") and approved the Articles of Incorporation for the NNSCI by Navajo Nation Council Resolution CO-63-02; and
5. The purpose of the NNSCI is to, among other things, facilitate economic growth of the Navajo Nation by creating opportunities for the availability of goods and services; providing employment and economic opportunities for individual Navajos; and creating business and market opportunities for Navajo entrepreneurs. See Article II, Purpose, and Objective, NNSCI Governing Bylaws; and
6. The Dilkon Chapter will be experiencing a growth due to the recent buildout of new medical services capacity and housing through the construction of a new hospital and medical housing units. As a result, there will be additional revenues brought to the Dilkon region that will be able to sustain new retail businesses and services; and
7. To assist with the economic development of new retail businesses and service at the Dilkon Shopping Center and the Dilkon Chapter area economy, the NNSCI has developed a shopping center expansion plan to promote the success and sustainability of its small business tenants, and to reinvigorate the Dilkon Chapter area economy and the traffic flow of consumers at the Dilkon Shopping Center; and
8. The Dilkon Chapter has reviewed the Dilkon Shopping Center Expansion Plan and desires to support and approve a funding allocation for this plan and have determined that such Expansion Plan is in the best interest of the Dilkon Chapter and the Dilkon Shopping Center.

NOW THEREFORE BE IT RESOLVED THAT;

1. The Dilkon Chapter hereby strongly supports the efforts by the Navajo Nation Shopping Centers, Inc in promoting the health, social, economic, and overall welfare of

the Dilkon Chapter and surrounding areas through the Navajo Nation Sihasin Fund, and hereby approves the Dilkon Shopping Center Expansion Plan attached hereto as Exhibit "A."

2. The Dilkon Chapter further strongly requests the Navajo Nation Government to allocate funding for the Dilkon Shopping Center Expansion Plan from the Navajo Nation Sihasin Fund to support small businesses, reinvigorate employment and local economy in the Dilkon Chapter areas thereby also increasing tax revenues.

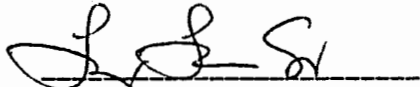
CERTIFICATION

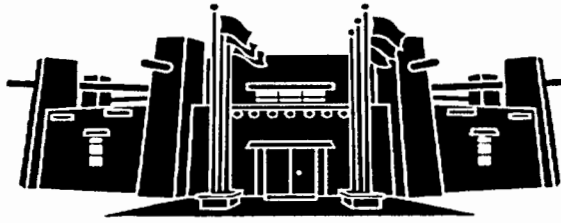
We hereby certify that the foregoing resolution was considered at a duly called authorized meeting held at Dilkon (Navajo Nation), Arizona at which a quorum was present, and that same day was passed by a vote of 9 in favor, 0 opposed and 3 abstained on this 7th day of November, 2022.

Motion: Jonathan Manygoats

Second: Sylvia Wessell

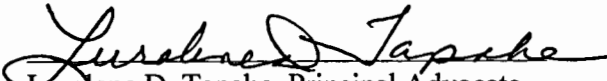
Presiding Chair:


Lorenzo Lee Sr., President
Dilkon Chapter



MEMORANDUM

To: Hon. Elmer P. Begay, Member
Budget & Finance Committee
24th Navajo Nation Council

From: 
Luralene D. Tapahe, Principal Advocate
Office of Legislative Counsel

Date: December 1, 2022

Subject: **AN ACTION RELATING TO THE RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE, AND NAABIK'ÍYÁTI' COMMITTEES, AND TO THE NAVAJO NATION COUNCIL; APPROVING \$17,513,187 FROM THE SÍHASIN FUND FOR THE NAVAJO NATION SHOPPING CENTERS, INC. FOR NNSCI'S PROPOSED EXPANSION OF THE DILKON SHOPPING CENTER; APPROVING THE RELATED EXPENDITURE PLAN**

The Office of Legislative Counsel has prepared the above-referenced proposed legislation and related summary sheet. Based on existing Navajo Nation law and other applicable laws, and upon review of all supporting documents regarding your request that were submitted to OLC, this legislation as drafted is legally sufficient. However, as with any action of government, this legislation may be subject to judicial review in the event of a legal challenge.

Please review this legislation to make sure it is drafted to your satisfaction, and that all necessary and appropriate supporting documents have been provided and all attached Exhibits are correct.

OLC has reviewed the appropriate standing committees' authorities to consider this legislation, based on the standing committees' powers and responsibilities set forth in Title 2 of the Navajo Nation Code. Based on its review, OLC has listed those committees in the title of this legislation. However, the Speaker may assign this legislation to any committee(s) other than those shown in the title, pursuant to his authority under 2 N.N.C. §164(A)(5).

If you find anything unacceptable, please let me know immediately and advise me of your desired changes. I can be reached at phone no. (928)871-7166 or by email at: LuraleneTapahe@navajo-nsn.gov

Thank you for your cooperation.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: 0232-22

SPONSOR: Elmer P. Begay

TITLE: An Action Relating to the Resources and Development, Budget and Finance, and Naabik'iyáti' Committees, and to the Navajo Nation Council; Approving \$17,513,187 from the Síhasin Fund for the Navajo Nation Shopping Centers, Inc. for NNSCI's Proposed Expansion of the Dilkon Shopping Center; Approving the Related Expenditure Plan

Date posted: December 02, 2022 at 3:26PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*

**THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY**

LEGISLATION NO.: 0232-22

SPONSOR: Honorable Elmer P. Begay

TITLE: An Action Relating to the Resources and Development, Budget and Finance, and Naabik'iyáti' Committees, and to the Navajo Nation Council; Approving \$17,513,187 from the Síhasin Fund for the Navajo Nation Shopping Centers, Inc. for NNSCI's Proposed Expansion of the Dilkon Shopping Center; Approving the Related Expenditure Plan

Posted: December 02, 2022 at 3:26 PM

5 DAY Comment Period Ended: December 07, 2022

Digital Comments received:

Comments Supporting	1) Robert & Margie Barton 2) Alberto Peshlakai 3) Lorenzo Lee, Sr. 4) Sylvia Wessel 5) William Wachunas 6) Andrienna Lister 7) Sally N. Pete
Comments Opposing	<i>None</i>
Comments/Recommendations	<i>None</i>


 Policy Analyst
 Office of Legislative Services

December 08, 2022; 9:15 AM
 Date/Time

Legislation 0232-22

Margie Barton <mbarton@nnchapters.org>

Wed 12/7/2022 8:36 AM

To: comments <comments@navajo-nsn.gov>;

We are sending our comment in support of this legislation to expand the Dilkon Shopping Center. We live in Dilkon with our family, relatives, and many friends. The thought of having a restaurant nearby is absolutely amazing. Currently we go to the border towns for a meal if we want to eat out. The same for car parts or supplies for vehicle repairs. We shop in the border towns because there are no shops here in our community.

Dilkon is growing and will increase in population 4 folds when the new developments: medical center, Justice Center, Dine College, and several Housing developments are completed.

The Dilkon Chapter leadership is moving forward to develop our community into a Township. The Dilkon Shopping Center expansion plans fit the movement to build our local economy.

Currently, Dilkon Bashas is a favorite local shopping place for our local people, nearby communities, and even our neighbors, the Hopi Nation. It was a great decision to build it. Expanding the center will definitely meet the needs of our community.

Navajo Nation Council, please approve Legislation 0232-22 and provide the funding request to expand the expansion plan.

Thank you,

Robert & Margie Barton

..... Winslow, AZ 86047

Cell: 928

Sent from my iPhone

WARNING: External email. Please verify sender before opening attachments or clicking on links.

Comment of Support

Crystal Castillo <crystal.castillo@navajocountyaz.gov>

Wed 12/7/2022 2:07 PM

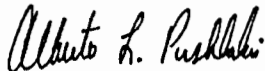
To: comments <comments@navajo-nsn.gov>;

Cc: Glenn Kephart <Glenn.Kephart@navajocountyaz.gov>; Leah Thomas <Leah.Thomas@navajocountyaz.gov>; Melissa Buckley <Melissa.Buckley@navajocountyaz.gov>; Rochelle Lacapa <rochelle.lacapa@navajocountyaz.gov>; Miles Begay <Miles.Begay@navajocountyaz.gov>;

Honorable Delegates,

Please accept this note of support for Legislation 0232-22 Relating to Approving \$17,513,187 from the Síhasin Fund for the Navajo Nation Shopping Centers, Inc. for NNSCI's Proposed Expansion of the Dilkon Shopping Center. Funding for this project will assure that the increased needs for services resulting from the new Hospital and staff quarters can be addressed. Funding for this project will have a significant positive impact on economic development and quality life for the residents of this region. As Navajo County Supervisor for District II, I strongly support this legislation and encourage approval of the funding.

Respectfully,



Alberto Peshlakai, District II Supervisor
Navajo County

To ensure compliance with the Open Meeting Law, recipients of this message should not forward it to other members of the Board. Members of the Board may reply to this message, but they should not send a copy of their reply to other members.

Alberto L. Peshlakai | County Supervisor, District II
We are Navajo County (check out the link)

PO Box | Holbrook AZ 86025

Phone (928) 524-4107 | Fax (928) 524-4239

NavajoCountyAZ.gov | [facebook/NavajoCounty](https://facebook.com/NavajoCounty)

Teamwork | Accountability | Integrity | Excellence | Innovation

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Dilkon Shopping Center expansion

Lorenzo Lee Sr <lleesr@naataanii.org>

Wed 12/7/2022 2:07 PM

To:comments <comments@navajo-nsn.gov>;

I support the Dilkon Shopping Center expansion legislation 0232-22.

The community of Dilkon is going to be impacted by the new Dilkon Medical Center with increasing population and staff employment. Their is a need for new business and other retail stores. Dilkon community is growing and it support the southwest region of Navajo Nation Chapter .

WARNING: External email. Please verify sender before opening attachments or clicking on links.

0232-22

December 7, 2022

Manuel Rico, Jr.
Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Re: Legislation #0232-22. An action relating to resources and development, expansion of the Bashas shopping center.

Dear Sir:

I am writing this letter to express my support for the expansion of the Bashas shopping center (legislation #0232-22). I believe that the expansion of the shopping center will greatly benefit the local and surrounding community of Dilkon by providing new job opportunities close to home. The expansion will help keep money that would be spent outside of the Navajo Reservation in the local community as well as providing additional tax revenue. Expanding the Bashas shopping center will also provide the local community with resources closer to home without the need to travel long distances to obtain them off the Navajo Reservation.

Sincerely,



Sylvia Wessel, CLUPC Member
DILKON CHAPTER

Winslow, AZ 86047



Dilcon Community School, Inc.

HC 63, Box G, Winslow, Arizona 86047 - Phone: (928) 657-3211 - Fax: (928) 657-3213

William M. Wachunas, Principal

Margie Barton, Governing Board President
Wyatt Begaye, Vice-President
Andrea Long, Secretary

December 7, 2022

To Whom It May Concern,

I submit this letter on behalf of students and families of the Dilcon community that is located in the southwestern portion of the Navajo Nation. As an educator and school principal, I fully support Legislation 0232-22 from Sihasin Funds for the Navajo Nation Shopping Centers, Inc.. The proposed expansion of the Dilcon Shopping Center. With the scheduled opening of the Dilcon Medical Center, the increased enrollment at Dilcon Community School, and considering the Dilcon is centralized for many neighboring communities this expansion is needed to meet the future needs of Dilcon.

With the Dilcon community located in a rural remote area of the Navajo Nation, I am also a strong proponent for this legislation to benefit the Dilcon Community, but also the neighboring communities. I recognize that our students, families and communities will all benefit from this proposed growth and will also create more jobs while providing more services to our communities.

Again, I appreciate and fully support these efforts. Should you have any questions or need further assistance, please contact me at (928)

Sincerely,

Mr. William Wachunas, Principal
Dilcon Community School, Inc.
Winslow, AZ 86047

December 6, 2022

Andrienna Lister
anndrienna@yahoo.com
Flagstaff, Arizona 86004

RE: Dilkon Shopping Center Expansion Project.

Dear Sir or Madam,

I am a community member of Dilkon and apart of the Dilkon Community Land Use Planning Committee (CLUPC) as the Secretary. Dilkon Chapter and CLUPC members are in the process of updating the elements of our comprehensive community land use plan and moving forward diligently to certify the Dilkon CLUPC manual as our goal is to establish Dilkon as its own township. Dilkon has 750 acres of land and have zoned out certain areas for economic development.

I would like to offer and express strong support regarding the proposed expansion of the Dilkon Shopping Center as the new Dilkon Health Center and added housing living quarters have been built within the zoning of Dilkon Chapter. The expansion of the Dilkon Shopping center will improve and boost the economy of Dilkon, and it will also be a place where the people in the surrounding communities of Teesto, Indian Wells, Whitecone, Greasewood, Birdsprings, Leupp, and the Hopi Nation could come and shop.

The expansion of the shopping would be an advantage to our community. Your assistance in granting our request for the proposed expansion of the Dilkon Shopping Center is greatly appreciated. If you have any questions, I can be contacted at (928) Thank you.

Sincerely,

Andrienna Lister, CLUPC Secretary
Dilkon Chapter



December 7, 2022

Executive Director
Office Legislative Services
P.O. Box 3390
Window Rock, Arizona 86515

Re: Support for Legislation No. 0232-22 – Funding for Improvements to the Dilkon Shopping Center

Dear Executive Director:

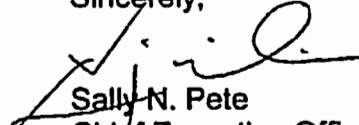
On behalf of the Winslow Indian Health Care Center ("WIHCC") Board of Directors (BOD), this is a letter of support for Legislation No. 0232-22 sponsored by Elmer P. Begay. This is legislation is very essential as it is proposing allocating \$17,513,187.00 from the Sihasinn Fund for the Navajo Nation Shopping Centers, Inc. to expand the Dilkon Shopping Center as outlined in the Expenditure Plan which is outlined in the legislation.

In addition to Expenditure Plan, the Navajo Nation has prioritized the health and welfare of our citizens above all considerations; as evidenced by the newly constructed Dilkon Medical Center (DMC), a new healthcare facility, with 109 staff quarters guided by WIHCC with support from Indian Health Service and Navajo Nation Council. Furthermore the new medical facility and staff housing will implement substantial economic changes to the Dilkon community and will need additional businesses and/or improvements to help stimulate the local economy while at the same time the positive impacts that your decision will have on WIHCC ability to provide quality health care for our patients and communities of the southwest portion of the Navajo Nation.

WIHCC is in full support of Legislation No. 0232-22, with \$17,513,187 earmarked from the Sihasin Funds, designated for the Navajo Nation Shopping Centers, Inc.

Any questions, please contact me at Sally.Pete@wihcc.org or 928-289-6100. Thank you

Sincerely,


Sally N. Pete
Chief Executive Officer

Attachments: WIHCC Board Supporting Resolutions



WINSLOW INDIAN HEALTH CARE CENTER

WIHCC-2021-07

Resolution of the Winslow Indian Health Care Center Board of Directors

REQUESTING THE DILKON CHAPTER, NAVAJO NATION AND UNITED STATES POSTAL SERVICE TO TAKE ALL ACTIONS NECESSARY TO OBTAIN A U.S. POSTAL ZIP CODE FOR THE DILKON AND SURROUNDING COMMUNITIES.

WHEREAS:

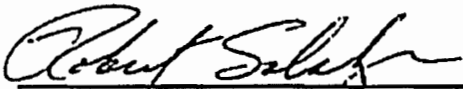
1. The Winslow Indian Health Care Center ("WIHCC") is a non-profit corporation chartered under Navajo Nation law and sanctioned and authorized by the Navajo Nation Council as a "Tribal Organization" in Resolution Nos. CJY-33-10 and NABID-97-18 to operate the federally funded health care programs, services, functions and activities in and near the eight chapters of Leupp, Bird Springs, Teesto, White Cone, Dilkon, Tolani Lake, Jeddito and Indian Wells; and
2. In addition to the health care programs and services provided by WIHCC, WIHCC has entered into a Title V Construction Project Agreement with the Indian Health Service ("IHS") for the design and construction of the Dilkon Medical Center ("DMC") and the accompanying staff quarters project (hereinafter collectively referred to as "DMC"); and
3. The WIHCC DMC Project Team have taken all actions necessary to ensure successful completion of the DMC on schedule in the fall of 2021 with a projected opening date of early 2022; and
4. The United States Postal Service ("USPS") uses a zip code system to efficiently distribute mail, and without a USPS zip code, mail and other deliveries to the Dilkon community and DMC are not reliable or efficient; and
5. Additional reasons a zip code is needed include 1) for the accurate identification for checks to be submitted/remitted to WIHCC Finance based on invoicing and revenue generation; 2) that Commissioned Corps officers need a Dilkon duty station (identified by zip code) for Basic Allowance for Housing ("BAH") increases which are based on a current local rental housing market survey process; 3) to apply for funding opportunities based on rural, isolated location and unmet community needs or in "most need"; and 4) for Community Health Assessment needs based on outpatient and inpatient data analysis.
6. The process of obtaining a zip code requires the Dilkon Chapter to submit documentation to the USPS District Manager who will review the request under the USPS "Zip Code Boundary Review Process" and determine whether boundary adjustments, cost and benefits, justify a new zip code.

NOW THEREFORE BE IT RESOLVED THAT:

1. The WIHCC Board of Directors request that the Dilkon Chapter, Navajo Nation and USPS take such action(s) as are necessary to request, designate and obtain a zip code for the Dilkon community, which can be used for the above-stated reasons related to efficient operation of the DMC.

CERTIFICATION

The WIHCC Board of Directors hereby certifies that the foregoing resolution was duly considered at a duly called meeting of the Winslow Indian Health Care Center at which a quorum was present and that the same was passed by a vote of 8 in favor, 0 opposed, and 0 abstained, this 4 day of June, 2021.



Robert Salabye, Board of Directors President

Motion By: .John Nells

Second By: Alberto L. Peshlakai



WIHCC-2022-03

**Resolution of the
Winslow Indian Health Care Center
Board of Directors**

**RESOLUTION REQUESTING THE NAVAJO TRIBAL UTILITY AUTHORITY AND NAVAJO NATION TO
ENSURE PERMANENT ELECTRIC POWER IS AVAILABLE TO THE DILKON MEDICAL CENTER IN A
TIMELY MANNER.**

WHEREAS:

1. The Winslow Indian Health Care Center ("WIHCC") is a non-profit corporation chartered under Navajo Nation law and sanctioned and authorized by the Navajo Nation Council as a "Tribal Organization" in Resolution Nos. CJY-33-10 and NABID-97-18 to operate the federally funded health care programs, services, functions and activities in and near the eight chapters of Leupp, Bird Springs, Teesto, White Cone, Dilkon, Tolani Lake, Jeddito and Indian Wells; and
2. In addition to the health care programs and services provided by WIHCC, WIHCC has entered into a Title V Construction Project Agreement with the Indian Health Service ("IHS") for the design and construction of the Dilkon Medical Center (DMC) and the accompanying staff quarters project (hereinafter collectively referred to as "DMC"); and
3. The WIHCC DMC Project Team have taken all actions necessary to ensure successful completion of the DMC on schedule in the spring of 2022 with a projected opening date in August of 2022; and
4. The need for sufficient permanent electric power for DMC has been known for some time; it is the Navajo Tribal Utility Authority's ("NTUA") responsibility to complete electrical upgrades and improvements to provide a sufficient permanent electrical power supply to the DMC; and
5. At NTUA's request, the WIHCC contributed \$5.9 million to support the utility projects necessary to provide adequate permanent utilities to the DMC; and
6. WIHCC, NTUA and the IHS have been tracking the status of obtaining rights-of-way for the 115kV Bitahochee – Dilkon Transmission Line and as of May 4, 2022, all consents have been obtained within the Dilkon Chapter and one consent is needed within the Indian Wells Chapter; and

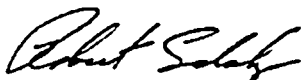
7. It is critical that the NTUA and Navajo Nation follow through and provide the leadership and action needed to obtain the one missing consent so that complete sufficient permanent utilities are available for the DMC in a timely manner.

NOW THEREFORE BE IT RESOLVED THAT:

1. The WIHCC Board of Directors requests that the NTUA and Navajo Nation take immediate action to obtain the missing consent needed to ensure the distribution and transmission of electric power is available to the DMC; and
2. The WIHCC Board of Directors requests that once the missing consent is obtained, the NTUA to ensure permanent electrical power is available to the DMC at the earliest possible date.

CERTIFICATION

The WIHCC Board of Directors hereby certifies that the foregoing resolution was duly considered at a duly called meeting of the Winslow Indian Health Care Center at which a quorum was present and that the same was passed by a vote of 8 in favor, 0 opposed, and 0 abstained, this 6 day of May, 2022.



Robert Salaby, Board of Directors President

Motion By: John Nells

Second By: Charles Store



WIHCC-2022-06

RESOLUTION OF THE WINSLOW INDIAN HEALTH CARE CENTER

RESOLUTION REQUESTING THE NAVAJO NATION AND NAVAJO NATION FIRE & RESCUE DEPARTMENT TO TAKE ALL ACTIONS NECESSARY TO ENSURE FIRE PROTECTION SERVICES ARE AVAILABLE TO THE DILKON MEDICAL CENTER, ADJACENT BUILDINGS, AND STAFF QUARTERS IN A TIMELY MANNER.

WHEREAS:

1. The Winslow Indian Health Care Center ("WIHCC") is a non-profit corporation chartered under Navajo Nation law and sanctioned and authorized by the Navajo Nation Council as a "Tribal Organization" in Resolution Nos. CJY-33-10 and NABID-97-18 to operate the federally funded health care programs, services, functions and activities in and near the eight chapters of Leupp, Bird Springs, Teesto, White Cone, Dilkon, Tolani Lake, Jeddito and Indian Wells; and
2. In addition to the health care programs and services provided by WIHCC, WIHCC entered into a Title V Construction Project Agreement with the Indian Health Service ("IHS") for the design and construction of the Dilkon Medical Center (DMC) and the accompanying staff quarters project (hereinafter collectively referred to as "DMC"); and
3. The WIHCC DMC Project Team have taken all actions necessary to ensure successful completion of the DMC on schedule in the spring of 2022 with a projected opening date for patient care/services in January of 2023; and
4. WIHCC recognizes the critical need and requirement for fire protection and suppression for the DMC, adjacent buildings, and staff quarters to ensure protection of a Navajo Nation and WIHCC investment, and believes the following components are necessary to assure this need is met:
 - Develop partnerships to assure the provision of quick response and coordinated fire prevention planning, fire suppression, incident response, public education, and emergency management and preparedness.
 - Ensure that available fire protection services are sufficient, including that there are sufficient staffing and equipment available to meet response time goals, and other service metrics.
 - Ensure fire protection for DMC and adjacent buildings, including staff quarters, are in place and comply with all existing Navajo Nation, State, and Federal rules and regulations, including National Fire Protection Association (NFPA) Standards under an agreement between WIHCC and Fire District # 81.
 - Assure water availability and infrastructure are in place to meet fire suppression needs of the DMC without compromising existing fire suppression services to existing communities, and specifically including Dilkon.
 - Conduct fire inspection programs for DMC in compliance with the requirements of Navajo Nation and applicable federal law and regulations, and NFPA standards.



NOW THEREFORE BE IT RESOLVED THAT:

1. The WIHCC Board of Directors hereby requests that the Navajo Nation and Navajo Nation Fire and Rescue Department work with WIHCC and take all actions necessary to arrange for and ensure fire protection services are available for the Dilkon Medical Center, staff quarters and adjacent facilities; and
2. The WIHCC Board of Directors authorizes the CEO and staff and consultants to work with the Navajo Nation, including the Navajo Nation Fire and Rescue Department to make arrangements and enter into an agreement to ensure adequate and timely fire protection services are available to protect the DMC, staff quarters and adjacent facilities.

CERTIFICATION

The WIHCC Board of Directors hereby certifies that the foregoing resolution was duly considered at a duly called meeting of the Winslow Indian Health Care Center at which a quorum was present and that the same was passed by a vote of 8 in favor, 0 opposed, and 0 abstained, this 2 day of September, 2022.

A handwritten signature in cursive script, appearing to read "Robert Salabye".

Robert Salabye, Board of Directors President

Motion By: John Nells

Second By: Ray Curley



WINSLOW INDIAN HEALTH CARE CENTER

WIHCC-2022-07

RESOLUTION OF THE WINSLOW INDIAN HEALTH CARE CENTER

REQUESTING AND RECOMMENDING THE NAVAJO NATION OFFICE OF THE PRESIDENT AND VICE PRESIDENT, NAVAJO NATION DEPARTMENT OF WATER RESOURCES, NAVAJO NATION ENVIRONMENTAL PROTECTION AGENCY, RESOURCES DEVELOPMENT COMMITTEE OF THE NAVAJO NATION COUNCIL, THE NAVAJO NATION COUNCIL, HEALTH, EDUCATION, HUMAN SERVICES COMMITTEE OF THE NAVAJO NATION COUNCIL, THE INDIAN HEALTH SERVICE AND THE NAVAJO TRIBAL UTILITY AUTHORITY TO DO ALL THINGS NECESSARY TO REDUCE THE HIGH TOTAL DISSOLVED SOLIDS REPORTEDLY CONTAINED IN THE LEUPP WELL W01 THAT IS TO BE THE PERMANENT WATER SOURCE FOR THE DILKON MEDICAL CENTER AND SURROUNDING DISTRICTS 5 & 7.

WHEREAS:

1. The Winslow Indian Health Care Center ("WIHCC") is a non-profit corporation chartered under Navajo Nation law and sanctioned and authorized by the Navajo Nation Council as a "Tribal Organization" in Resolution Nos. CJY-33-10 and NABID-97-18 to operate the federally funded health care programs, services, functions and activities in and near the eight chapters of Leupp, Bird Springs, Teesto, White Cone, Dilkon, Tolani Lake, Jeddito and Indian Wells; and
2. In addition to the health care programs and services provided by WIHCC, WIHCC entered into a Title V Construction Project Agreement with the Indian Health Service ("IHS") for the design and construction of the Dilkon Medical Center (DMC) and the accompanying staff quarters project (hereinafter collectively referred to as "DMC"); and
3. The WIHCC DMC Project Team have taken all actions necessary to ensure successful completion of the DMC in the spring of 2022 with a projected opening date for patient care/services in January of 2023; and
4. The WIHCC Board of Directors is in receipt of a report that the Total Dissolved Solids (TDS) level resulting from water quality testing at Leupp Well W01 is 930 mg/L and this water has been designated to be piped to Dilkon as the permanent water source from the new Dilkon Medical Center (DMC). The 930 mg/L TDS is way over and above the national Office of Environmental Health (OEH) standard of 500 mg/L for human consumption; and according to an IHS District Engineer, the IHS has already attempted to reduce the TDS level of W01 well; and the IHS has expressed it is not willing to consider any further actions to reduce the TDS except that IHS proposed to mix or blend the Leupp water with Greasewood water source (which is at 400 mg/L TDS according to IHS) and that may reduce the TDS to 700 mg/L in the water to be provided to the DMC and surrounding chapter/communities; and

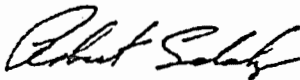
5. The IHS District Engineer recommends that other entities may consider applying other options and technologies to reduce the TDS but these other entities, including the Navajo Nation, will have to fund such methodologies to further reduce the TDS; and
6. As indicated previously, the current water source for the District 7 Chapters including Indian Wells, Whitecone, Dilkon and Teesto is the Greasewood Alluvial wells. The TDS water level for this water is 400 mg/L which is satisfactory enough for households to use for drinking, cooking and other household use. To divert from this 400 mg/L to 700 mg/L or higher is disturbing at this point because of the anticipated high salinity of the Leupp water once it becomes the permanent water source for Dilkon, Teesto, Birdsprings, Tolani Lake and perhaps even Leupp Chapter itself; and
7. The Leupp Well pipeline is currently in construction with estimated completion in July 2023. The DMC grand opening and ribbon cutting has already been postponed from July 2022 to January 2023 due to the lack of a sufficient and satisfactory water source; and
8. The Navajo Nation has recently approved the expenditure plan for the American Rescue Plan Act (ARPA) funds. These and other funds may be possible funding options that the Navajo Nation may consider for possible construction of a Treatment Plant, reverse osmosis and/or other technologies that will help reduce the high TDS water that at this time is planned for the Dilkon Chapter and community, Teesto, Birdsprings, Tolani Lake, possibly Leupp, and the Dilkon Medical Center.

NOW THEREFORE BE IT RESOLVED THAT;

The Winslow Indian Health Care Center hereby requests and recommends the Navajo Nation Office of the President and Vice President, Navajo Nation Department of Water Resources, Navajo Nation Environmental Protection Agency, Resources Development Committee of the Navajo Nation Council, Navajo Nation Council, Health, Education, Human Services Committee of the Navajo Nation Council, Indian Health Service and the Navajo Tribal Utility Authority to do all things necessary, including provide funding, to reduce the high Total Dissolved Solids containing in the Leupp Well W01 water source that is to be the Permanent Water Source for the Dilkon Medical Center and Surrounding District 7 & 5 chapters and communities.

CERTIFICATION

We, hereby certify that the forgoing resolution was duly considered by the WIHCC Board of Directors at their duly called meeting on September 2, 2022 at which a quorum was present and that the same passed by a vote of, 8 in favor, 0 opposed, and 0 abstained.



Robert Salaby, BOD President

Motion by: John Nells

Second by: Charles Store