THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

January 9, 2023

Hon. Otto Tso
Office of the Speaker
Post Office Box 3390
Window Rock, AZ 86515

RE: CD-63-22, *Relating to Resources and Development, and Naabik'iyáti' Committees and the Navajo Nation Council; Approving the Purchase of Property Known as the Chaves Ranch, Consisting of 6,349 Acres, More or Less, Located Near Tohajiilee, Navajo Nation; Waiving 16 N.N.C. §§ 3 – 5, RDCO-78-16, and the Navajo Nation Land Acquisition Rules and Regulations; Approving the Expenditure of Navajo Nation Land Acquisition Trust Funds for the Purchase of the Chaves Ranch.*

Dear Speaker Tso,

I am vetoing Resolution CD-63-22. The purpose of the resolution is to waive certain Navajo Nation laws and regulations in order to purchase the Chaves Ranch for the asking prices of approximately $19 million.

I cannot support the waiver of laws that have been developed to protect the Navajo Nation. The laws that would have been waived have been developed to protect the Navajo Nation. I must honor those laws and the Navajo leaders who developed these laws and put them in place.

In addition, one of the most critical roles that all elected officials hold is upholding the fiduciary trust. This means ensuring the Navajo Nation's funds are well spent. The Navajo Land Department and the Speaker's Office each obtained appraisals valuing the Chaves Ranch and they are both well below the $19 million asking price. .

All of this being recognized, I acknowledge the To'hajiilee Chapter's concerns and desires to obtain this property. I am sympathetic to the community's desire to obtain more land and I have fought to have community interests heard and answered from Window Rock. I encourage To'hajíílee to work with their incoming delegate, the Navajo Land Department and the Division of Natural Resources to find a way to purchase this land consistent with the Navajo laws that our Navajo leaders have put in place for our benefit.

Sincerely,

Jonathan Nez, *President*
THE NAVAJO NATION

POST OFFICE BOX 7440 | WINDOW ROCK, AZ 86515 | PHONE: (928) 871-7000 | FAX: (928) 871- 4025

RESOLUTION OF THE
NAVAJO NATION COUNCIL
24th NAVAJO NATION COUNCIL - FOURTH YEAR, 2022

AN ACTION
RELATING TO RESOURCES AND DEVELOPMENT, AND NAABIK'ÍYÁTI' COMMITTEES AND THE NAVAJO NATION COUNCIL; APPROVING THE PURCHASE OF PROPERTY KNOWN AS THE CHAVES RANCH, CONSISTING OF 6,349 ACRES, MORE OR LESS, LOCATED NEAR TOHAJÍÍLEE, NAVAJO NATION; WAIVING 16 N.N.C. §§ 3-5, RDCO-78-16, AND THE NAVAJO NATION LAND ACQUISITION RULES AND REGULATIONS; APPROVING THE EXPENDITURE OF NAVAJO NATION LAND ACQUISITION TRUST FUNDS FOR THE PURCHASE OF THE CHAVES RANCH PROPERTY

BE IT ENACTED:

SECTION ONE. AUTHORITY

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

B. The Budget and Finance Committee was established as a standing committee of the Navajo Nation Council with an enumerated responsibility to protect the interests of the Navajo People through the prudent management of financial reserves of the Navajo Nation and the use of funds available for expenditure by the Navajo Nation. 2 N.N.C. § 300(A) and § 300(C)(4).

C. The Resources and Development Committee was established as a standing committee of the Navajo Nation Council with an enumerated responsibility to exercise oversight over Navajo Nation land(s) and acquisitions. 2 N.N.C. § 500(A), § 500(B) and § 501(B)(1).

D. The Naabik'íyáti' Committee was established as a standing committee of the Navajo Nation Council with the assigned responsibility to hear and act on proposed legislation that requires final action by the Navajo Nation Council. 2 N.N.C. § 700(A) and § 164(A)(9).

E. Through Resolution No. CAU-44-16, attached as **Exhibit A**, the Navajo Nation Council enacted the Navajo Nation Land Acquisition Act which amended the Navajo Land Policy on Acquisition of Land, 16 N.N.C. §§ 1 - 10, and the Land Acquisition Trust Fund, 16 N.N.C. § 202.

F. As required by the Navajo Nation Land Acquisition Act, the Resources and Development Committee adopted Resolution No. RDCO-78-16, attached as **Exhibit B**, enacting the Navajo Nation Land Acquisition Rules and Regulations.

G. The Navajo Nation Land Acquisition Trust Fund principal shall not be expended except by a two-thirds (2/3) vote of the full membership of the Navajo Nation Council. 16 N.N.C. § 204.

SECTION TWO. FINDINGS

A. The Navajo Nation Land Acquisition Act, 16 N.N.C. § 2(A), states "The Navajo Nation's major purposes in acquiring new lands shall be to: (4) [r]elieve Reservation land resources from excessive use; and (5) [p]rovide land necessary for approved Navajo Nation economic development." **Exhibit A.**

B. As more fully described in **Exhibit C**, the Chaves Ranch is a +6,349 acres property located approximately 20 minutes west of the Albuquerque I-25/I-40 intersection and in visual sight of I-40 (Mile Marker 140). The +6,349 acres include +/- 58.78 acres of economic development parcel(s) with I-40 access; +/- 1,785 acres of fee simple ranch land, including ranch house, stables, corrals, and barns; historical Native Americans Ruins of the Hummingbird Pueblo; +/- 4,468 acres of land leased from the State of New Mexico and the Bureau of Land Management that will transfer with the sale; and +/- 37 acres of Canoncito Road frontage.

C. In addition to the economic development possibilities and potential, including distribution access, acquisition of the Chaves Ranch would provide numerous benefits to the Navajo Nation, including, but not limited to: adding 6,349 acres of additional land holdings to the Navajo Nation; providing legal access and frontage along I-40; 400 acre feet of Water Rights for future use; acquisition of Hummingbird Pueblo which could be deeded to Laguna Pueblo in exchange for land or other consideration; and direct KV Line for lease of large solar field. **Exhibit C.**

D. The Chaves Ranch property which includes the 1,720 acres ranch tract; the 58.91 acres interstate tract; the 4,468 acres of leased land from the State of New Mexico and the Bureau of Land Management; 400 acre-feet of non-transferable water rights; and the Humming Bird Pueblo is being offered for nineteen million dollars ($19,000,000). **Exhibit C.**

E. The Navajo Nation shall acquire and dispose of real property subject to land acquisition regulations as approved by the

Resources and Development Committee of the Navajo Nation Council. 16 N.N.C. § 3, CAU-44-16. The Resources and Development Committee approved the Navajo Nation Land Acquisition Rules and Regulations pursuant to RDCO-78-16. **Exhibit B.**

F. The Navajo Nation Land Acquisition Rules and Regulations, V. REAL PROPERTY PURCHASE REQUIREMENTS state:

A. The land must be desired for acquisition or disposition by the Navajo Nation.

1. Land must conform to the Major Purposes requirements set forth in 16 N.N.C. § 2; or

2. Other lands that will benefit the Navajo Nation.

B. The Navajo Nation must purchase land with insurable title.

1. The Navajo Nation should purchase fee simple title to real property that is insurable.

2. All steps should be taken to obtain clear and marketable title that is free of questions of fact, free of questions of law, free of any clouds on title, not subject to any liens, and vested in the seller of the property, except in special circumstances that are deemed to benefit the Navajo Nation.

C. The purchase price for the land must be fair and reasonable.

1. The purchase price may be determined by a certified real estate appraisal; or

2. Other standards of valuation used to determine a fair and reasonable price.

G. The Navajo Nation Land Acquisition Rules and Regulations, VI. GENERAL PROCEDURE FOR PURCHASE OF REAL PROPERTY provide general procedures for the purchase of real property:

B. Identification of Real Property.

***

2. Real property, with or without improvements, shall be identified by certified legal survey.

***

C. Preliminary Inspection.

1. The Navajo Land Department shall conduct an on-site inspection of the property to identify the land, any title issues, inventory, readily identifiable environmental concerns, or any other issue that may exist."

2. The Navajo Land Department shall review preliminary title documents, if available, for identification of any liens, encumbrances, or title issues.

D. Purchase Approval

1. Upon completion of the preliminary inspection, the Navajo Land Department shall:

a. Prepare a recommendation to the appropriate approving authority; and

b. Verify that funds are available for purchase.

***

2. The approving authority shall take action to approve or disapprove the Navajo Land Department's recommendation.

****

F. Due Diligence Investigations

1. During the due diligence period, the Navajo Land Department may hire contractors through the contracted agent or obtain the assistance of Navajo Nation Departments or Programs, to assist the Department in determining if the property is suitable for purchase.

2. Due diligence investigations shall include building or improvement inspections and appraisals.

3. To the extent possible, the due diligence investigations should include environmental audits, Phase I environmental site assessment, surveys, and engineering inspections.

H. Although the Navajo Land Department was provided information concerning the opportunity to acquire the Chaves Property more

than two years ago and has been provided site surveys and appraisals, as well as being requested by both the Chairman of the Budget and Finance Committee and the Speaker of the Navajo Nation to investigate and process the purchase under the Navajo Nation Land Acquisition Rules and Regulations, the Navajo Land Department has not taken the requisite action to execute the purchase. Nor has the Executive Director of the Division of Natural Resources Executive Director issued a memorandum recommending or not recommending the acquisition of the Chaves Property as required by the Land Acquisition Rules and Regulations, Rule IV (A)(3). **Exhibit B.**

I. The Office of the Controller has identified that the current balance of the Land Acquisition Trust Fund principal far exceeds the purchase price of the Chaves Ranch property. **Exhibit D.**

J. As set forth in CAU-44-16, which amended the Land Acquisition Trust Fund, "[r]eal estate is a major investment opportunity and is very competitive, especially for commercial use [and] [t]o be competitive in the real estate industry, the Navajo Nation must have the ability to negotiate and acquire property on a streamlined basis." **Exhibit A.**

K. Notwithstanding the Division of Natural Resources failure to take action, the Navajo Nation Council determines that the purchase of the Chaves Ranch property with Land Acquisition Trust Funds is in the best interests of the Navajo Nation and Navajo communities, specifically those Navajo communities on and near Tohajíílee, Navajo Nation (New Mexico).

SECTION THREE. WAIVER OF CERTAIN PROVISIONS OF THE NAVAJO NATION ACQUISITION OF LANDS ACT AND NAVAJO NATION LAND ACQUISITION RULES AND REGULATIONS

A. The Navajo Nation Council hereby waives 16 N.N.C. §§ (3) - 5 of the Navajo Nation Acquisition of Lands Act, attached as **Exhibit A**, as necessary to effectuate the expedited purchase of the Chavez Ranch property.

B. The Navajo Nation Council hereby waives the Navajo Nation Land Acquisition Rules and Regulations approved by RDCO-78-16, attached as **Exhibit B**, as necessary to effectuate the expedited purchase of the Chavez Ranch property.

SECTION FOUR. REAL PROPERTY ACQUISITION APPROVAL

A. The Navajo Nation hereby approves the purchase and acquisition of the Chaves Property, as described in **Exhibit C,** for up to

nineteen million dollars ($19,000,000) plus any closing costs and other purchase expenses.

B. The Office of President and Vice-President and Division of Natural Resources shall take all actions necessary to expeditiously effectuate the purchase of the Chaves Ranch property.

SECTION FIVE. APPROVAL OF THE EXPENDITURE OF PRINCIPLE AND INCOME OF THE NAVAJO NATION LAND ACQUISITION TRUST FUND

The Navajo Nation hereby approves the expenditure of the principle and/or income of the Land Acquisition Trust Fund in the amount approved to purchase the Chaves Property to benefit the Navajo Nation.

SECTION SIX. DIRECTIVES TO THE DIVISION OF NATURAL RESOURCES EXECUTIVE DIRECTOR AND THE NAVAJO LAND DEPARTMENT, DEPARTMENT DIRECTOR

A. The Division of Natural Resources Executive Director and the Department Director of the Navajo Land Department shall immediately initiate and complete the purchase of the Chaves Property using best practices.

B. At the end of each fiscal year quarter, the Division of Natural Resources Executive Director and the Department Director of the Navajo Land Department shall provide a verbal and written report to the Resources and Development Committee delineating the steps they have taken to effectuate the purchase of the Chavez Ranch property.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the 24th 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 17 in Favor, and 04 Opposed, on this 29th day of December 2022.

Honorable Otto Tso, Speaker
24th Navajo Nation Council

12 · 30 · 2022
DATE

Motion: Honorable Jimmy Yellowhair
Second: Honorable Seth Damon
Speaker Otto Tso not voting

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I, hereby, sign into law the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(10), on this _____ day of _____, 2022.

_____
Jonathan Nez, President
Navajo Nation

2. I, hereby, veto the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(11), on this 9th day of January, 2023 for the reason(s) expressed in the attached letter to the Speaker.

_____
Jonathan Nez, President
Navajo Nation

EXHIBIT A

CAU-44-16

RESOLUTION OF THE
NAVAJO NATION COUNCIL

23rd NAVAJO NATION COUNCIL -- Second Year, 2016

AN ACT

RELATING TO LAW AND ORDER, BUDGET AND FINANCE, RESOURCES AND DEVELOPMENT AND NAABIK'ÍYÁTI' COMMITTEES AND THE NAVAJO NATION COUNCIL; AMENDING THE NAVAJO LAND POLICY ON ACQUISITION OF LAND, 16 N.N.C. §§ 1 - 10, AND THE LAND ACQUISITION TRUST FUND, 16 N.N.C. § 202; AND ENACTING THE NAVAJO NATION LAND ACQUISITION ACT

BE IT ENACTED:

Section One. Authorities

A. The Law and Order Committee has the authority to review and make recommendations to the Navajo Nation Council on amendments to and enactments in the Navajo Nation Code. 2 N.N.C. § 601(B)(14).

B. The Budget and Finance Committee has oversight of Navajo Nation fiscal policies and oversight of fund management plans. 2 N.N.C. §§ 300(C)(1) and 301(B)(13).

C. The Resources and Development Committee of the Navajo Nation Council, pursuant to 2 N.N.C. § 500(C), exercises oversight authority over land.

D. The Naabik'íyáti' Committee of the Navajo Nation Council, pursuant to 2 N.N.C. § 164(A)(9), reviews proposed legislation which requires final action by the Navajo Nation Council.

Section Two. Findings

A. The Navajo Nation Policy on Acquisition of Lands, 16 N.N.C. § 1, was first enacted on March 23, 1954 for the purpose of acquiring lands for grazing, consolidating checkerboard areas, and overcrowding. The Navajo Nation has since grown through self-governance, executive orders, and other Federal authorizations. The purpose for land acquisition in

1954 no longer reflects the needs of the Navajo Nation because the Navajo Nation has moved into acquiring more industrial and commercial properties.

B. Real estate is a major investment opportunity and is very competitive, especially for commercial use. To be competitive in the real estate industry, the Navajo Nation must have the ability to negotiate and acquire property on a streamlined basis. The procedures and limitations in the current Navajo Nation Policy on Acquisition of Lands, 16 N.N.C. § 1, *et seq.*, have inhibited the Navajo Nation from acquiring property and being competitive in the real estate industry.

C. The Navajo Nation has the ability to invest in real property. However, the laws must allow the Navajo Nation to compete, or it will continue to lose opportunities to acquire prime property that can bring more revenue to the Navajo Nation.

D. The enactment of the Navajo Nation Land Acquisition Act provides flexibility for the Navajo Nation to acquire and dispose of real property. It also removes processes and negotiation limits that no longer make sense in the current real estate market. Additionally, it removes limitations on the types of lands that can be acquired to include any real property.

E. Pursuant to 16 N.N.C. § 208, the Navajo Land Department recommends the amendments to the Land Acquisition Trust Fund, 16 N.N.C. § 202.

F. Therefore, the Navajo Nation Council finds the amendments to the Navajo Nation Policy on Acquisition of Lands, 16 N.N.C. § 1 through 10, the Land Acquisition Trust Fund, 16 N.N.C. § 202, and the enactment of the Navajo Nation Land Acquisition Act to be in the best interest of the Navajo Nation.

Section Three. Amendments to the Navajo Nation Policy on the Acquisition of Lands, Title 16 Sections 1 through 10 of the Navajo Nation Code by striking Sections 1 through 10

The Navajo Nation hereby amends the Navajo Nation Code, Title 16, §§ 1 through 10 as follows:

TITLE 16. LAND

CHAPTER 1. ~~NAVAJO NATION POLICY ON ACQUISITION OF LANDS~~

~~§ 1. Major purposes~~

~~A. The Navajo Nation's major purposes in acquiring new lands shall be to:~~

~~1. Consolidate Indian holdings in "checkerboard" areas wherever the best interests of the Navajos residing in the area and the welfare of the Navajo Nation are served thereby.~~

~~2. Provide grazing lands for members of the Navajo Nation who do not have grazing permits;~~

~~3. Provide additional or substitute lands for members of the Navajo Nation who reside in overcrowded areas of the Reservation.~~

~~4. Relieve Reservation land resources from excessive use; and~~

~~5. Provide land necessary for approved Navajo Nation enterprises.~~

~~§ 2. Methods of acquisition~~

~~The Navajo Nation may acquire new lands by exchange, gift, or purchase.~~

~~§ 3. Land acquisition program; code of use; priorities~~

~~The Resources Committee of the Navajo Nation Council is authorized and directed to: (1) Formulate a land acquisition program; (2) Develop a code of use for land acquired; and (3) Establish areas to be given priority attention.~~

~~§ 4. Management of agricultural and range lands~~

~~It is the policy of the Navajo Nation to manage agricultural and range lands in accordance with principles of sound and practical use, developing such lands to their maximum and preventing practices which damage or deteriorate them.~~

~~§ 5. Unrestricted lands; taxes and fees~~

~~Except as the United States may otherwise determine, the Navajo Nation shall, in acquiring unrestricted lands, assume responsibility for the payment of taxes lawfully imposed, and of all established fees for the use of federally or state-owned lands.~~

~~§ 6. Scope of land acquisition~~

~~Land acquisition includes agricultural and range lands and land for business or industrial purposes.~~

~~§ 7. Land acquisition proposals; plans for use~~

~~The Resources Committee of the Navajo Nation Council is authorized and directed to consider and investigate land acquisition proposals and to report findings and recommendations to the Navajo Nation Council. Proposals for land acquisition shall not be considered by the Navajo Nation Council unless the lands and the possible uses thereof conform to this land acquisition policy. Following acquisition thereof, a specific plan shall be prepared showing in detail the proposed use and operation of said land, which plan shall conform to the land use code and shall be strictly complied with. No deviation therefrom shall be permitted without the consent of the Navajo Nation Council based upon the recommendation of the Resources Committee.~~

~~§ 8. Cost of purchased lands~~

~~Purchased lands shall be acquired within a total cost calculated to yield to the Navajo Nation sufficient income from such land to pay taxes, land use fees, cost of administration, and to amortize the Navajo Nation~~

~~investment over a period not to exceed 50 years. Provided, however, that the cost of range lands purchased by the Navajo Nation in New Mexico may be amortized for a period not to exceed 99 years.~~

~~§ 9. Appraisal of land~~

~~All acquisition of land shall be based on a comprehensive appraisal thereof, to be secured by the Navajo Nation and approved by the Navajo Nation Council and authorized officials of the Bureau of Indian Affairs. No Navajo Nation monies shall be expended for the purchase in excess of the appraisal value plus an amount equal to ten percent (10%) in excess of such appraised value unless fully justified. Purchases must conform to the limitations established in 16 N.N.C. § 8, as indicated by the approved appraisal report.~~

~~§ 10. Procedure for acquisition of land~~

~~A. The procedure for acquisition of land shall be as follows:~~

~~1. Sufficient indication to Navajo Nation representatives that a property owner would consider sale of his or her property to the Navajo Nation, an instrument granting Navajo Nation representatives access to the property for the purpose of conducting preliminary investigations of the property will be secured.~~

~~2. When a preliminary investigation disclosing that the property is desirable when adjudged by the standards stated in the Navajo Nation land acquisition program, an appraisal report will be secured. After review by the Resources Committee, the appraisal report will be submitted to designated Bureau of Indian Affairs officials for approval.~~

~~3. After approval of the appraisal report by the Bureau of Indian Affairs, authorized Navajo Nation representatives may enter into negotiations with the property owner. Negotiations will be governed by the~~

~~estimates in the approved appraisal report, and the principles of the Navajo Nation Land Purchase Program.~~

~~4. If negotiations are carried on longer than six months, the appraisal report will be supplemented to bring value estimates in line with current market conditions.~~

Section Four. Enacting the Navajo Nation Land Acquisition Act

The Navajo Nation hereby enacts the Navajo Nation Land Acquisition Act as follows:

TITLE 16. LAND

CHAPTER 1. NAVAJO NATION ACQUISITION OF LANDS ACT

§ 1. Establishment.

The Navajo Nation Land Acquisition Act is hereby established which governs acquisitions and disposals of Navajo Nation real property.

§ 2. Major Purpose.

A. The Navajo Nation's major purposes in acquiring new lands shall be to:

1. Consolidate Indian holdings in "checkerboard" areas wherever the best interests of the Navajos residing in the area and the welfare of the Navajo Nation are served thereby.

2. Provide grazing lands for members of the Navajo Nation who do not have grazing permits;

3. Provide additional or substitute lands for members of the Navajo Nation who reside in overcrowded areas of the Reservation.

4. Relieve Reservation land resources from excessive use; and

5. Provide land necessary for approved Navajo Nation economic development.

§ 3. Rules and Regulations.

The Navajo Nation shall acquire and dispose of real property subject to land acquisition regulations as approved by the Resources and Development Committee of the Navajo Nation Council.

§ 4. Delegation.

The Division of Natural Resources Executive Director is hereby delegated a limited grant of final approval for the acquisition or disposition of real property(ies) not to exceed an accumulated sum of $5,000,000.00 per calendar year. The Resources and Development Committee, on the recommendation of the Budget and Finance Committee, will grant final approval for acquisition or disposition of real property(ies) between the sum of $5,000,000.00 and up to and including $20,000,000.00 per calendar year. The Naabik'íyáti' Committee will grant final approval for acquisition or disposition of property(ies) exceeding $20,000,000.00 per calendar year. The Executive Director shall report to the Resources and Development Committee and the President no later than March of each year and September of each year, all acquisitions and dispositions.

§ 5. Authorities.

The Division of Natural Resources Executive Director shall have the authority to take all steps necessary to acquire or dispose of real property, which may include: due diligence studies, hiring a real estate broker, or appropriating funds for earnest money, closing costs, and title insurance. The Division of Natural Resources Executive Director shall also have the authority to administer and grant sole and final approval to the budget and expenditure of the Navajo Nation Land Acquisition Trust Fund. The Division of Natural Resources Executive Director shall perform the authorities and delegations, in compliance with §3 Rules and Regulations and §4 Delegation.

§ 6. Oversight.

The Resources and Development Committee of the Navajo Nation Council shall serve as legislative oversight.

§ 7. Amendments.

This Chapter may be amended by the Resources and Development Committee of the Navajo Nation Council.

Section Five. Amendments to the Land Acquisition Trust Fund, Title 16 Section 202 of the Navajo Nation Code

The Navajo Nation hereby amends the Navajo Nation Code, Title 16, §202 as follows:

TITLE 16. LAND

CHAPTER 3. LAND ACQUISITION TRUST FUND

****

§ 202. Investment of the Fund

~~A.~~ All monies deposited in the Fund shall be invested to acquire and dispose of real property ~~purchase land~~ for the Navajo Nation in accordance with the Navajo Nation Land Acquisition Act, 16 N.N.C. § 1, *et seq.*, Policies and Procedures adopted by the Resources and Development Committee of the Navajo Nation Council.

~~B. Pursuant to 16 N.N.C. §1, the major purposes of acquiring new lands are:~~

~~1. To consolidate Indian holdings in the "checkerboard" area wherever the best interest of the Navajos residing in the area and the welfare of the Navajo Nation are served thereby;~~

~~2. To provide grazing lands for members of the Navajo Nation who do not have grazing permits;~~

~~3. To provide additional or substitute lands for members of the Navajo Nation who reside in overcrowded areas of the Reservation;~~

~~4. To relieve Reservation land resources from excessive use; and~~

~~5. To provide land necessary for approved Navajo Nation enterprises.~~

~~C. Pursuant to 16 N.N.C. §6, land acquisition may include agricultural and range lands for business or industrial purposes.~~

~~D.~~ The administration management of the Fund shall be entrusted with the Navajo Land Department. Pursuant to CN-72-92, the Resources and Development Committee of the Navajo Nation Council serves as the Legislative Oversight over the Navajo Land Department and has (certain authority and function in the land acquisition process). All investment objectives shall be approved in accordance with 16 N.N.C. §1, *et. seq.*, and other applicable Navajo Nation laws.

Section Six. Effective Date

The Navajo Nation Code amendment enacted herein shall be effective pursuant to 2 N.N.C. § 221(B).

Section Seven. Codification

The provisions of this Act which amend or adopt new sections of the Navajo Nation Code shall be codified by the Office of Legislative Counsel. The Office of Legislative Counsel shall incorporate such amended provisions in the next codification of the Navajo Nation Code.

Section Eight. Saving Clause

Should any provisions of this ordinance be determined invalid by the Navajo Nation Supreme Court, or the District

Courts of the Navajo Nation, without appeal to the Navajo Nation Supreme Court, those portions of this ordinance which are not determined invalid shall remain the law of the Navajo Nation.

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 18 in favor and 2 opposed, this 2nd day of August 2016.

LoRenzo Bates, Speaker
Navajo Nation Council

Aug. 5. 2016
Date

Motion: Honorable Jonathan L. Hale
Second: Honorable Jonathan Perry

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (C)(10), on this 10th day of August 2016.

Russell Begaye, President
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this _____ day of _____ 2016 for the reason(s) expressed in the attached letter to the Speaker.

_____
Russell Begaye, President
Navajo Nation

NAVAJO NATION

RCS# 559

8/2/2016
06:14:25 PM

Special Session

	Amd# to Amd#	Legislation No. 0101-16	PASSED
MOT Hale		Amending the Navajo Land Policy	
SEC Perry		on Acquisition of Land, 16 N.N.C	
		Section 1-10, & the Land Acq.	

Yea : 18 **Nay : 2** **Not Voting : 3**

Yea : 18

Begay, K	Damon	Pete	Smith
Bennett	Daniels	Phelps	Tso
Brown	Filfred	Shepherd	Witherspoon
Chee	Jack	Slim	Yazzie
Crotty	Perry		

Nay : 2

BeGaye, N	Tsosie

Not Voting : 3

Hale	Bates	Begay, NM

EXHIBIT B

RDCO-78-16

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
Of the 23rd Navajo Nation Council---Second Year 2016

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE NAVAJO NATION LAND ACQUISITION RULES AND REGULATIONS

BE IT ENACTED:

Section One. Authority

A. The Resources and Development Committee of the Navajo Nation Council, pursuant to 2 N.N.C. § 500(C), exercises oversight authority over land.

B. The Resources and Development Committee of the Navajo Nation Council is empowered to approve land acquisition regulations pursuant to 16 N.N.C. § 3, CAU-44-16.

Section Two. Findings

A. The Navajo Nation Council passed Resolution Number CAU-44-16 which amended the Navajo Land Policy on Acquisition of Land, 16 N.N.C. §§ 1-10 and the Land Acquisition Trust Fund, 16 N.N.C. § 202 which was certified by the Speaker of the Navajo Nation Council on August 5, 2016 and signed into law by the President of the Navajo Nation on August 10, 2016.

B. The purposes for amending the Navajo Land Policy on Acquisition of Land include allowing the Navajo Nation to be competitive in the real estate industry and negotiating and acquiring property on a streamlined basis. CAU-44-16. The approval of the Navajo Nation Land Acquisition Rules and Procedures, Exhibit "A," will fulfill these purposes.

C. The Division of Natural Resources Navajo Land Department is proposing the Navajo Nation Land Acquisition Rules and Procedures, attached as Exhibit "A."

D. It is in the best interest of the Navajo Nation to approve the recommended Navajo Nation Land Acquisition Rules and Procedures, attached hereto as Exhibit "A."

Section Three. Approval

Resources and Development Committee of the Navajo Nation Council hereby approves the Navajo Nation Land Acquisition Rules and Regulations, attached hereto as Exhibit "A."

CERTIFICATION

I, hereby, certify that the foregoing resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at Navajo Department of Transportation, (Navajo Nation) Tse Bonito, New Mexico, at which quorum was present and that same was passed by a vote of 5 in favor, 0 opposed, 1 abstained this 25th day of October, 2016.

Benjamin Bennett, Vice-Chairperson
Resources and Development Committee
Of the 23rd Navajo Nation Council

Motion: Honorable Walter Phelps
Second: Honorable Leonard Pete

NAVAJO NATION LAND ACQUISITION
RULES AND REGULATIONS

I. PURPOSE

The Navajo Nation Division of Natural Resources is authorized to acquire or dispose of real property for the Navajo Nation. These regulations shall establish the process for the acquisition and disposition of real property for the Navajo Nation, pursuant to 16 N.N.C. §§ 1 *et seq.*

II. NAVAJO NATION LAND ACQUISITION POLICY

All real property of the Navajo Nation shall be acquired or disposed of in the best interest of the Navajo Nation.

III. AUTHORIZATION

A. The Executive Director of the Division of Natural Resources ("Executive Director") is authorized to sign all administrative documents, not including the purchase agreement, closing documents, or other transactional documents, which shall be signed by the President pursuant to 2 N.N.C. § 222(A), unless delegated signatory authority by the President.

B. The Executive Director shall have the authority to:
   1. Strategize and evaluate properties for acquisition or disposition through coordination with appropriate Divisions, Chapters, and Enterprises;
   2. Conduct a preliminary assessment of the property in terms of location, value to the Navajo Nation, title, and environmental issues;
   3. Coordinate with interested Divisions or Chapters to complete the assessment of the property for acquisition or disposition;
   4. Hire consultants, such as but not limited to, real estate brokers and agents to assist the Navajo Nation in the acquisition or disposition of real property; and
   5. Negotiate the purchase price for the subject property.
   6. Authorize the Navajo Land Department to conduct additional administrative duties that are not already identified herein.

IV. APPROVAL PROCESS

A. Pursuant to 16 N.N.C. § 4, the Executive Director shall:
   1. Approve price, acreage, and location for the acquisition or disposition of real property;

2. Be limited to the total expenditures of $5,000,000 for each calendar year (January 1st to December 31st);
3. Issue a memorandum for approval or disapproval of such acquisition or disposition of real property; and
4. Have the discretion to seek Resources and Development Committee ("RDC") approval when the purchase is in his or her authority.

B. Pursuant to 16 N.N.C. § 4, the RDC, after a recommendation by the Budget and Finance Committee ("BNF"), shall:
   1. Approve price, acreage, and location for the acquisition or disposition of real property;
   2. Be limited to the total expenditures of $20,000,000 per calendar year (January 1st to December 31st); and
   3. Issue a resolution for approval or disapproval of such acquisition or disposition of real property.

C. Pursuant to 16 N.N.C. § 4, the Naa'bik'iyati' Committee ("Naa'bik'iyati' "), shall:
   1. Approve price, acreage and location for the acquisition or disposition of real property exceeding the total expenditure of $20,000,000 per calendar year (January 1st to December 31st); and
   2. Issue a resolution for approval or disapproval of such acquisition or disposition of real property.

D. Expedited Acquisitions
   1. An acquisition shall be expedited only in those unique circumstances where the property must be acquired through immediate approval, due to the nature of the property or the circumstances of the sale.
      a. The Executive Director is solely authorized to determine when an expedited process is necessary for an acquisition.
      b. An acquisition may be deemed expedited in circumstances where the immediate acquisition of land is beneficial to the Nation, such as a desirable property in a competitive market, a foreclosure where the Nation can exercise the right of first refusal, or other situations which would necessitate immediate acquisition due to the nature of the property or the circumstances of the sale.
      c. The Executive Director shall have the authority to authorize the deposit of earnest money and the opening of escrow prior to the execution of a purchase agreement only for expedited acquisitions, and shall exercise such authority only when necessary.
   2. Upon determination of the need for an expedited process for an acquisition between $5,000,000 and $20,000,000 per calendar year, the Executive Director shall provide notification of such determination to the Chairs of BNF and RDC.

a. The Chair of BNF shall immediately convene a special meeting within seven (7) working days to determine if a recommendation to RDC is appropriate for the acquisition.
b. The Chair of RDC shall convene a special meeting no more than three (3) days after BNF has met.

3. Upon determination of the need for an expedited process for an acquisition exceeding $20,000,000 per calendar year, the Executive Director shall provide notification of such determination to the Chair of RDC and the Speaker of the Navajo Nation Council.
   a. Legislation shall go directly to Naa'bik'iyati' for consideration.
   b. The Speaker shall convene a special meeting of Naa'bik'iyati' within seven (7) working days to approve or disapprove the acquisition.

V. REAL PROPERTY PURCHASE REQUIREMENTS

A. The land must be desired for acquisition or disposition by the Navajo Nation.
   1. Land must conform to the Major Purposes requirements set forth in 16 N.N.C. §2; or
   2. Other lands that will benefit the Navajo Nation.

B. The Navajo Nation must purchase land with insurable title.
   1. The Navajo Nation should purchase fee simple title to real property that is insurable.
   2. All steps should be taken to obtain clear and marketable title that is free of questions of fact, free of questions of law, free of any clouds on title, not subject to any liens, and vested in the seller of the property, except in special circumstances that are deemed to benefit the Navajo Nation.

C. The purchase price for the land must be fair and reasonable.
   1. The purchase price may be determined by a certified real estate appraisal; or
   2. Other standards of valuation used to determine a fair and reasonable price.

VI. GENERAL PROCEDURE FOR PURCHASE OF REAL PROPERTY

A. This is the general procedure to be used for the purchase of fee land. It is understood that other process are used for purchase of allotment land, foreclosed lands, and other lands being acquired under special circumstances.

B. Identification of Real Property
   1. The Navajo Land Department, with the Executive Director's authority or directive, shall maintain a listing of real property available for sale and acquisition.

2. Real property, with or without improvements, shall be identified by certified legal survey.
3. All improvements, including but not limited to, buildings, furniture, equipment, fixtures, and good will of a business shall be included in the identification of the property, if applicable.

C. Preliminary Inspection
1. The Navajo Land Department shall conduct an on-site inspection of the property to identify the land, any title issues, inventory, readily identifiable environmental concerns, or any other issue that may exist.
2. The Navajo Land Department shall review preliminary title documents, if available, for identification of any liens, encumbrances, or title issues.

D. Purchase Approval
1. Upon completion of the preliminary inspection, the Navajo Land Department shall:
    a. Prepare a recommendation to the appropriate approving authority; and
    b. Verify that funds are available for the purchase.
2. The approving authority shall take action to approve or disapprove the Navajo Land Department's recommendation.
    a. The Executive Director will approve or disapprove acquisitions through memorandum.
    b. RDC will act through the resolution process set forth in Title II of the Navajo Nation Code.
    c. Naa'bik'iyati' will act through the resolution process set forth in Title II of the Navajo Nation Code.

E. Purchase Agreement and Opening Escrow
1. After it is determined that real property is suitable for purchase by the Navajo Nation, the Executive Director may issue a letter of intent or begin negotiating a purchase agreement.
2. All purchases of real property shall be completed through the opening and closing of a real estate purchase escrow account established with a reputable Title Insurance Company, managed by the company's designated escrow agent, except in special circumstances that are deemed to benefit the Navajo Nation.
3. The purchase agreement shall require that the opening of escrow occurs when the purchase agreement is fully executed, and the earnest money, which is part of the purchase price, is deposited with the escrow agent.
    a. The Executive Director will have the authority to authorize the deposit of earnest money with the escrow agent for all purchases.
    b. Navajo Land Department shall coordinate with the Office of the Controller to transfer funds for escrow and earnest money.

4. Title insurance policy may be purchased for the property being acquired.
5. The purchase agreement shall include a due diligence period to complete inspections, review any issues, and address any other concerns of the Navajo Nation as buyer.

F. Due Diligence Investigations
1. During the due diligence period, the Navajo Land Department may hire contractors through the contracted agent, or obtain the assistance of Navajo Nation Departments or Programs, to assist the Department in determining if the property is suitable for purchase.
2. The due diligence investigations shall include building or improvement inspections and appraisals.
3. To the extent possible, the due diligence investigations should include environmental audits, Phase I environmental site assessment, surveys, and engineering inspections.

G. Closing of Escrow
1. The Navajo Land Department shall conduct a final inspection of the premises to ensure that no changes have been made to the property.
2. The Division pursuing the acquisition shall ensure all conditions contained in the purchase agreement are fulfilled.
3. The deed must be recorded by the escrow agent with the Navajo Nation and the recording official designated by law, which may include the pertinent County of the State wherein the property is located, such as the County Recorder's Office.

H. Post-Closing of Escrow
1. The Executive Director shall notify appropriate divisions of the acquisition to insure all transfers are handled correctly, which includes identifying the subject property as a Navajo Nation property or transferring of any lease and/or water rights.

VII. LAND ACQUISITION TRUST FUND

A. The Land Acquisition Trust Fund shall be used to compensate land users for the exercise of eminent domain by the Navajo Nation pursuant to 16 N.N.C. §§ 1401-1403.
B. Property taxes for all taxable Navajo Nation properties shall be paid yearly through the Land Acquisition Trust Fund.
C. Funds within the Land Acquisition Trust fund budget that are unspent at the end of each fiscal year shall be carried over and budgeted into the following fiscal year.

VIII. AMENDMENTS

This Land Acquisition Rules and Regulations may be amended by the Resources and Development Committee of the Navajo Nation Council.

EXHIBIT
C
tabbies

CHAVES RANCH

OFFERING MEMORANDUM

RUINS OF HUMMINGBIRD PUEBLO

ACCESS TO ECONOMIC DEVELOPMENT AND GAMING

RENEWABLE ENERGY

ALBUQUERQUE, NEW MEXICO

+6,349 ACRES AVAILABLE

CBRE

EXECUTIVE SUMMARY

ECONOMIC DEVELOPMENT PARCEL ACCESS

±58.78 ACRES

- Providing a vital connection to Interstate 40 frontage road and Navajo Nation Land with potential for economic development and proposed casino
- Existing 2700' well
- Direct access via 200' entrance from Interstate 40 with right angle intersection
- Cell Tower lease
- Clear line of site from Interstate 40

RANCH AND HUMMINGBIRD PUEBLO

±6,253 ACRES

- ±1,785 acres fee simple Ranch land providing income stream. Includes ranch house, stables, corrals and barns
- Archaeologically significant historical Native American Ruins - Hummingbird Pueblo
- ±4,468 acres leased land from the State of New Mexico and the Bureau of Land Management that will transfer with sale
- 3 wells, two of which are powered by windmills

CANONCITO ROAD FRONTAGE

±37 ACRES

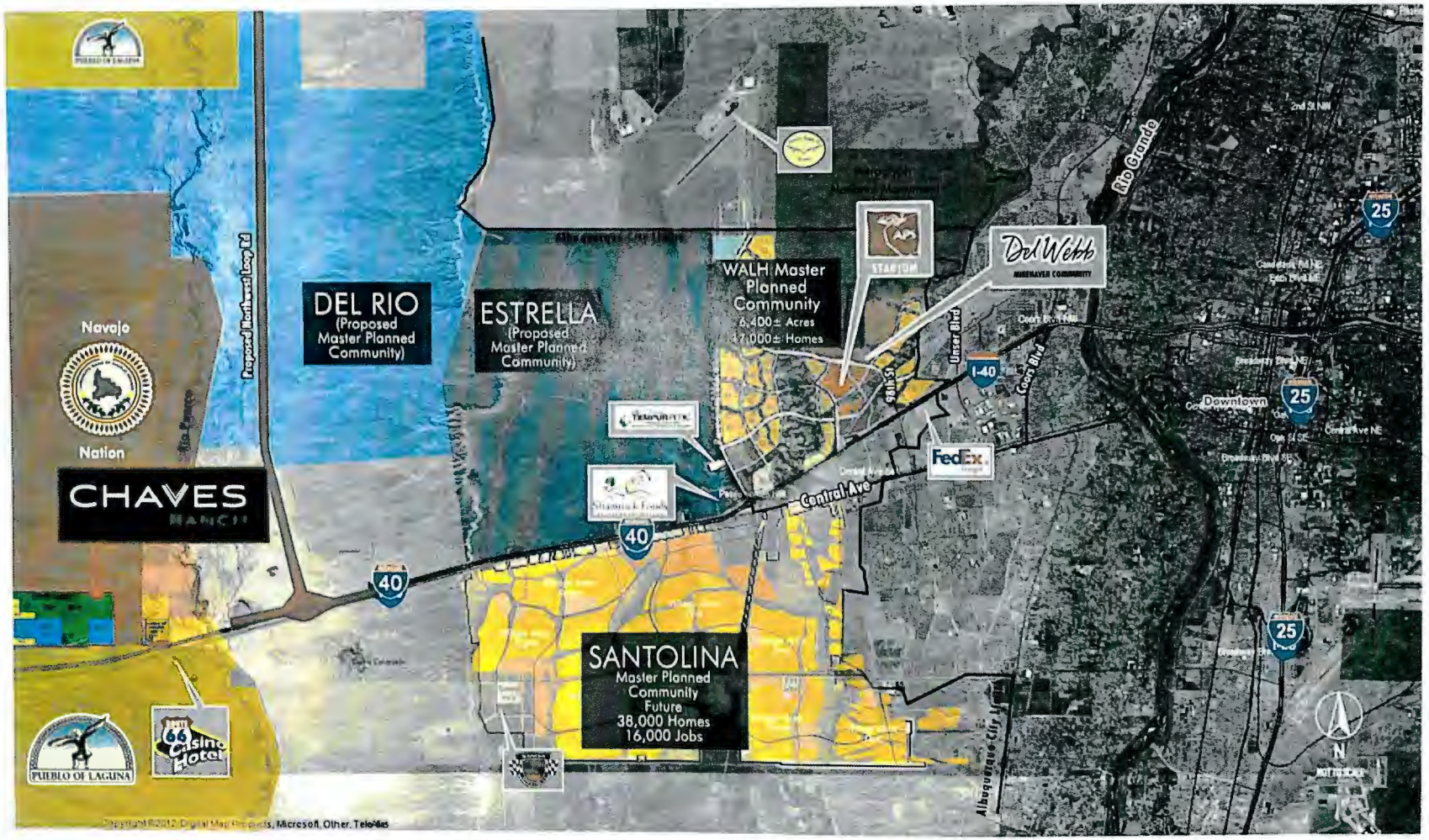
- Located on Canoncito Road, entrance to Chaves Ranch via "permanent access"

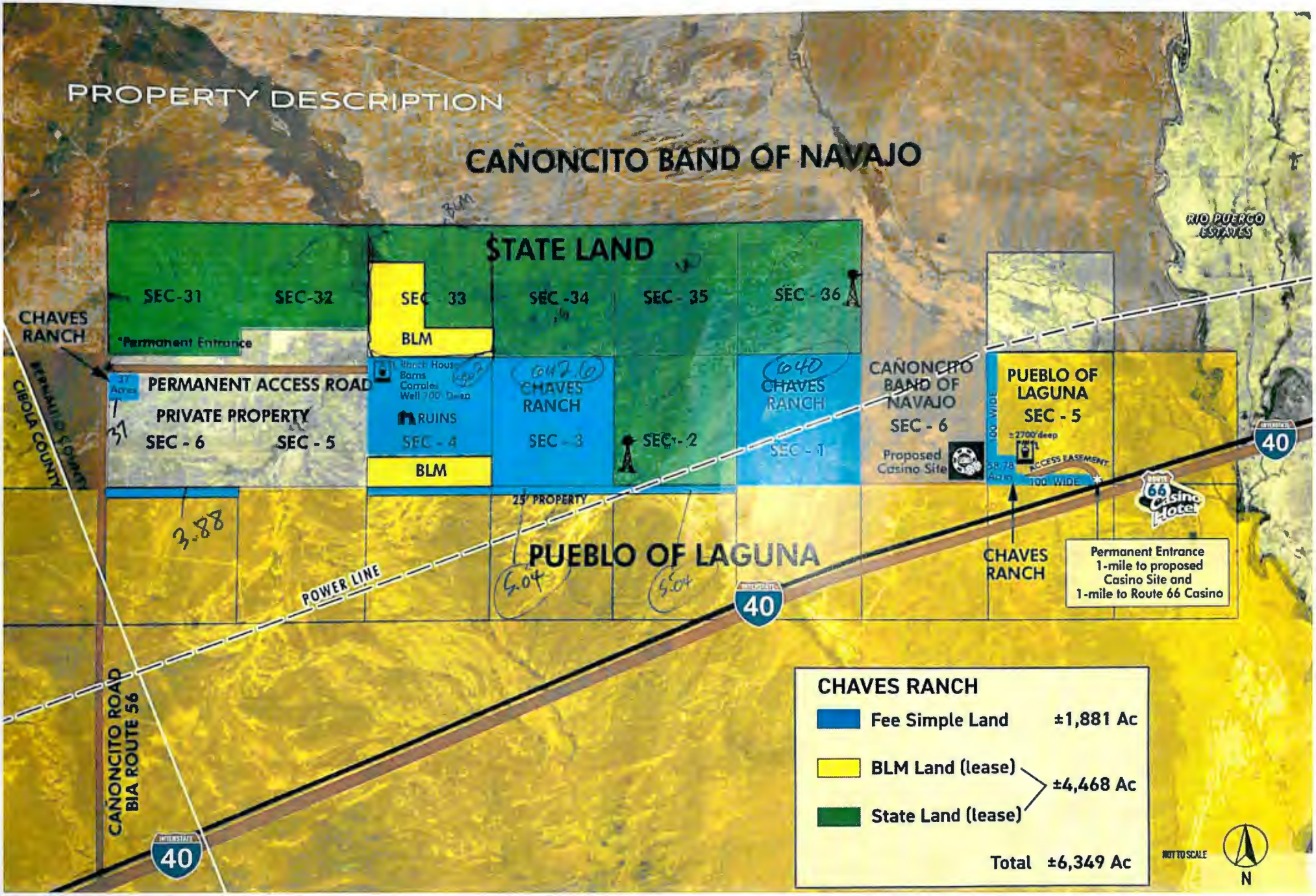
OFFERING PRICE

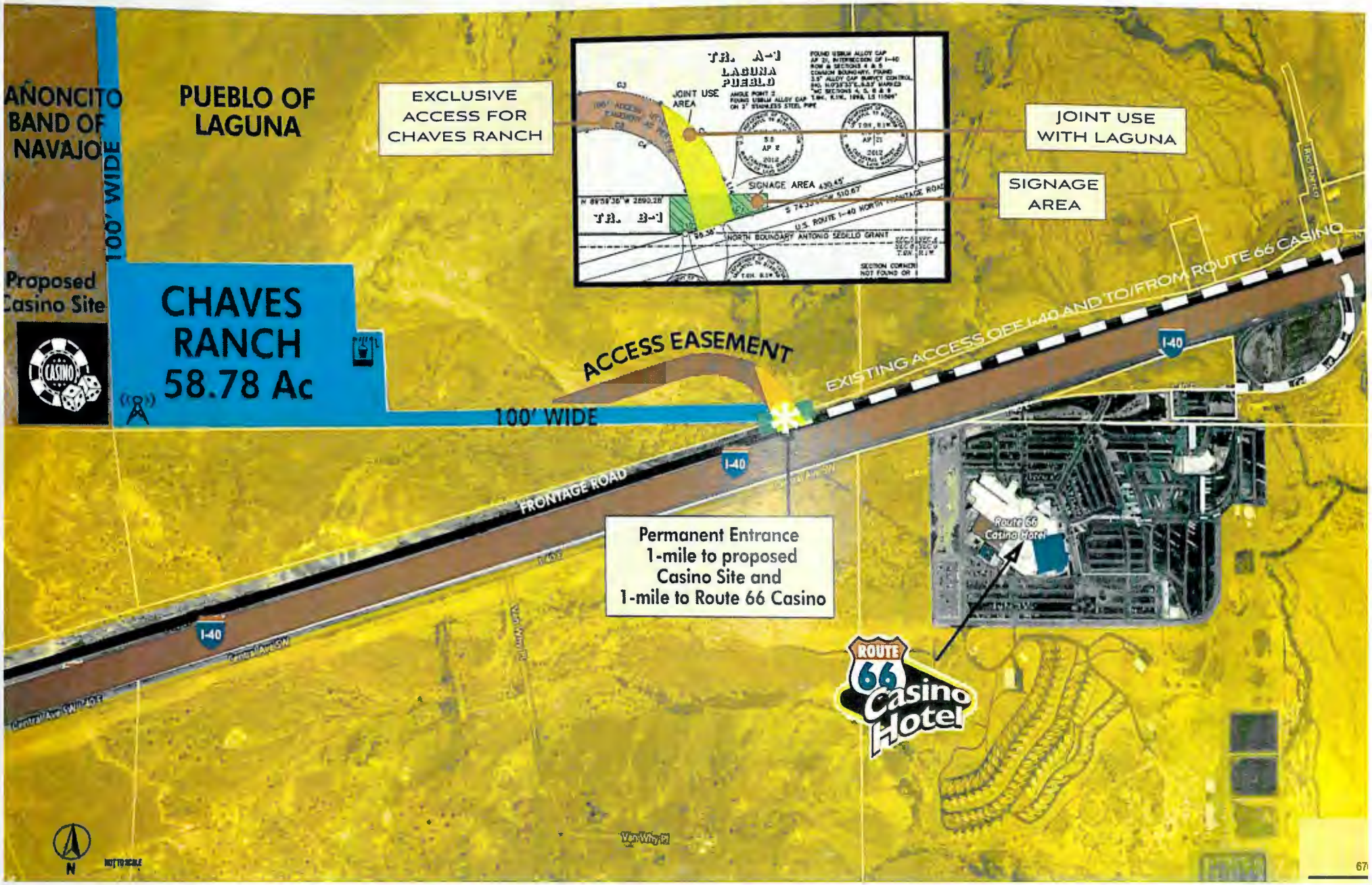
TOTAL OF 6,349 ACRES

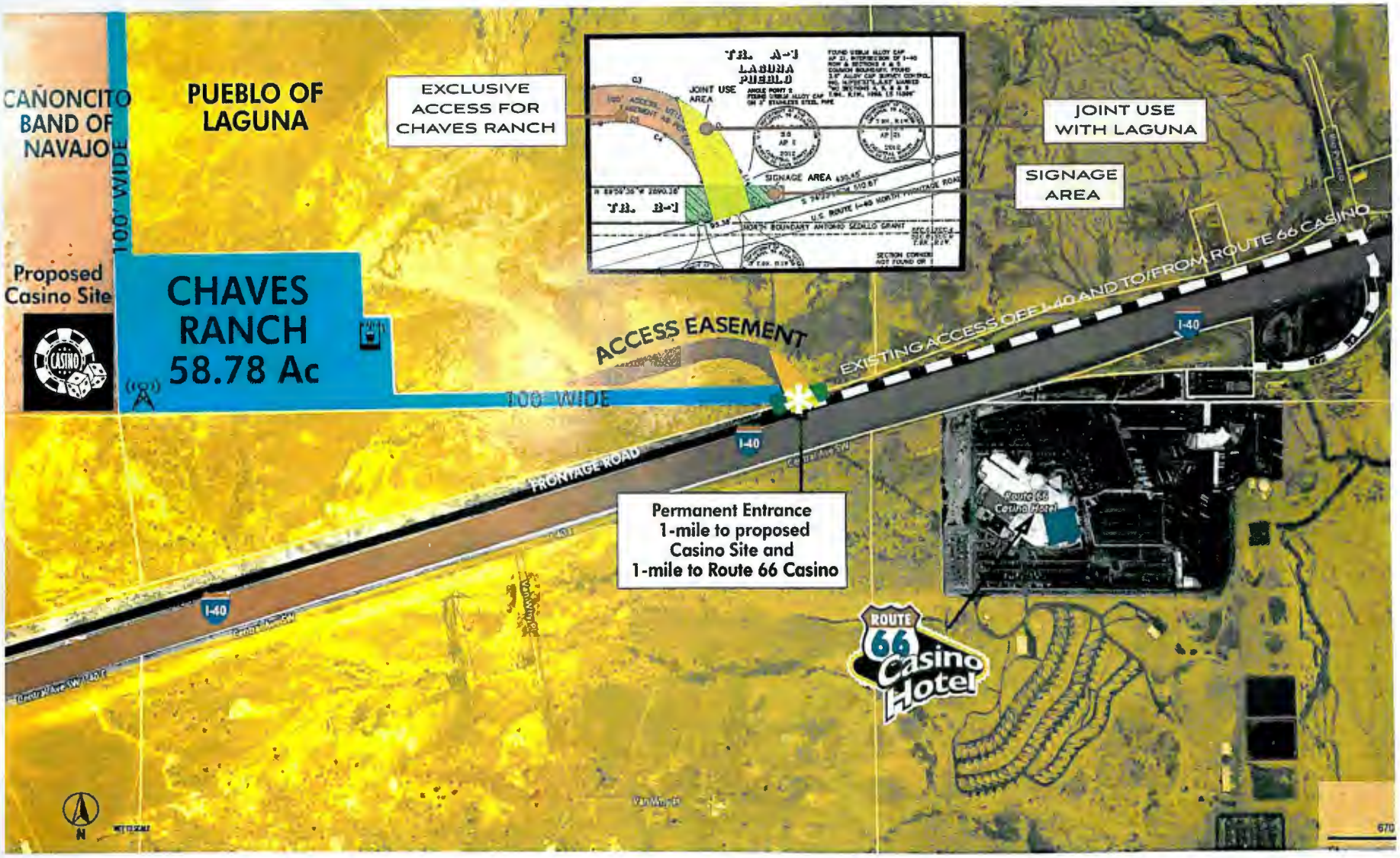
$19,000,000

ALBUQUERQUE METRO PROXIMITY AERIAL




PROPERTY DESCRIPTION
CAÑONCITO BAND OF NAVAJO
STATE LAND
SEC-31
SEC-32
SEC - 33
SEC -34
SEC - 35
SEC - 36
BLM
*Permanent Entrance
CHAVES RANCH
PERMANENT ACCESS ROAD
PRIVATE PROPERTY
SEC - 6
SEC - 5
Ranch House
Barns
Corrales
Well 700' Deep
RUINS
SEC - 4
BLM
CHAVES RANCH
SEC - 3
SEC - 2
CHAVES RANCH
SEC - 1
CAÑONCITO BAND OF NAVAJO
SEC - 6
Proposed Casino Site
PUEBLO OF LAGUNA
SEC - 5
ACCESS EASEMENT
100' WIDE
25' PROPERTY
PUEBLO OF LAGUNA
POWER LINE
CHAVES RANCH
Permanent Entrance
1-mile to proposed
Casino Site and
1-mile to Route 66 Casino
RIO PUERCO ESTATES
CIBOLA COUNTY
CAÑONCITO ROAD
BIA ROUTE 56
40
CHAVES RANCH
Fee Simple Land ±1,881 Ac
BLM Land (lease)
State Land (lease)
±4,468 Ac
Total ±6,349 Ac
NOT TO SCALE
N

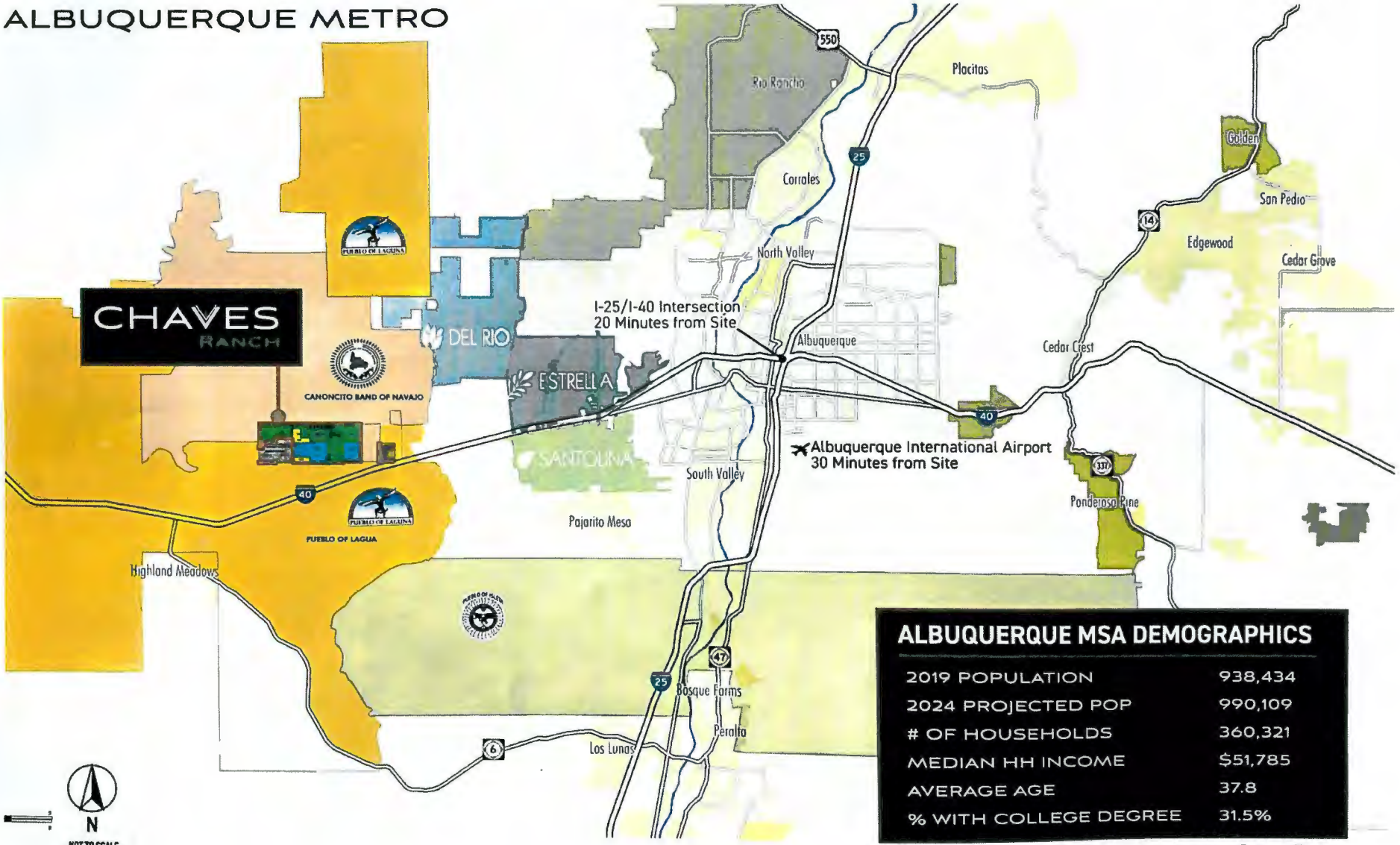

AÑONCITO BAND OF NAVAJO
PUEBLO OF LAGUNA
100' WIDE
Proposed Casino Site
CASINO
CHAVES RANCH 58.78 Ac
EXCLUSIVE ACCESS FOR CHAVES RANCH
JOINT USE AREA
TR. A-1 LAGUNA PUEBLO
SIGNAGE AREA
TR. B-1
U.S. ROUTE I-40 NORTH FRONTAGE ROAD
NORTH BOUNDARY ANTONIO SEDILLO GRANT
JOINT USE WITH LAGUNA
SIGNAGE AREA
ACCESS EASEMENT
100' WIDE
EXISTING ACCESS OFF I-40 AND TO/FROM ROUTE 66 CASINO
I-40
FRONTAGE ROAD
Permanent Entrance
1-mile to proposed
Casino Site and
1-mile to Route 66 Casino
Route 66 Casino Hotel
ROUTE 66 Casino Hotel
N
NOT TO SCALE


CAÑONCITO BAND OF NAVAJO
PUEBLO OF LAGUNA
EXCLUSIVE ACCESS FOR CHAVES RANCH
JOINT USE WITH LAGUNA
SIGNAGE AREA
100' WIDE
Proposed Casino Site
CHAVES RANCH 58.78 Ac
ACCESS EASEMENT
EXISTING ACCESS OFF I-40 AND TO/FROM ROUTE 66 CASINO
100' WIDE
I-40
FRONTAGE ROAD
Permanent Entrance 1-mile to proposed Casino Site and 1-mile to Route 66 Casino
ROUTE 66 Casino Hotel
N

ECONOMIC OPPORTUNITIES

CBRE

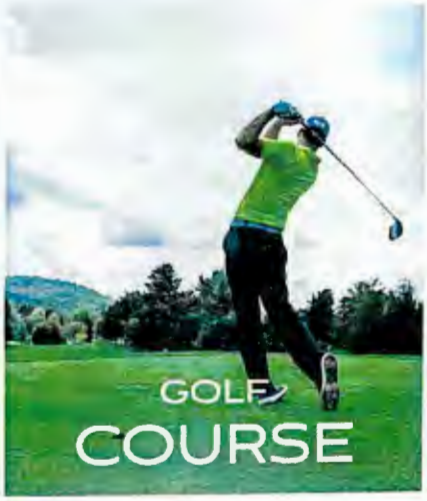
ALBUQUERQUE METRO



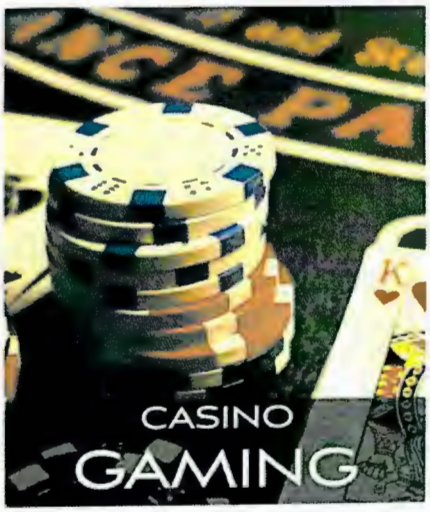
ALBUQUERQUE MSA DEMOGRAPHICS

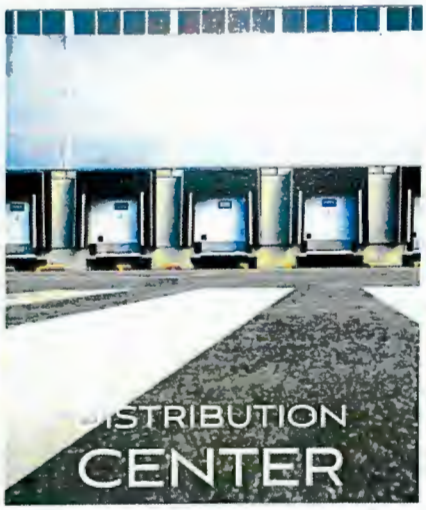
2019 POPULATION	938,434
2024 PROJECTED POP	990,109
# OF HOUSEHOLDS	360,321
MEDIAN HH INCOME	$51,785
AVERAGE AGE	37.8
% WITH COLLEGE DEGREE	31.5%

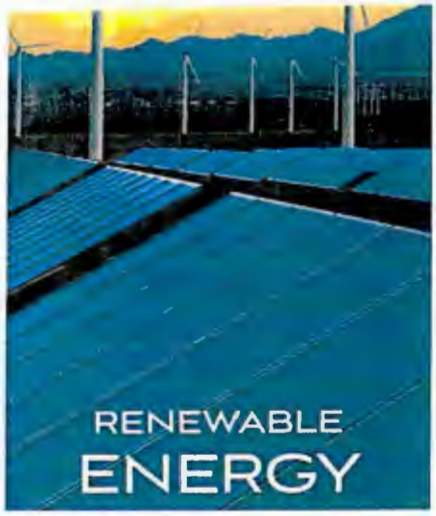
Source: Esri

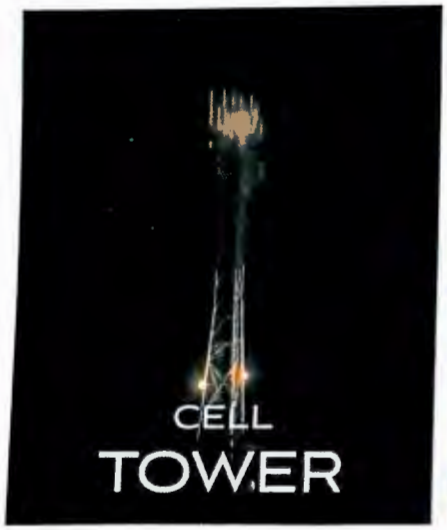

GOLF
COURSE

HOTEL
RESORT


CASINO
GAMING


ISTRIBUTION
CENTER


RENEWABLE
ENERGY


CELL
TOWER

LAND
EXCHANGE

I-40 ACCESS SURVEY 58± ACRES

CBRE

Chappell Law Firm, P.A.
Attorneys at Law

Albuquerque Centre, Suite 150
6001 Indian School Rd. N.E.
Albuquerque, New Mexico 87110

Telephone
(505) 878-9600

Telecopier
(505) 878-9696

Bill Chappell, Jr.

October 3, 2018

Via E-Mail ONLY
Chaves Ranch, Inc.
Attn: Kathleen Chaves, President
1501 Aircraft Boulevard SE
Albuquerque, New Mexico 87106

RE: ***Section 6 Access Issues***

Dear Ms. Chaves:

Pursuant to your request, we have reviewed the following documents with respect to the approximately 58.9104 acre site on the southerly and westerly boundaries of Section 5, Township 9 N., Range 1 W., NMPM and the appurtenant easements (**"Tract B-1"**):

1. Commitment for Title Insurance issued by Fidelity National Title Insurance Company Commitment No. SP000011923A with an effective date of August 20, 2018, (**"Commitment"**) together with the documents which are shown as exceptions on the Commitment for Title Insurance, and;

2. Survey prepared by Precision Surveys, Inc. dated August 2018 (**"Survey"**).

Based upon that review, it is my opinion that there are no documents referred to in the Commitment nor are there any notations on the Survey, which would indicate a right of any person or entity other than the fee owner to use or cross Tract B-1, for the purpose of ingress or egress to Section 6, Township 9 N., Range 1 W., NMPM.

There is a lease for a cell tower within Tract B-1 and the owner of the cell tower has the right of access to the cell tower during the term of the lease.

This letter is not intended to be an attorney-client privilege document and can be shared with potential lenders and/or buyers of Tract B-1 for informational purposes. However, no party other than Chaves Ranch, Inc. will be entitled to rely upon the opinion expressed herein.

Very truly yours,

Bill Chappell

Bill Chappell, Jr.

BC:cls
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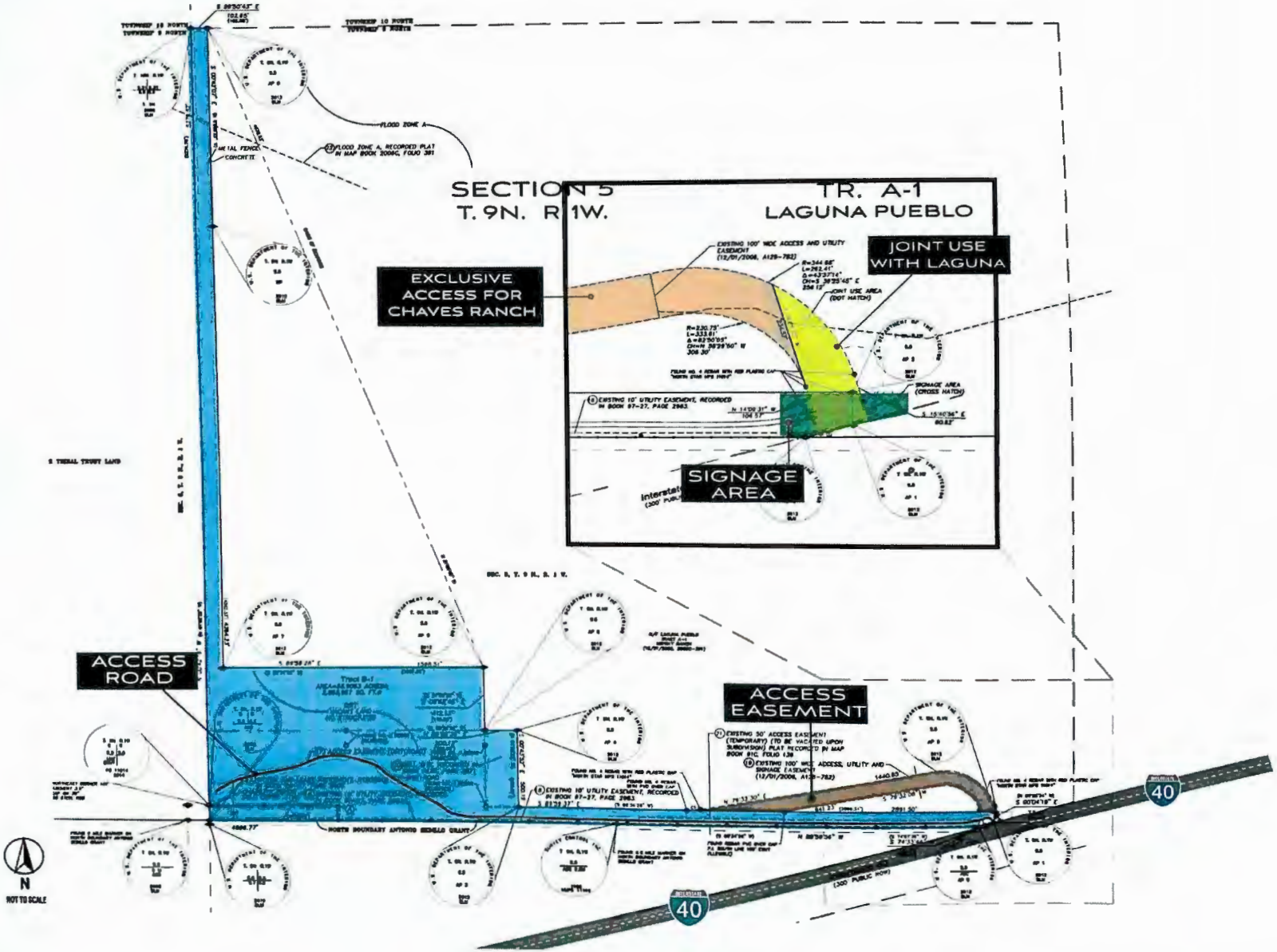
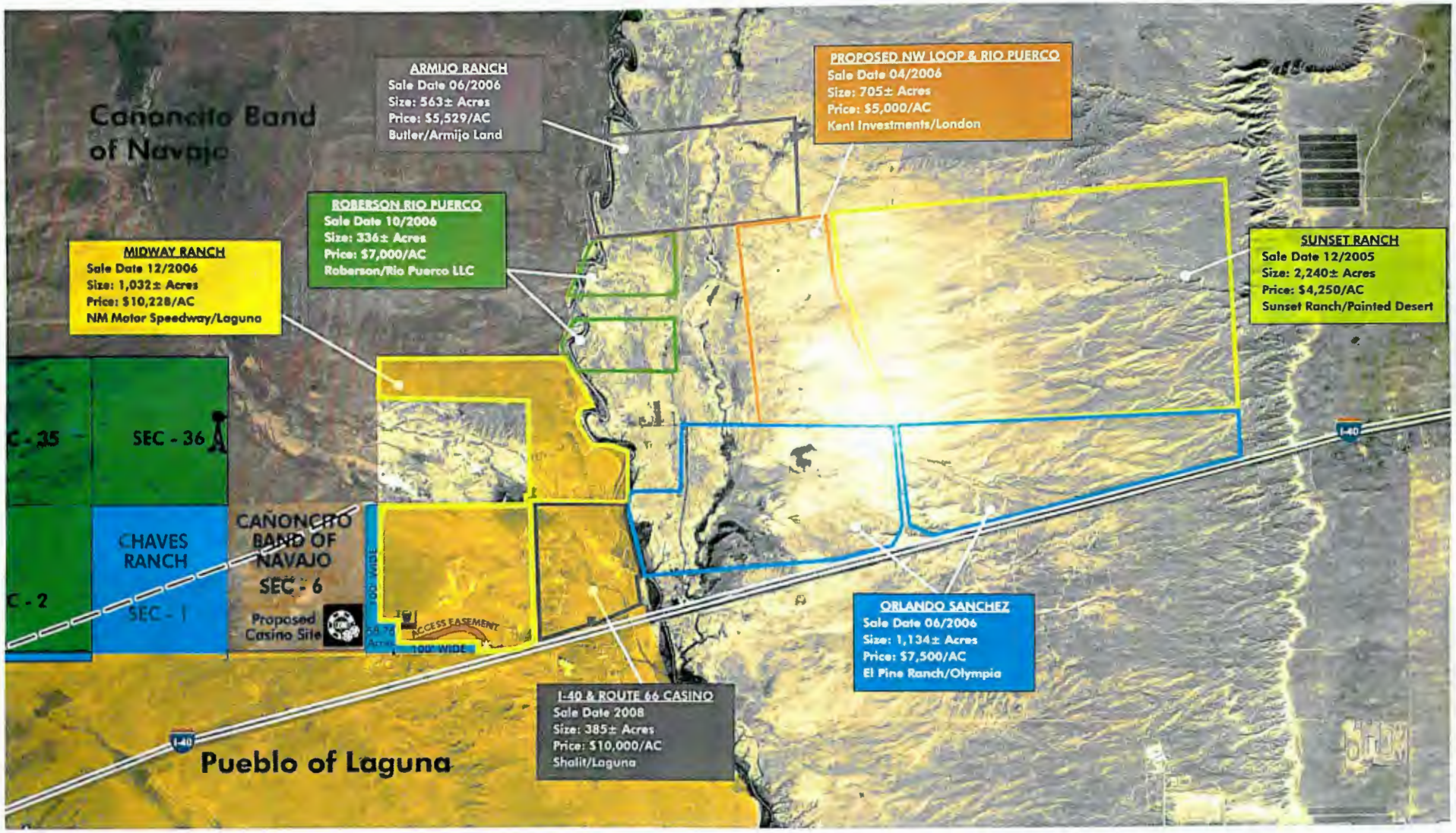
SURVEY


SECTION 5
T. 9N. R. 1W.
TR. A-1
LAGUNA PUEBLO
EXCLUSIVE ACCESS FOR CHAVES RANCH
JOINT USE WITH LAGUNA
SIGNAGE AREA
ACCESS ROAD
ACCESS EASEMENT
FLOOD ZONE A
NORTH BOUNDARY ANTONIO SENDELO GRANT
(300' PUBLIC ROW)
40
N
NOT TO SCALE

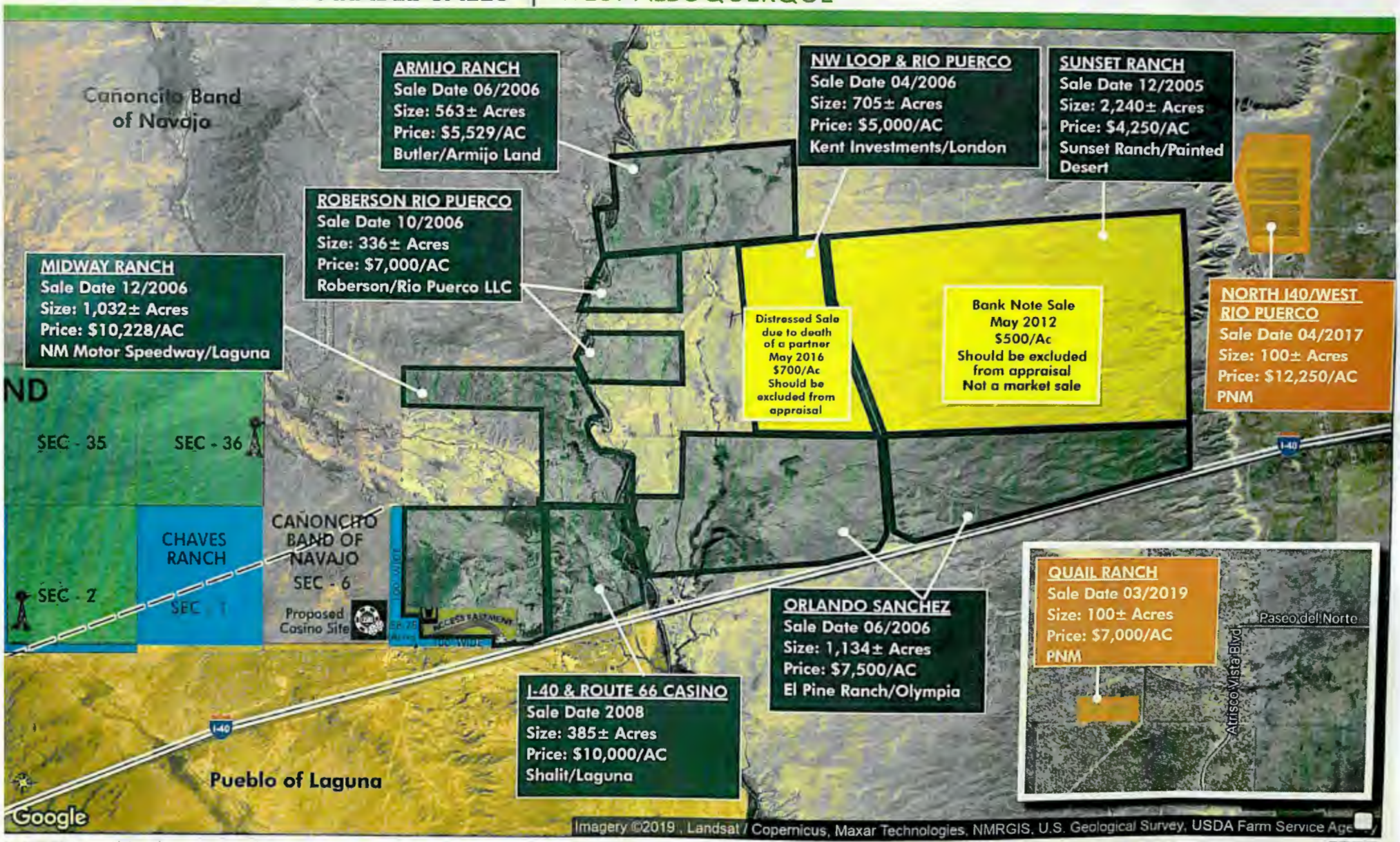
COMPARABLE LAND SALES

CBRE

COMPARABLE SALES



CHAVES RANCH COMPARABLE SALES | WEST ALBUQUERQUE



CBRE

HUMMINGBIRD PUEBLO VALUATION

CBRE

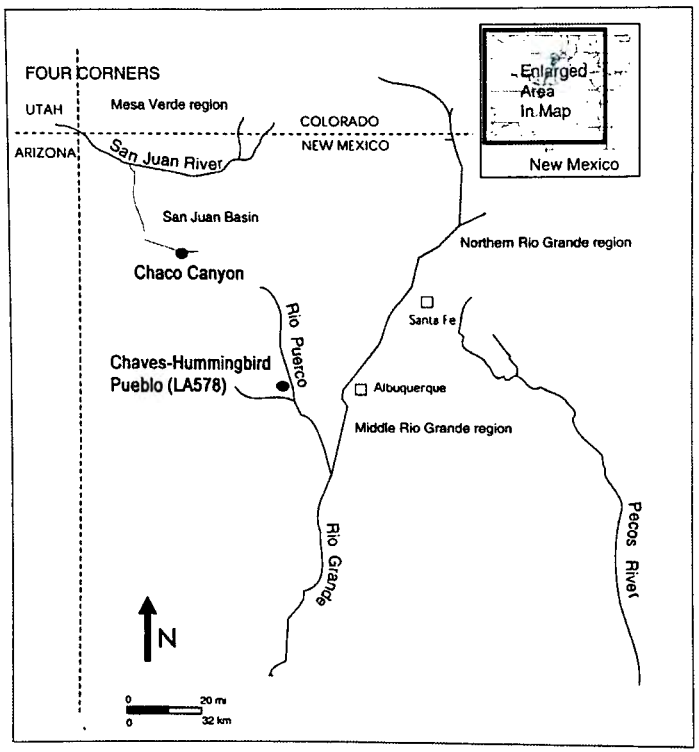
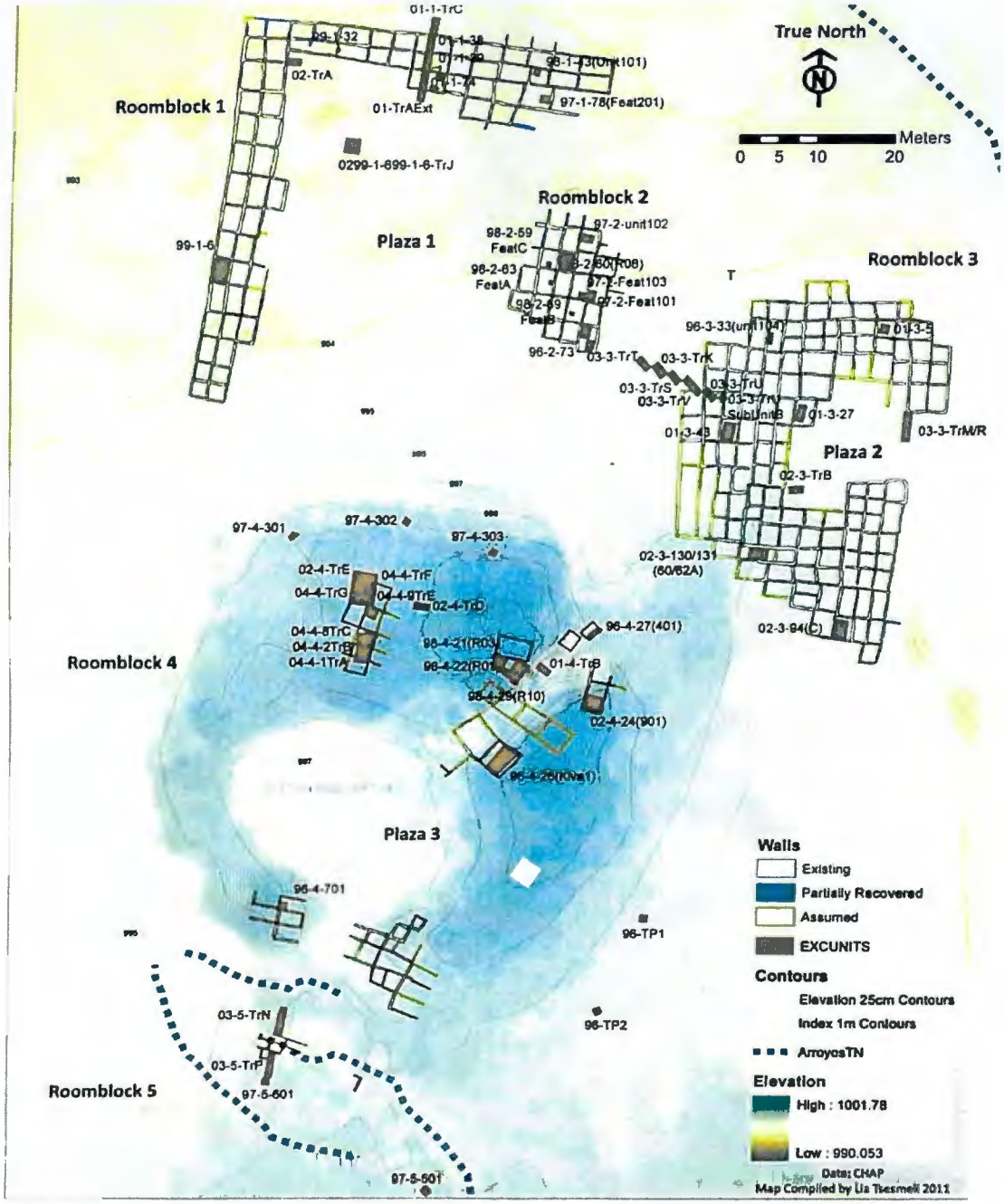
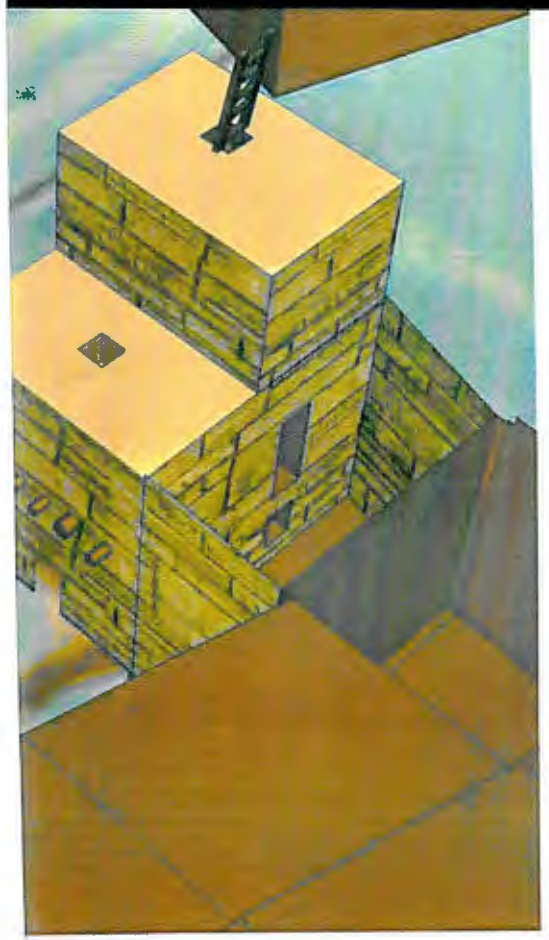


Figure 1: Location of Chaves-Hummingbird Pueblo (LA 578)



Map of Hummingbird Pueblo showing excavated and tested areas of the site, as well as roomblock and plaza areas (from Tsesmeli 2011)



HUMMINGBIRD PUEBLO

On the Chaves Ranch sits a very important and culturally significant site. On this site are some of the most interesting and rare Native American ruins in the Rio Puerco. The ruins are most closely affiliated with the Laguna, Hopi, Zuni and Acoma tribes, however what makes this site so rare is that there are other tribal affiliations and artifacts present. These findings imply a possible multi-ethnic site that housed many people of different histories and backgrounds.

Partial excavation by Southern Methodist University (SMU) researchers have uncovered beautiful pottery, wall murals, plazas, rooming blocks with different types of pueblo architecture. In fact, there are more different types of pottery present at the site than any other site the researchers have ever excavated. They even found shells from California, turquoise and crystals. Structurally, there is a very unique use of both adobe and rock masonry. According to SMU, only 5% of the Hummingbird site has been excavated.

It is believed that the site was occupied during the late 1200's through the mid 1400's. This is also a rarity as most other sites during that time period were not occupied for that long. Due to the uniqueness of this site, researchers have stated that it is important for this site to be protected and preserved as tribal history. It is an excellent source of information to better understand how the modern tribes formed and one of the keys to finding out how their ancestors lived.

Dissertations from researchers at Southern Methodist University available upon request.

HUMMINGBIRD PUEBLO EXCAVATED ARTIFACTS

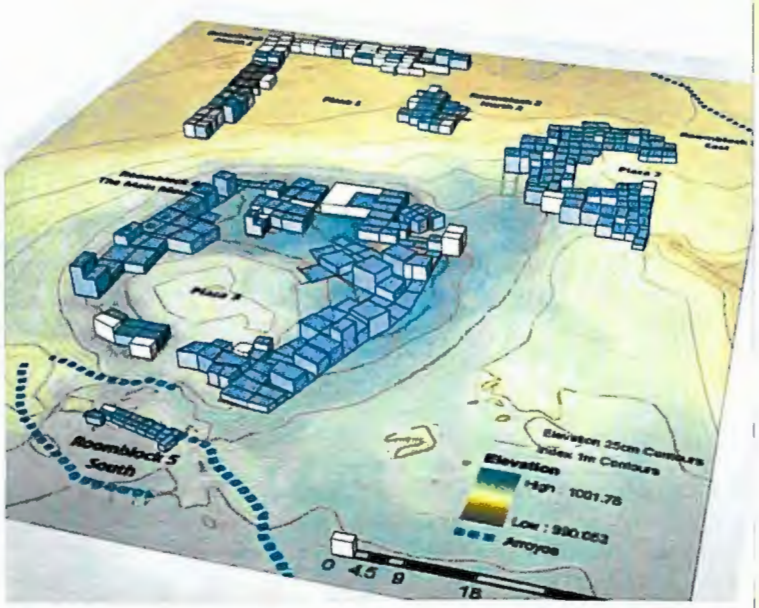
Glaze painted bowl, presumably made locally but has characteristics similar to Heshotauthla Gaze on Red

Reconstructed polychrome Eagle Feather jar

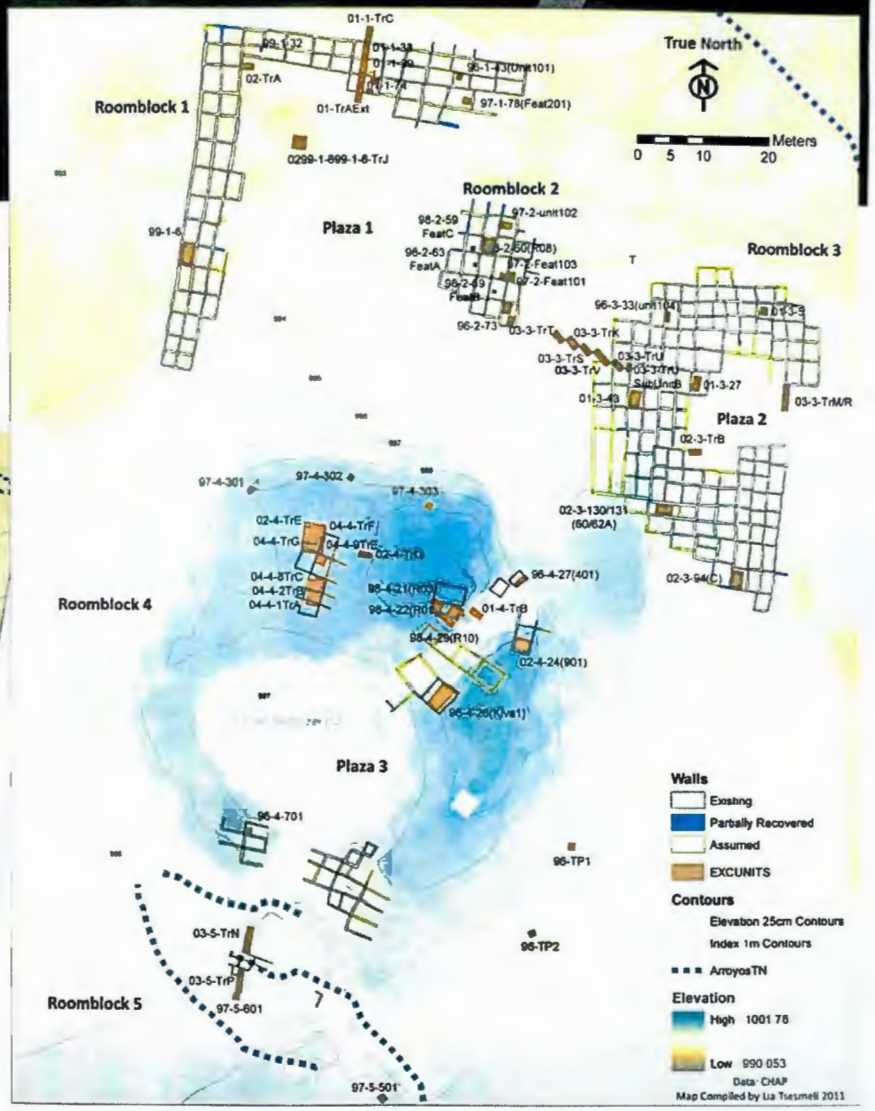
Glaze painted ceramic bowl with image of Knifewing Kachina

Sandstone masonry walls

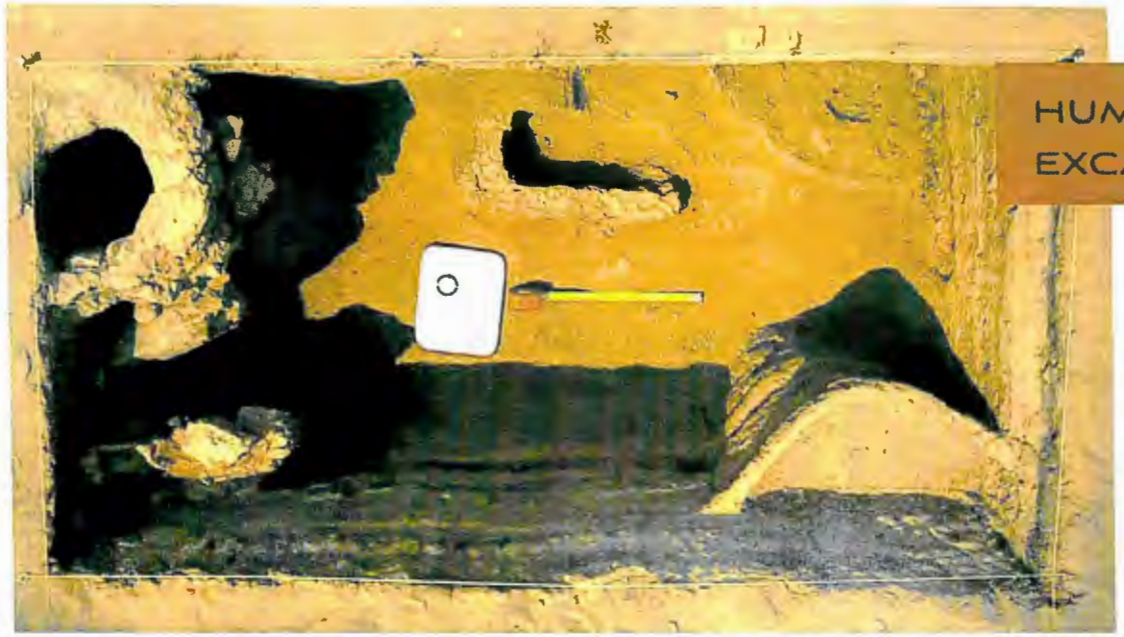
HUMMINGBIRD PUEBLO



Rendering of the excavated, surficial and inferred rooms at Hummingbird Pueblo. View from the southeast.



HUMMINGBIRD PUEBLO EXCAVATED ARTIFACTS



Bird's Eye View of communal architectural features in Plaza 1 and Roomblock 1 Adobe lined pits were found through excavation in the middle of Plaza 1, including an adobe capped pit possibly used to create adobe mixtures for wall construction.

Sandstone petroglyph found at Hummingbird Pueblo Ruins

Piki Stone and Three Firedogs

Figure 12: Reconstructed polychrome jar from Room 8, Hummingbird Pueblo.

Figure 10: Reconstructed polychrome bowl from Room 8, Hummingbird Pueblo, with Knifewing motif

Figure 8: Polychrome jar from Hummingbird Pueblo in Hibben Collection, UNM, Box 16247

Figure 9: Polychrome bowl interior, Hummingbird Pueblo, Hibben Collection, UNM, Box 16247

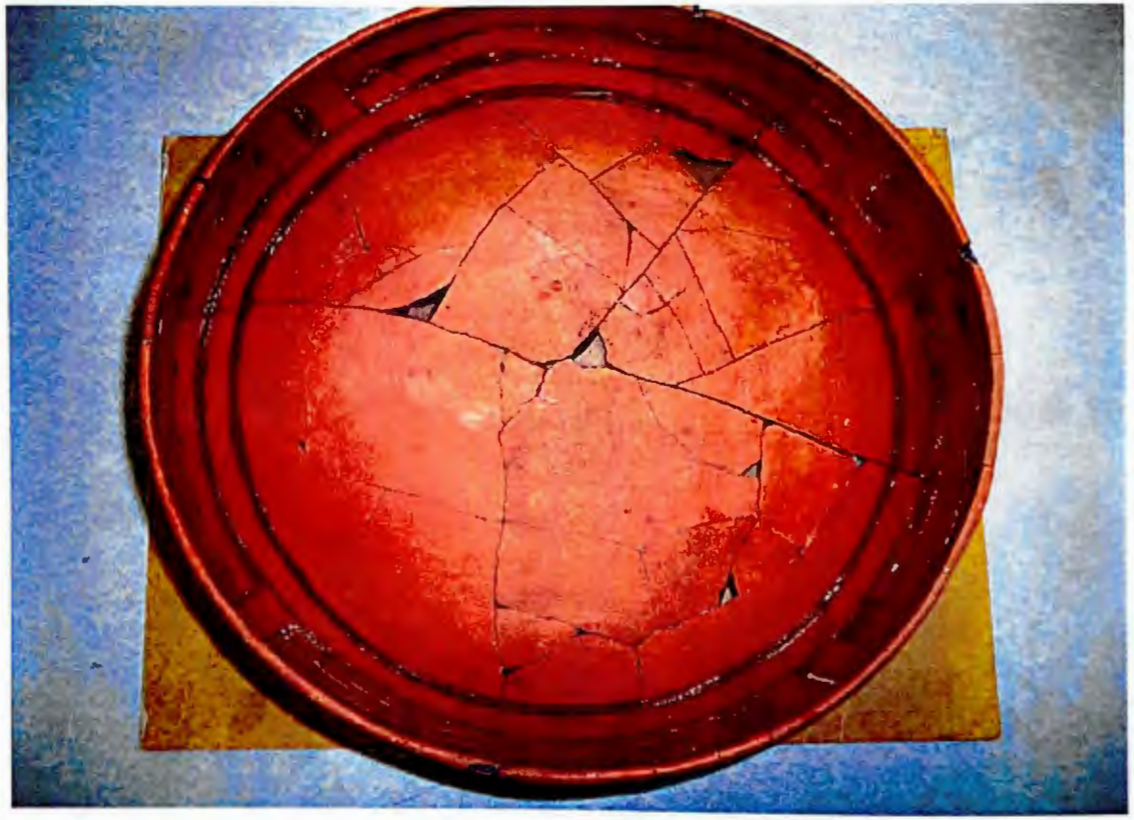


Figure 11: Reconstructed Agua Fria glaze bowl from Room 8, Hummingbird Pueblo

Figure 3: Aerial photo of site, with adobe roomblocks (North and East) and Main Mound

Figure 2: View East from Hummingbird Pueblo toward Sandia Mountains

Figure 4: Sandstone block with petroglyph

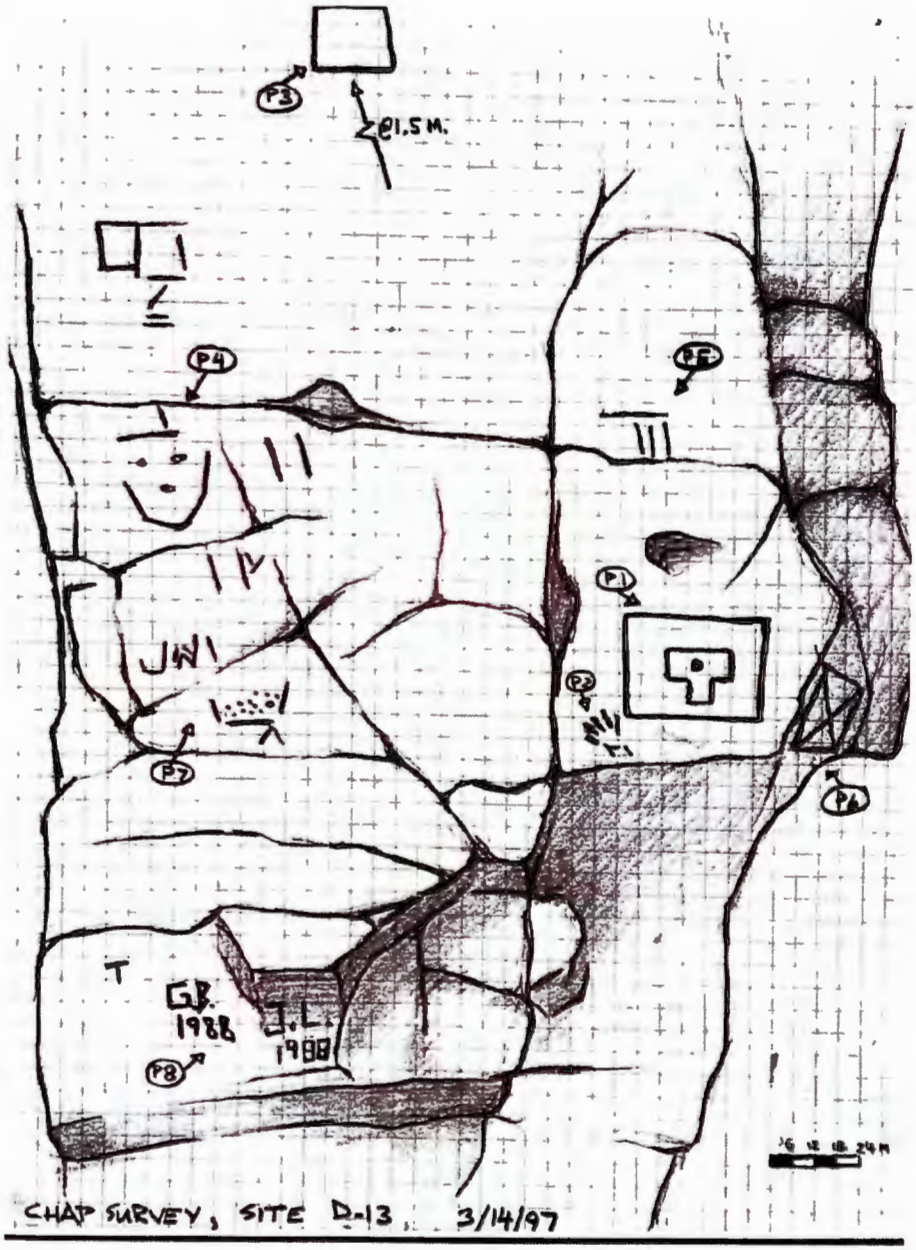


Figure 7 Drawing of petroglyphs panel designs

Ms. Kathleen Chaves
Airport Parking Inc
1501 Aircraft Avenue SE
Albuquerque, NM 87106

July 31, 2018

Ms. Chaves,

I appreciate your reaching out to me in the interest of providing information on Hummingbird Pueblo, located on lands presently owned by the Chaves family. I realize that your primary interest is in how to assign a value to the ancestral Pueblo settlement that we now call Hummingbird Pueblo, and as I mentioned in our phone conversation, there are several challenges associated with the question of monetary value of archaeological resources. My comments below are personal observations and perspectives from own experiences as an archaeologist, and are not the perspectives of Southern Methodist University or its representatives.

VALUATION OF SITE BASED ON RESEARCH POTENTIAL COSTS: $12,000.000.

This valuation is based on the real costs of excavating and analyzing the site contents. As member of the Society for American Archaeology, professional ethics prevent me from serving as any sort of licensed valuator for sites or artifacts, so my perspectives below serve only as a discussion of the sorts of valuation approaches that have been used in legal cases involving archaeological site destruction. The bottom line is that there is no standard way to provide a monetary value to what archaeologists and professional cultural resource experts consider to be invaluable parts of cultural heritage. Similarly, descendant communities of Pueblo people don't assign monetary value to the homes of their ancestors.

At the same time, archaeologists, Native communities and the legal community all have a vested interest in the preservation of these invaluable resources, and there are penalty-based protections for archaeological sites on federal or tribal lands. Though the Hummingbird Pueblo is not on federal or tribal lands, if it were it would be protected under the Archaeological Resource Protection Act of 1979 (Pub.L. 96–95 as amended, 93 Stat. 721, codified at 16 U.S.C. §§ 470aa–470mm). The penalty statute of ARPA states that

"Such regulations shall provide that, in the case of a second or subsequent violation by any person, the amount of such civil penalty may be double the amount which would have been assessed if such violation were the first violation by such person. The amount of any penalty assessed under this subsection for any violation shall not exceed an amount equal to double the cost of restoration and repair of resources and

archaeological sites damaged and double the fair market value of resources destroyed or not recovered."

Though interpretations vary, this means that if the site were on Federal or Tribal lands, and someone destroyed the site in pursuit of archaeological materials, that person could be fined double the cost of restoration and repair of the site or just double the fair market value of the site. Since we don't have any way of assessing "fair market value," this could range from the cost per acre of the land the site rests on. It *could* also mean double the cost of repairing the damage, or it could be construed to mean double the cost of what it would cost to professionally excavate, interpret and publish an archaeological study of the destroyed portion of the site. Clearly this a wide range of potential fine amounts, and the decision of what "restoration and repair" means would rest with a federal court, but it's possible that a fine might be the cost of professionally excavating and interpreting the site.

If this last fine amount were to be applied to the site it would put the scientific value in the millions of dollars. Having excavated with undergraduate and graduate students at the site between 1996-2004, the cost of labor, analyses of archaeological materials, storage of recovered materials, and time required to interpret the site contents easily runs in the tens of thousands of dollars per month in the field and the lab. The rule of thumb for archaeologists is that we spend three days in the lab doing analyses for each day spent in the field doing excavation and recordation. Over the eight field seasons at Hummingbird Pueblo, our team excavated part, or all, of 20 surface rooms and the same number of test trenches outside of room contexts (see site map from Tsesmeli's 2011 dissertation on the project attached to this letter). The project costs, including equipment, food, vehicle rentals, and subsequent laboratory analyses, was an estimated $250,000. This does not include the cost of student labor since this was an educational project in which students earned credit hours for their participation and research efforts. Given that we estimate that we excavated and interpreted approximately 2% of the entire site, professional excavation and basic analyses would exceed twelve million dollars. Again, this is a valuation based on professionally excavating and interpreting the recovered remains. It does not factor in subsequent stabilization costs or the funds needed to store the archaeological materials in an accredited storage facility or museum.

From my professional perspective, the greatest value of this unique Ancestral Pueblo settlement is its role in allowing us insights into the movement of peoples, ancestries and identities across this part of the region prior to European contact. This was a major settlement of people who we believe were ancestral to the present day Native American communities of Acoma and Laguna Pueblos, with likely ties to Zuni Pueblo as well. The primary occupation, between 1250-1425 AD, was a turbulent time of population migration across what is now the American Southwest. Occupation of the Rio Puerco watershed changed forever during this time, from a strategy of many, smaller settlements in the uplands of the watershed to the consolidation of villagers into fewer, larger settlements located downslope, closer to major water sources. Farther to the west, Pueblo peoples abandoned the Four Corners region, leaving a region that had

been home to tens of thousands of people prior to the migrations of the latter half of the 13th century. The occupation of Hummingbird Pueblo coincides with the two centuries during which the settlement strategy of the historic Pueblo peoples was set in place. The questions of why the Pueblo peoples of the 13th - 15th centuries chose to make these massive changes in their land use, settlement and village configurations can be answered through the oral traditions of living Pueblo peoples, but also through the archaeological investigation of places like Hummingbird Pueblo.

I hope that the future landowners of this important place will continue to be stewards of this unique ancestral Pueblo settlement. I also hope to have the opportunity to continue archaeological investigations at the settlement in the future as part of my long-term collaboration with present day Pueblo communities.

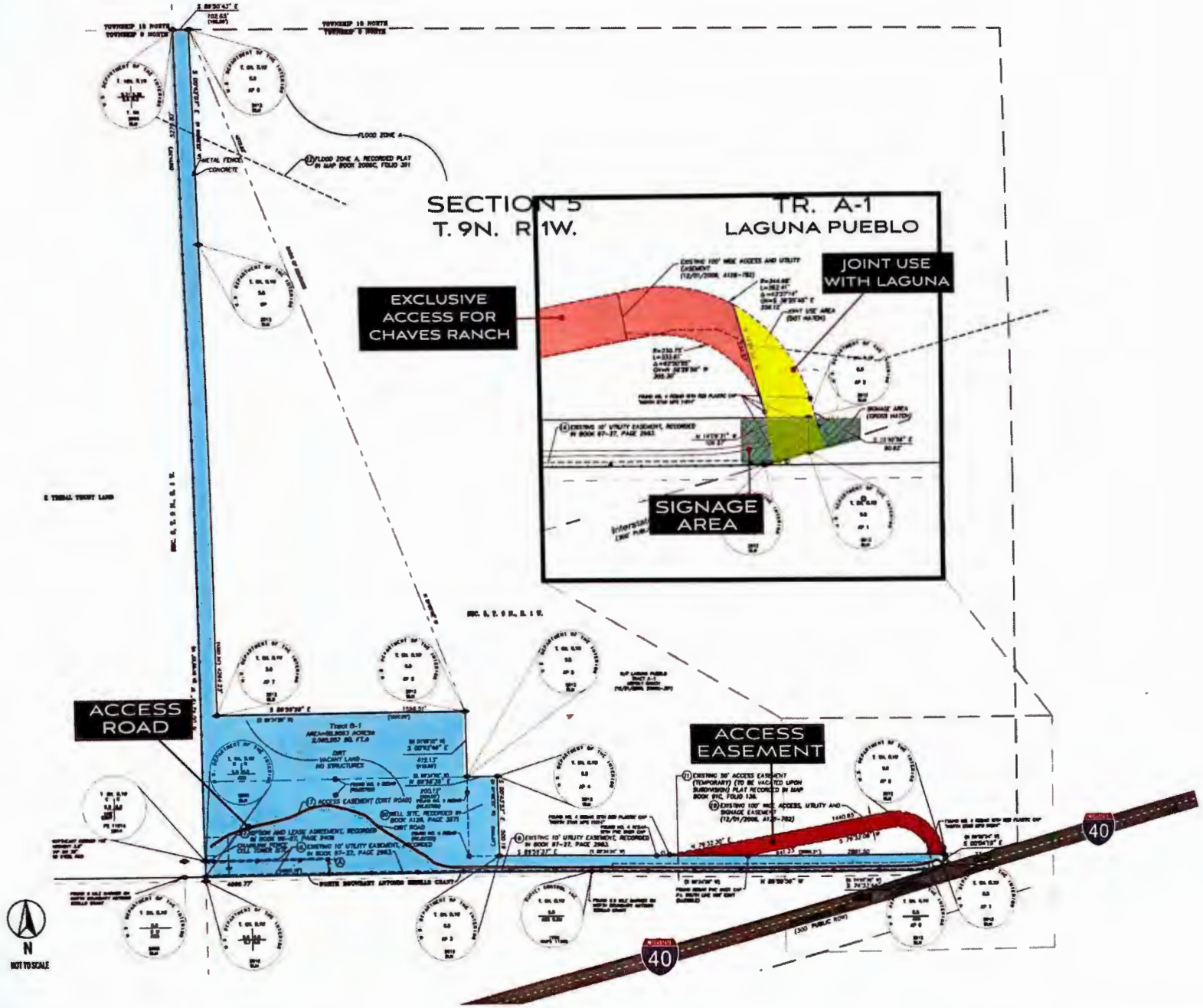
Sincerely,

Dr. Michael Adler
Assoc. Professor, Anthropology
Wm. Clements Endowed Executive Director, SMU-in-Taos
Southern Methodist University

ACCESS UTILITY & SIGNAGE EASEMENT

CBRE

SURVEY


SECTION 5
T. 9N. R. 1W.
TR. A-1
LAGUNA PUEBLO
EXCLUSIVE ACCESS FOR CHAVES RANCH
JOINT USE WITH LAGUNA
SIGNAGE AREA
ACCESS ROAD
ACCESS EASEMENT
FLOOD ZONE A
METAL FENCE
CONCRETE
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NOT TO SCALE

ACCESS, UTILITY AND SIGNAGE EASEMENT
(perpetual)

For and in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto grant and establish a perpetual easement ("Easement") for access, utilities and signage over, across and under the property ("Property") described in EXHIBIT A hereto. The terms and conditions of the Easement are further set out hereinafter.

1. Grant of Easement. Chaves Ranch, Inc., a New Mexico corporation ("Chaves"), is the owner of fee simple title to the property described in EXHIBIT B hereto (the "Chaves Property"). New Mexico Motor Speedway, Inc., a New Mexico corporation ("NMMS"), is the owner of fee simple title to the property described in EXHIBIT C hereto ("NMMS Property "). Chaves and NMMS shall be deemed the parties hereto (the "Parties" or "Party" when singular) and the Easement shall be for the benefit of the Parties, and their respective successors and/or assigns. The Easement shall be deemed appurtenant to the Chaves Property and the NMMS Property; provided, however, subject to the provisions hereof, both Parties shall have the right to grant or permit temporary or perpetual use of the Easement to other parties and to provide access to lands to which the Easement is not now appurtenant. Grants of temporary or perpetual use to property not currently owned by Chaves or NMMS shall not be deemed an unreasonable or unauthorized burden upon the servient estate. Any grant of a right to use this Easement by a Party shall not be effective unless and until a document ("Annexation Document") describing the lands to be benefited by the Easement has been signed by the granting party and the owner of the land to be benefited and has been recorded in the real property records of Bernalillo County, New Mexico. Any Annexation Document, in addition to containing the legal description of the property to be benefited, shall contain a statement that such property and the owners thereof are bound by all terms and provisions of this agreement, including the obligation to pay for a pro rata share of any construction or maintenance cost of the Easement. After the recording of the Annexation Document, the Easement shall also be deemed appurtenant to the property described in the Annexation Document. The owners of the lands described in the Annexation Document, unless such owner is a Party to this agreement or a "Transferee" of a party as defined below shall have no rights to grant access or use of the Easement for lands not described in the Annexation Document.

2. Certain Definitions. A "Transferee" of Chaves is any subsequent owner of at least 90% of the acreage of the Chaves Property and includes without limitation transferees of parcels or lots into which the Chaves Property may be subdivided. A "Transferee" of NMMS" is any subsequent owner of at least 90% of the acreage of the NMMS Property. A "Successor in Interest" of Chaves is any subsequent owner of all or any part of the Chaves Property. A "Successor in Interest" of NMMS is any subsequent owner of all or any part of the NMMS Property and includes without limitation transferees of parcels or lots into which the NMMS Property may be subdivided. The successors and/or assigns of the Chaves includes any Successors In Interest of Chaves and any other parties who may be granted or permitted use of the Easement as set forth in this Access, Utility and Signage Easement. The successors and/or assigns of the NMMS includes any Successors In

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Interest of NMMS and any other parties who may be granted or permitted use of the Easement as set forth in this Access, Utility and Signage Easement.

3. Purpose. The purpose of the Easement shall be (a) to provide permanent and perpetual ingress and egress to the Chaves Property and the NMMS Property and to lands designated from time to time by the Parties hereto, (b) for construction of underground utilities, and (c) for placing of signage for activities or enterprises of parties having a right to use the Easement for ingress and egress. The Easement is not subject to extinguishment, termination or cancellation, without the express written consent of all parties having the right to use the Easement (subject only to the adjustment of the legal description as provided hereafter). The Easement shall not be used for signage advertising businesses or enterprises of any entity not having a right to use the Easement for ingress and egress. It is anticipated that NMMS will use the Easement to grant access to property currently owned by NMMS or to other properties to which NMMS grants access through its property. It is anticipated that Chaves will use the Easement for the purposes described herein for its own property, for access to Section 6, T 19 N, R 1 W, NMPM which is owned by the Canoncito Band of Navajos, including construction and operation of a casino and for lands owned by Chaves located to the west of Section 6, and/or to other properties to which Chaves grants access through its property. The Parties agree not to object or otherwise interfere with use of the Easement as set out in this purpose clause.

4. Use Areas. The Easement shall be divided into exclusive use areas and a joint use area. The Joint Use Area shall start at the frontage road and shall extend in a northerly direction as designated on EXHIBIT D hereto. The Chaves Exclusive Use Area (which shall be under the exclusive control of Chaves) shall be that portion of the Easement that joins the Joint Use Area with the property owned by Chaves, and as shown on EXHIBIT E hereto. The NMMS Exclusive Use Area (which shall be under the exclusive control of NMMS) shall be all areas within the Easement not designated as Joint Use Area or Chaves Exclusive Use Area.

5. Signage. A portion of the Easement adjacent to the Highway 66/frontage road, as shown on EXHIBIT F hereto, shall be designated for placement of signage advertising businesses or other ventures which have a right to use the Easement for access. Signage for parties not having the right to use the Easement for access shall not be permitted. The signage shall be constructed and designed in accordance with the rules and regulations of the state or federal highway authorities and shall be designed so as to provide reasonable signage area on a single pylon sign for all of the businesses represented. It is understood and agreed that the signage may be used to advertise a casino and the signage design shall permit "typical" casino signage. If governmental regulations permit more than one pylon sign at the entryway, NMMS will designate an additional area for a pylon sign on the east side of the Easement.

6. Utilities. The Easement may be used for construction of utility lines with the following limitations:

A. All utility line shall be underground.

B. If any improvements within the Easement are damaged by the installation of

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the utility lines, the Party or Parties benefiting from such utility lines, and their respective Successors In Interest, shall be responsible for all repairs or replacements.

C. If utility lines are constructed prior to the time the Easement is paved, the Party installing the utility lines will attempt to locate the utilities outside of the area that will ultimately be paved. If utility lines must be located under the paved area, they will be located at a depth which will not interfere with subsequent construction of a roadway and paving.

7. Construction of Improvements. Either Party hereto or Transferees of such Parties shall have a right to construct improvements, at their discretion on the Exclusive Use Area of the Easement to which such Party or its Transferee has an exclusive right to use; provided the in the event either Party or its Transferee desires to construct improvements on the Joint Use Area, construction shall take place in accordance with the following procedures:

A In the event any Party or its Transferee desires to make improvements on the Joint Use Area of the Easement for the purposes stated herein ("Improving Party"), the Improving Party shall give the remaining Party or its Transferee ("Responding Party") written notice ("Construction Notice") of its intent to construct improvements within the Joint Use Area of the Easement. Upon receipt of the Construction Notice, the Improving Party and Responding Party agree to meet and confer within 30 days following receipt of the Construction Notice with respect to the proposed construction, design thereof, and other matters. In such meeting, the Responding Party shall provide any specific design criteria that it believes important or necessary in the construction of such improvements. If the Responding Party fails or refuses to meet in accordance with this paragraph, then the Improving Party shall be authorized to proceed with construction.

B. At such time as construction plans have been prepared, a copy shall be sent to the Responding Party. Responding Party or its agent shall have a period of twenty (20) business days after receipt thereof to comment on the plans. If there are objectionable parts of the plans, the Improving Party and Responding Party shall seek in good faith to negotiate any differences. Notwithstanding the provisions of paragraph 8 hereof, if the Improving Party and Responding Party cannot agree upon approval of the construction, the issue shall be resolved by binding arbitration in accordance with paragraph 9.

C. In either event, once the plans are approved, the Improving Party shall have the right to construct the improvements in accordance with the plans. All costs shall be paid by the Improving Party, subject to a right to be reimbursed for 50% of the total cost of the project (design and construction) by the Responding Party. If the Responding Party does not pay for 50% of the total cost of the project (design and construction) at the time the improvements are constructed, then the Responding Party and its successors and assigns shall have no right to use the Joint Use Area of the Easement area for a commercial enterprise (the Responding Party can use the Joint Use Area of the Easement for noncommercial access to the properties of the Responding Party) until the Responding Party has paid the Improving Party for 50% of the total cost of the project. No approval requested or required under this Agreement shall be unreasonably withheld or delayed.

D. The Improving Party shall advance all costs for the design and construction on

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the Easement so as to avoid the filing of any mechanics' or materialmens' lien or in the event of the filing of a mechanics and materialmens' lien promptly remove and discharge any such lien.

8. **Maintenance.**

A. Chaves or its Successors in Interest shall have the obligation to maintain, at its sole cost and expense, the Chaves Exclusive Use Area. Chaves may allocate the maintenance cost of the Chaves Exclusive Use Area among parties to which it has given the right to use the Chaves Exclusive Use Area as it may deem appropriate.

B. NMMS or its Successors in Interest shall have the obligation to maintain, at its sole cost and expense, the NMMS Exclusive Use Area. NMMS may allocate the maintenance cost of the NMMS Exclusive Use Area among parties to which it has given the right to use the NMMS Exclusive Use Area as it may deem appropriate.

C. The Joint Use Area shall be maintained by the Parties, with the cost thereof to be shared 50% by NMMS, its successors and assigns, and Chaves, and its successors and assigns. Prior to undertaking any maintenance activities, the Party proposing the maintenance shall provide written notice to the other Party specifying the maintenance to be done, and the projected cost therefor. If the Party receiving the notice has not objected to either the maintenance or the cost within fifteen (15) days from receipt of such notice, the Party sending the notice may undertake such maintenance and the receiving Party shall be obligated to reimburse the sending Party for 50% of the final cost of the work; provided, however, that a Party shall not be obligated to pay any maintenance cost until such Party, or its successors or assigns, are using the Joint Use Area for ingress and egress. to a commercial enterprise. Any claim for reimbursement not paid when due shall constitute a lien on the property of the Party having a right to use the Easement that has not paid its pro rata share.

9. **Binding Arbitration, Exclusive Jurisdiction, and Limited Waiver of Sovereign Immunity.**

(a) Any disputes relating to any rights or obligations of the parties or their Transferees or Successors in Interest arising out of this Access, Utility and Signage Easement will be resolved by binding arbitration, including any disputes relating to the granting or use of the Easement, signage, design and construction of improvements and utilities, construction defects, maintenance obligations, and monetary obligations.

(b) In the arbitration proceeding, there shall be one arbitrator selected by the party demanding arbitration ("Complaining Party") and one arbitrator selected by party against whom arbitration is demanded ("Responding Party") (or if there is more than one Responding Party, then those parties together will select one arbitrator). The arbitrators selected by the Complaining Party and Responding Party will select a third arbitrator, who will be the chair of the three-member arbitration panel. All three arbitrators must be attorneys licensed to practice law in the State of New Mexico, and must have practiced law in New Mexico for at least ten years. If either the Complaining Party or Responding Party fails to designate an arbitrator with the required experience within ten (10) business days after the Responding Party receives a demand for arbitration (or if

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there is more than one Responding Party, ten (10) business days after all such parties have received the arbitration demand), then the court having authority to enforce the arbitration award will select and appoint such arbitrator at the request of the other party on an expedited basis.

(c) The arbitrators shall have authority to grant specific performance, award damages, and/or grant injunctive relief. Any damages awarded through arbitration under this provision shall be limited to (i) those amounts specifically due under this Access, Utility and Signage Easement and (ii) any consequential damages arising from the bad faith of the party determined to be at fault; provided, that no consequential damages shall be awarded unless the arbitration panel makes a specific finding that a the party at fault acted in bad faith. The arbitrators shall have the authority and are hereby instructed to award to the prevailing party such party's costs (including expert witness fees) and attorneys fees, or to apportion attorneys fees and costs as the arbitrators deem appropriate if each party prevails on difference aspects of the issues in dispute, except the fee paid to the arbitrators in all cases shall be divided evenly between the Complaining Party and Responding Party. The arbitrators will determine the rules governing the arbitration, and shall be guided by balancing (i) each party having a fair opportunity to conduct discovery to prepare adequately for the hearing with (ii) speed and cost efficiency, taking into account the desires and legitimate needs of the parties and the matters at issue.

(d) The United States District Court for the District of New Mexico will have exclusive jurisdiction to enforce the arbitration award and to make decisions on any other matters relating to the arbitration and to enforce those decisions, if such court has jurisdiction; and otherwise such exclusive jurisdiction will be vested in the Second Judicial District Court for the State of New Mexico.

(e) Any person, including any owner or lessee of any portion of the Property or lands described in the Annexation Document referred to in paragraph 1 above, that has been granted or claims the right to use or to restrict use of the Easement (restricting use of the Easement would include, for example, the right to give, comment on or object to a Construction Plan or proposed maintenance), which possesses sovereign immunity, shall as a condition to the exercise of any such rights, (i) expressly consent in writing to waive sovereign immunity with respect to, and only with respect to, the arbitration of disputes, as set forth above, and the enforcement of arbitration awards by the United States District Court for the District of New Mexico or Second Judicial District Court for the State of New Mexico, as set forth above, (ii) agree to jurisdiction in the courts as set forth above, and (iii) provide proper documentation of such effective waiver and consent. The term "person" includes any nation, tribe, pueblo or other governmental unit.

10. <u>Correction of Legal Description.</u> The legal description for the Easement as attached hereto is based upon preliminary design requirements for the Easement. Upon completion of final design plans and construction of the improvements on the Easement, the legal description of the Easement shall be adjusted to conform to the actual design and construction, and any excess lands included in the initial description shall be released from the burden of the Easement.

11. <u>Binding Effect.</u> The rights and obligations of the Parties hereto shall be deemed to run with the land of any party having a right to use the Easement and shall be binding upon the

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Parties hereto and all parties acquiring rights to use the Easement through the Parties and their successors and assigns; provided, however, the rights granted hereunder are not personal, and any party not owning land which has a right to use the Easement, shall not have any further rights or obligations hereunder.

CHAVES RANCH, INC.,
a New Mexico corporation
(f/k/a Chaves Family Trust, Inc.)

By: Kathleen Chaves
Kathleen Chaves, President

NEW MEXICO MOTOR SPEEDWAY, INC.,
a New Mexico corporation

By: Elias Shaten
Its: Vice Pres.

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on the 1st day of December, 2006 by Kathleen Chaves, as President of Chaves Ranch, Inc., a New Mexico corporation.

Notary Public
Commission expires: 10/23/07

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

This instrument was acknowledged before me on the 1st day of Nov, 2006 by Elias Shaten, as Vice President of New Mexico Motor Speedway, Inc., a New Mexico corporation.

Denise DeBlassie Gallegos
Notary Public
Commission expires: 10-23-07

OFFICIAL SEAL
DENISE DeBLASSIE-GALLEGOS
NOTARY PUBLIC - STATE OF NEW MEXICO
My commission expires: 10-23-07

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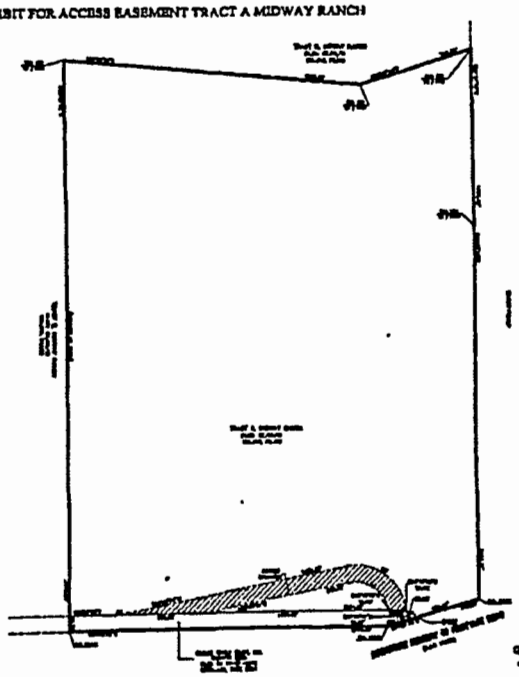
EXHIBIT FOR ACCESS EASEMENT TRACT A MIDWAY RANCH



GRAPHIC SCALE

EXHIBIT A

"Property"

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EXHIBIT B

"Chaves Property"

Sections 1 and 3, and
Lots 1, 2, and 3, the SE¼ NW¼, NE¼ SW¼, S½ NE¼ & N½ SE¼ Section 4, and
Lots 1, 2, 3 and 4 of Section 7, and
Lots 1, 2, 3 and 4 of Section 9, and
Lots 1, 2, 3 and 4 of Section 11,
all in Township 9 North, Range 2 West, N.M.P.M., Bernalillo County, New Mexico.

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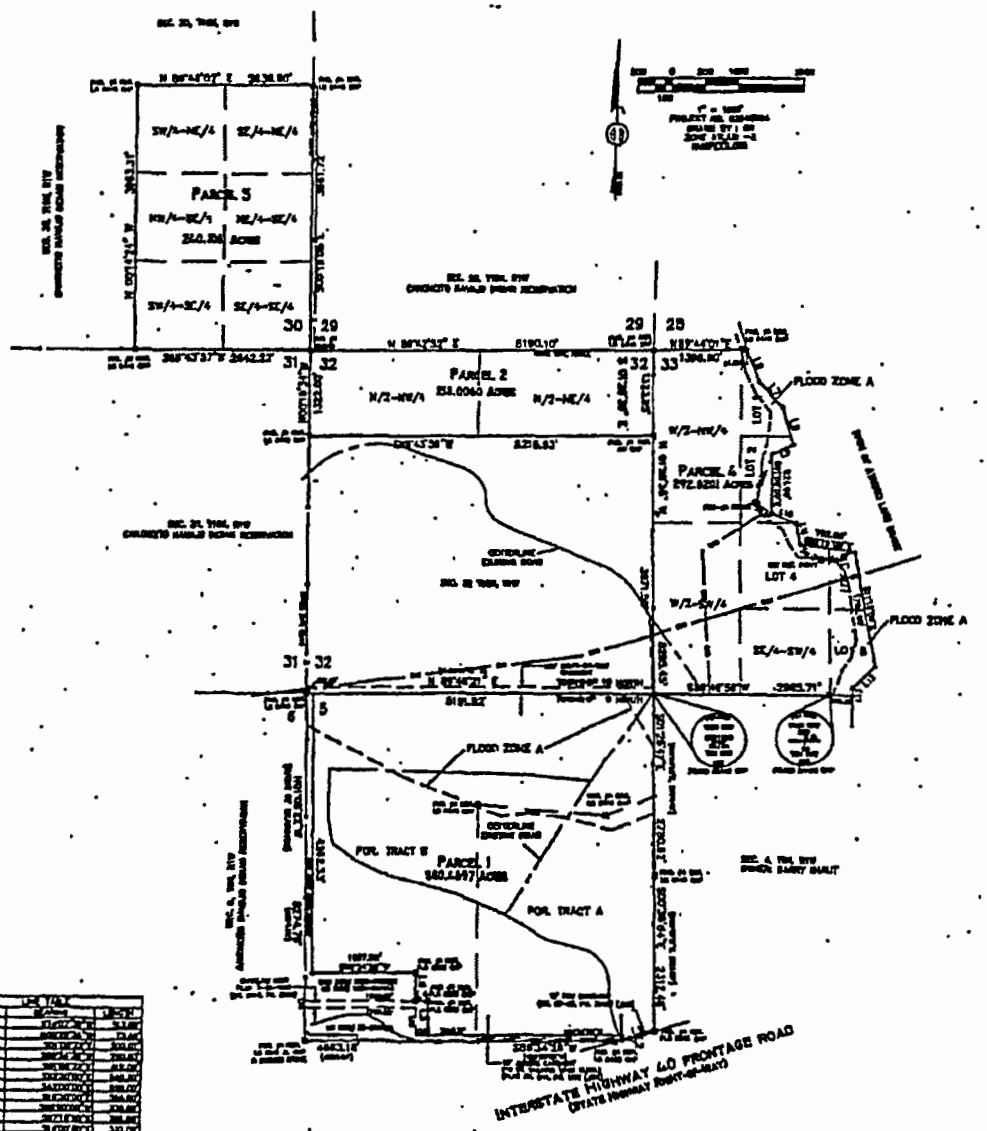
Mary Herrera Bern. Co. ERSE R 35.00 Bk-A128 Pg-782

A.L.T.A./A.C.S.M. LAND TITLE SURVEY

PARCELS 1, 2, 3 & 4
LANDS OF NEW MEXICO MOTOR SPEEDWAY
SECTIONS 30,32 & 33, T. 10 N., R. 1 W., N.M.P.M.
SECTION 5, T. 9 N., R. 1 W., N.M.P.M.
BERNALILLO COUNTY, NEW MEXICO
AUGUST 2006

EXHIBIT C

"NMMS Property"



LINE TABLE		
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Maru Herrera Bern. Co. EASE R 35.00

Parcel 1

A certain tract of land within Section 5, T 9 N, R 1 W, N.M.P.M., being a portion of Tracts A & B, Midway Ranch, filed in Bernalillo County, New Mexico, on July 9, 1991, in Plat Book 91C, folio 139, and being more particularly described as follows:

Beginning at the Northwest corner of the tract herein described, whence the northwest corner of said Tract B, Midway Ranch, bears S89°46'21" W., 102.21 feet distant; thence, from said point of beginning, N. 89 deg. 46' 21" E, 5,191.52 feet to the Northeast corner of said Tract B, Midway Ranch; thence S. 01 deg. 25' 47" E, 2,780.62 feet to a point; thence S. 00 deg. 36' 54" E, 2,312.46 feet to the Southeast corner of said Tract A, Midway Ranch, being a point on the North right-of-way of Interstate Highway 40; thence S. 74 deg. 07' 39" W., along said North right-of-way, 513.69 feet; thence, leaving said right-of-way, N. 00 deg. 25' 22" W., 73.46 feet to a point; thence S. 89 deg. 34' 26" W., 2,890.31 feet to a point; thence N. 01 deg. 08' 22" W., 500.07 feet to a point; thence, S. 89 deg. 34' 26" W., 200.03 feet to a point; thence, N. 01 deg. 08' 22" W., 412.00 feet to a point; thence, S. 89 deg. 34' 26" W., 1,597.92 feet to a point; thence, N. 01 deg. 08' 22" W., 4,262.33 feet to the point of beginning.

Parcel 2

A certain parcel of land being and comprising the North half of the Northwest quarter (N/2, NW/4) and North half of the Northeast quarter (N/2, NE/4) of Section 32, T10 N, R 1 W, N.M.P.M., Bernalillo County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Northwest corner being the Section Corner common to Sections 29, 30, 31, & 32, T 10 N, R 1 W, N.M.P.M., running thence N. 89 deg. 42' 52" E., 5,190.10 feet along Section line common to Sections 29 & 32, T 10 N, R 1 W, N.M.P.M., to the Northeast corner; thence, S. 01 deg. 26' 38" E., 1323.95 feet to the Southeast corner; thence S. 89 deg. 43' 59" W., 5,215.93 feet to the Southwest corner; thence N. 00 deg. 19' 34" W., 1,322.00 feet to the point of beginning.

Parcel 3

A certain tract of land situate within the Bernabe M. Montano Grant, Section 30, T 10 N, R 1 W, N.M.P.M., Bernalillo County, New Mexico, and being comprised of the Southwest quarter of the Northeast quarter (SW/4, NE/4); the Southeast quarter of the Northeast quarter (SE/4,

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Mary Herrera Bern. Co. LASE R 35.00

NE/4); the Northwest quarter of the Southeast quarter (NW/4, SE/4); the Northeast quarter of the Southeast quarter (NE/4, SE/4); the Southwest quarter of the Southeast quarter (SW/4, SE/4); and the Southeast quarter of the Southeast quarter (SE/4, SE/4); all within said Section 30, and being more particularly described as follows:
Beginning at the Southwest corner of said tract, whence the section corner common to Sections 25 and 36, T 10 N, R 2 W, N.M.P.M., and Sections 30 and 31, T 10 N, R 1 W, N.M.P.M., bears S. 89 deg. 43' 45" W., 2,704.81 feet distant; thence, N. 00 deg. 14' 24" W., 3,963.31 feet to the Northwest corner; thence, N. 89 deg. 46' 02" E, 2,636.80 feet to the Northeast corner; thence, S. 00 deg. 19' 05" E., 3,961.72 feet along the section line common to Sections 30 and 29, T 10 N, R 1 W, N.M.P.M., to the Southeast corner, also being the section corner common to Sections 29, 30, 31 and 32, T 10 N, R 1 W, N.M.P.M., as established by fence corner location; thence, S. 89 deg. 43' 57" W., 2,642.22 feet along the South line of said Section 30 to the point of beginning.

Parcel 4

A certain parcel of land being and comprising Lots 1, 2, 3, 4 and 5; the West half of the Northwest quarter (W/2, NW/4); the West half of the Southwest quarter (W/2, SW/4) and the Southeast quarter of the Southwest quarter (SE/4, SW/4); all within Section 33, T 10 N, R 1 W, N.M.P.M., Bernalillo County, New Mexico, and being more particularly described by metes and bounds as follows:

Beginning at the Section corner common to Sections 28, 29, 32, & 33, T 10 N, R 1 W, N.M.P.M., running thence N. 89 deg. 44' 01" E., 1,395.90 feet along the section line common to Sections 28 & 33, T 10 N, R 1 W, N.M.P.M., to the Northeast corner; a point on the West boundary of the Town of Atrisco Grant; thence along said meandering boundary. S. 23 deg. 30' 00" E., 540.30 feet; thence, S. 43 deg. 00' 00" E., 528.00 feet; thence, S. 16 deg. 30' 00" E., 594.00 feet; thence, S. 66 deg. 00' 00" W., 330.00 feet; thence, S. 01 deg. 00' 00" E., 924.00 feet; thence S. 67 deg. 15' 00" E., 396.00 feet; thence, S. 14 deg. 00' 00" E, 330.00 feet; thence, S. 82 deg. 15' 00" E, 792.00 feet; thence, S. 11 deg. 15' 00" E., 1,782.00 feet; thence, S. 44 deg. 30' 00" W., 462.00 feet; thence, S. 04 deg. 15' 00" W., 125.23 feet to the Southeast corner; thence, S. 89 deg. 49' 56" W., 2,965.71 feet along the section line common to Section 33, T 10 N, R 1 W, N.M P.M., and Section 4, T 9 N, R 1 W, N.M.P.M., to the Southwest corner; thence, N. 01 deg. 26' 38" W., 5,295.45 feet along section line common to Sections 32 & 33, T 10 N, R 1 W, N.M.P.M., to the point of beginning.

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Mary Herrera Bern. Co. ERSE R 35.00

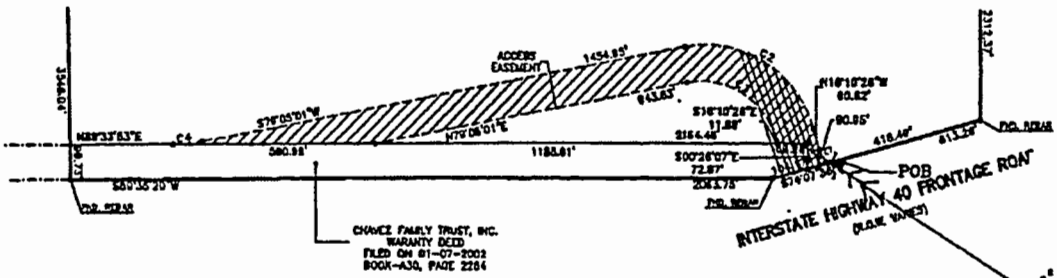

EXHIBIT D

"Joint Use Area"

Mary Herrera Bern. Co. ERSE $ 35.00
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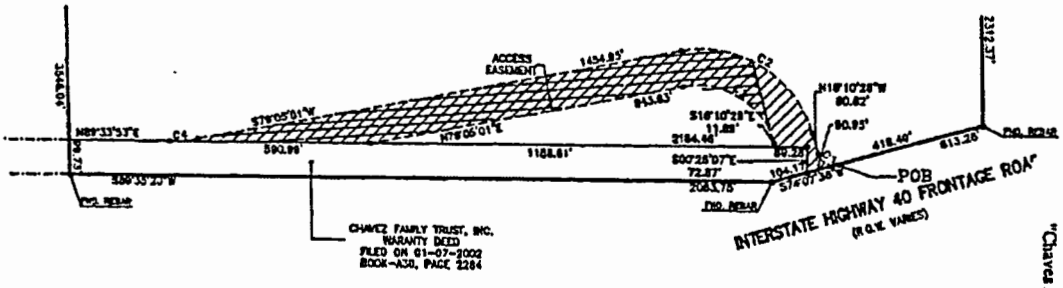

EXHIBIT E
"Chaves Exclusive Use Area"

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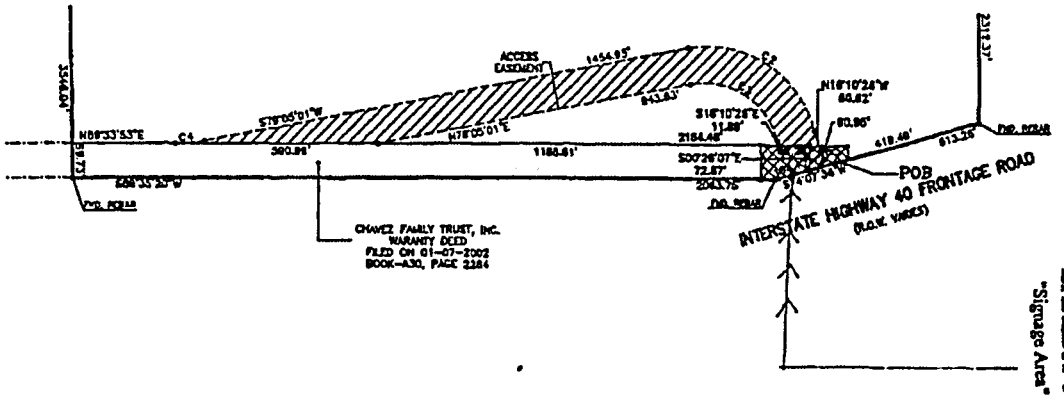

EXHIBIT F
"Signage Area"

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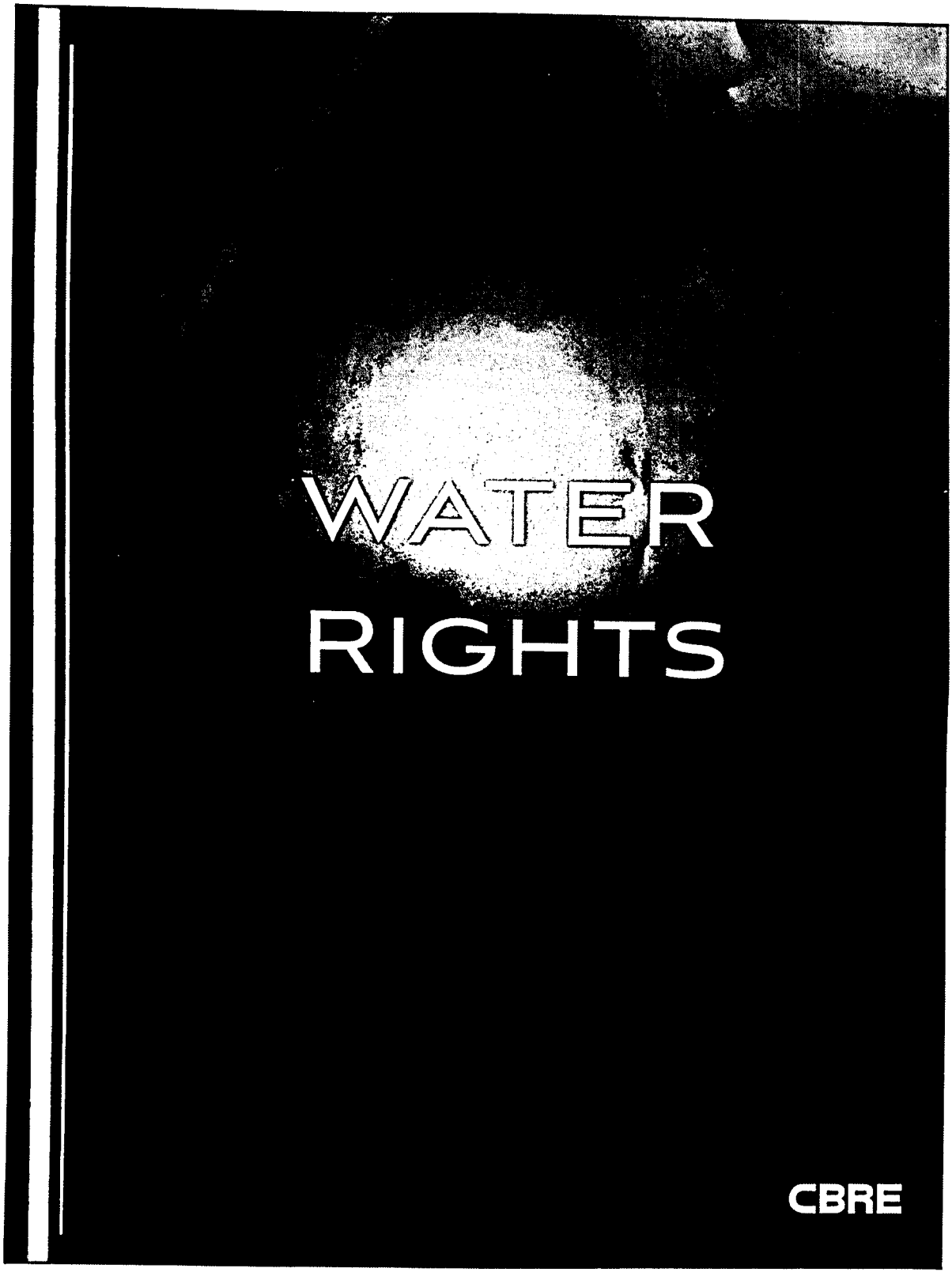
Mary Herrera Bern. Co. LRSE R 35.00


WATER
RIGHTS
CBRE

Notice of Intent to Appropriate the Underground Waters of the State of New Mexico pursuant to NMSA 72-12-25 through 72-12-28 (1985 Repl. Pamp.)

File No. RG-67055

1. Diversion of water from well RG-67055 shall not exceed 400 acre-feet per annum.

2. Well RG-67055 shall be equipped with a totalizing meter, or meters, of a type and at location(s) approved by and installed in a manner acceptable to the State Engineer.

3. Records of the total amount of water diverted from well RG-67055 shall be submitted to the State Engineer, in writing, on or before the 10th day of each month for the preceding calendar month.

4. A quarterly report shall be filed in April, July, October and January of each year, reflecting total dissolved solids analysis of the raw water from the well.

5. Compliance with all applicable New Mexico State Environment Department discharge permits is required.

STATE ENGINEER OFFICE
ALBUQUERQUE, N.M.
97 NOV 10 PM 1:33

Dated this 6th day of November, 1997

Paul Saavedra
Chief, Water Rights Division

STATE ENGINEER OFFICE
ALBUQUERQUE, NEW MEXICO

97 OCT 22 PM 3:21

STATE ENGINEER OFFICE
MEMORANDUM

DATE: October 17, 1997

TO: File

FROM: Paul Saavedra
Chief, Water Rights Division PS

SUBJECT: RG-67055

By letters of July 24, 1997 and August 4, 1997, Mr. William M. Turner, on behalf of Midway Ranch Limited Partnership, advised this office of their intent to appropriate water from well no. RG-67055-EXPLOR in accordance with Sections 72-12-25 thru 28 NMSA (1985 Repl. Pamp.).

Section 72-12-25 defines, water in an aquifer, the top of which aquifer is at a depth of 2500 feet or more below the ground surface and nonpotable water of not less than 1000 parts per million, as parameters in which the State Engineer does not include water in past or present orders or in declared underground water basins.

The records provided by Mr. Turner indicate the well was drilled to a depth of 2993.99 feet below land surface, has a producing interval in the Gallup Sandstone at 2559 feet below land surface and a total dissolved solids concentration of greater than 3000 ppm.

Section 72-12- 26 describes the procedure an appropriator must take to divert water defined in Section 72-12-25. The appropriator must file a "Notice of Intention" with the State Engineer in such a form as the Engineer shall prescribe, and shall publish a notice in a newspaper of general circulation in the county in which the proposed well will be located, once a week for three consecutive weeks.

On August 20, 1997, Midway ranch Limited Partnership filed Notice of Intent to Appropriate Underground Waters of the State of New Mexico pursuant to Sections 72-12-25 thru 72-12-28 NMSA (1985 Repl. Pamp.). The applicant proposes to divert 400 acre-feet of water for construction, commercial, agricultural, dust control, fire control and domestic purposes within the 640 acres of Section 5, Township 9 North, Range 1 West, NMPM and contiguous areas. The applicant provided his own Notice for Publication which appears adequate. The Affidavit of Publication was filed on September 19, 1997 stating the Notice was published in the El Hispano, on August 29, September 5 and 12, 1997.

STATE ENGINEER OFFIC
ALBUQUERQUE, NEW MEXIC

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middle Santa Fe or the upper Gibson Coal member. The middle Santa Fe is made up of clayey siltstone and sandstone while the Gibson is dominantly made up of thick sequences of low permeable siltstones and shales. Laterally to the east the Gallup is faulted downward very deep into the basin. Vertically the Gallup Sandstone is directly overlain by 400 feet of Mancos Shale with the total overburden composed of less than 2% sandstones. Confining pressures on the Gallup Sandstone in this well are sufficient for the piezometeric surface to rise about 2500 feet above the top of the formation which may indicate that fault gouge or offset against a low permeable zone may provide a barrier to flow. The relatively high hydrostatic pressure is also due to the fact that the Gallup Sandstone has not been developed in this area. Under these conditions, effects from groundwater production from the Gallup Sandstone at this site are likely to be de minimis.

Thirty-seven wells of other ownership were found within about 3 miles east (Gallup Sandstone is below economic depth to the east) and 10 miles west of RG-67055-exp in the SEO files, USGS-GWSI database, and Anderholm's (1988) report Thirty-five wells are in the Santa Fe or Mesa Verde Groups and 2 wells are in the Gallup Sandstone. Appendix 1, Figure 1 is a map showing nearby well locations with respect to RG-67055-exp. Wells within a 2 mile radius are vertically separated from the production zone in RG-67055-exp by at least 2000 feet of very low permeable siltsones and shales, therefore any effect would be de minimis.

The nearest well of other ownership that takes its water from the Gallup Sandstone aquifer is located in T10N.R2W.Sec 18.1133, about 8.5 miles to the northwest. The Apache Graben and several faults vertically offset these two wells by about 1900 feet of primarily low permeable siltstones and shales. RG-67055-exp is very poorly hydraulically connected to this well, therefore any effect would be de minimis.

The groundwater flow direction in the Gallup Sandstone can not be determined without additional Gallup wells in the structural area. RG-67055-exp is an artesian well that is open below 2559 feet with a piezometric head of about 34 feet while nearby shallow wells (about 89 to 450 feet deep) finished at different depths indicate a downward gradient.

Anderholm's (1988) study of water quality was used to address the possibility that RG-67055-exp would contaminate potable water sources in shallower aquifers within the area. Anderholm (1988, pg 81) showed that in the Cretaceous rocks in this region, wells produce very poor quality water with higher and lower total dissolved solids concentrations than in RG-67055-exp. Other sandstones in the Cretaceous at this site are from the land surface, the 40 foot thick Hosta Sandstone at about 900 feet and

STATE ENGIN
ALBUQUERQUE,

97 OCT 22

the 150 foot thick Dalton Sandstone at about 2000 feet, the Dalton is an aquifer in parts of the San Juan Basin. These sandstone units were sealed off in RG-67055-exp by pressurized grouting the bore hole annulus. At the land surface near RG-67055-exp, areas of possible contamination by high salt concentrations are the Santa Fe group that is topographically up at least 20 feet higher at the Apache Graben Fault contact, and Quaternary alluvium that is at least 3/4 mile down slope.

There are no known wells in the local area that produce potable water. Shallow nearby wells in the Quaternary alluvium and Santa Fe Group produce nonpotable water. Salt concentrations from these wells have not been quantified but local businesses, Stuckey's and Chevron, use their wells for sanitary purposes and haul water from the Albuquerque municipal system for drinking purposes (personal communications September 24, 1997).

Conclusions and Recommendation

To address the impairment issue of §72-12-28, an inspection of well logs and stratigraphic cross-sections from the literature show that the producing interval is hydraulically very poorly connected to any aquifer or stream system in the Rio Grande Underground Water Basin. All available information suggests that the lithology of sediments vertically above the production zone and lateral faulted units effectively isolate this well from any overlying aquifers. All nearby wells are separated from the production zone by at least 2000 feet of very low permeable siltstones and shales that act as a confining layer. To prevent upward leakance along the well bore, RG-67055-exp was pressure grouted through any possible aquifers above the production zone and cemented to the surface (applicant letter of July 24, 1997). Available data suggests any effects to stream systems or other water rights in the basin would be de minimis if at all due to the approval of this application.

The only concern is that surface handling of all produced water be sufficient to prevent leakage into the Santa Fe Group that is several hundred feet from RG-67055-exp. The Hydrology Bureau highly recommends that before groundwater production from this well is approved, the applicant must be in compliance with all applicable New Mexico State Environment Department discharge permits for disposing of this highly mineralized water.

STATE ENGINEER OFFICE
ALBUQUERQUE, NEW MEXICO
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REFERENCES

Anderholm, Scott H., 1988, Ground-Water Geochemistry of the Albuquerque-Belen Basin, Central New Mexico: USGS WRI Report 86-4094, 110 pp.

Campbell, Jock, 1967, Geology and structure of a portion of the Rio Puerco fault zone, western Bernalillo County, New Mexico (M.S. thesis): Albuquerque, New Mexico, 89p.

Kernodle, J. M., Levings, G.W., Craigg, S.D., and Dam, W.L., 1989, Hydrogeology of the Gallup Sandstone in the San Juan Structural Basin, New Mexico, Colorado, Arizona and Utah: USGS Hydrologic Investigations Atlas HA-720-H, 2 sheets.

Maxwell, C. H., et al, 1989, Southern Colorado Plateau: Anderson, O.J., et al, ed, New Mexico Geological Society Fortieth Annual Field Conference, Sept. 28 to Oct. 1, 1989. p 2-5.

Stone, W. J., Lyford, F. P., Frenzel, P. F., Mizell, N. H., Padgett, E. T., 1983, Hydrogeology and water resources of San Juan Basin, New Mexico: NMBM&MR, Hydrologic Report 6, 70 pp.

Chaves Ranch Appraisal Overview

CBRE

Adjustments made to the appraisal were based on transactions that do not represent fair market value sales and should not be used.

- Sunset Ranch sale (May 2012) was a bank note sale, the nature of the transaction as a potential distressed sale should not be included in the appraisal as it does not represent a fair market value transaction.
- NW Loop & Rio Puerco sale (May 2016) was a distressed sale following the death of a spouse for a quick disposition and was never placed on the public market. This sale should not be included in the appraisal because it does not represent a fair market value transaction.
- One recent transaction that was not included in the appraisal was a 100-acre sale in 2017. This transaction should be used in the appraisal because it represents a recent fair market value sale.
    - Location: North of I-40 and West of Rio Puerco
    - Sale Date: 04/2017
    - Size 100 acres
    - **Price: $12,250 per acre**
    - Use: Solar energy production
- Another recent transaction that was not included in the appraisal was a 100-acre sale in 2019. The end-use and economic useful function of "solar" point to the fact that exact geographic positioning should have no bearing (comparatively speaking) to the subject property. Chaves Ranch would be able to easily mimic the function of the noted sales comparable. The sales comparable should therefore be included and considered "market."
    - Location: Quail Ranch (NW of Paseo Del Norte and Atrisco Vista Blvd.)
    - Sale Date: 03/2019
    - Size: 100 acres
    - **Price $7,000 per acre**
    - Use: Solar energy production
- Ask appraiser to review this information above and adjust the findings of the appraisal by removing the non-market value comps and including the sale data from the 2 recent transactions.

Appraisal Element	Detail	Amount	Appraisal Element	Amount
Date of the appraisal	1/28/2021		1/26/2022	
Appraiser	Dominion Property Advisors (A.KUNA)		Dominion Property Advisors (A.KUNA)	
Prepared for	Sunflower Bank		Navajo Nation	
Property	Chaves Ranch		Chaves Ranch	
Valuation type	Fee Simple Market Value "As Is"		Fee Simple Market Value "As Is"	
Extraordinary Assumptions:				
1	Humming Bird Pueblo	$0	Humming Bird Pueblo (Dr. Adler's Valuation Report)	$12,000,000.00
2	400 acre-feet of non-transferrable water rights	$0	400 acre-feet of non-transferrable water rights	$9,000,000.00
3	4,468 acres of Leased Land from State & BLM	$0	4,468 acres of Leased Land from State Land Office & BLM	•
Market Value Conclusion "As-Is" *(trade upon transfer of leases)				
	1,720 acre ranch tract	$7,900,000 ($4,593/acre)	1,720 acre ranch tract	$860,000.00 ($500 acre)
	58.91 acre interstate tract	$2,360,000 ($40,061./acre)	58.91 acre interstate tract	$590,000.00 ($10,015./acre)
TOTAL APPRAISAL	**Appraisal Evaluation of Land**	**$10,260,000 ($5,767./acre)**	**Appraisal Evaluation of Land & Water Rights:**	**$10,450,000.00**
			Total Asset Value based on 2021 land appraisal, 2022 water rights appraisal, and evaluation of Humming Bird Pueblo	$31,450,000.00

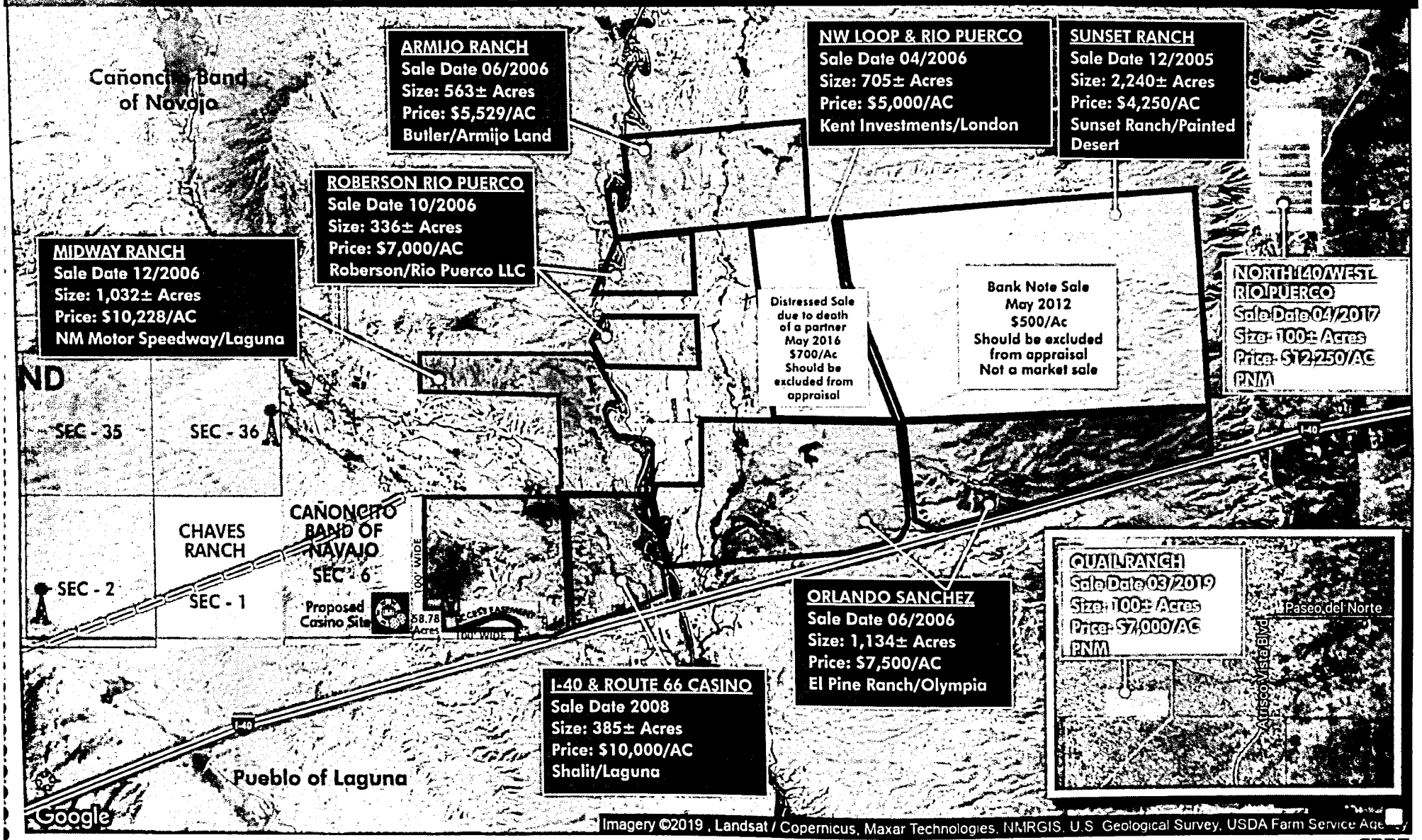
CURRENT SITUATION

Navajo Nation currently does not have opportunities for development due to lack of access or frontage to Interstate 40 except through Laguna owned land.

BENEFITS FOR NAVAJO NATION FROM OWNING CHAVES RANCH

- Adding 6,253 acres of additional land holdings to Navajo Nation
- Providing Legal Access and Frontage along Interstate 40
- 400 acre feet of Water Rights for future use
- Hummingbird Pueblo that could be deeded to Laguna for other consideration and/or land
- Direct KV Line for Lease of large solar field
- Development for Distribution and jobs

Chaves Ranch Comparable Map | West Albuquerque



CBRE

APPRAISAL REPORT

OF:

Chaves Ranch

Rural Tract Land (Acreage) with Non-Permitted Water Rights
Located:
East of Canoncito School Road North of Interstate 40
Albuquerque, New Mexico 87026

Fee Simple Market Value "As Is"
Effective January 26, 2022

For:

Navajo Nation Office of the Speaker
Mr. Seth Damon
P.O. Box 3390
Window Rock, AZ 86515

By:

Dominion Property Advisors
1305 Tijeras Ave. NW
Albuquerque, New Mexico 87102

Dominion Property Advisors

March 18, 2022

Navajo Nation Office of the Speaker
Mr. Seth Damon
P.O. Box 3390
Window Rock, AZ 86515

Re: Appraisal of rural tract land (acreage) with non-permitted water rights located:
East of Canoncito Frontage Road North of Interstate 40
Albuquerque, NM 87026
Dominion Job #: 22-004-402

Mr. Damon:

At your request, we made an inspection of the above-referenced property and investigated the current real estate market in order to provide an opinion of market value "as is" of the fee simple interest in the subject property. Your attention is directed to the Assumptions and Limiting Conditions which identify the scope and use of this report.

This appraisal report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP) and the guidelines of the Appraisal Institute. The extent of research and scope of the project have been clearly outlined in the Scope of Work section of this report. The report is a brief recapitulation of the appraiser's data, analysis, and conclusions consistent with the reporting guidelines of Standards Rule 2-2 (a) and is intended to meet the appraisal requirements of the Financial Institution Recovery Reform and Enforcement Act of 1989 (12 U.S.C. 331-3351). Supporting documentation is retained in the appraisers' file.

The appraisal is also intended to be in compliance with the Code of Professional Ethics of the Appraisal Institute. A copy of your letter of authorization and list of appraisal instructions has been included in the addenda. The appraisers are unbiased with respect to the parties involved and have no present or contemplated future interest in the property appraised. Accordingly, statements of fact are, to the best of our knowledge, correct, and compensation for making this appraisal is not contingent on the value conclusions reported herein. Furthermore, this appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Extraordinary Assumptions:

1) **The subject's ranch tract containing roughly 1,720 acres contains Pueblo Indian ruins dating back to the 14th century which were excavated over an eight-year period by archaeologists from Southern Methodist University beginning circa 1994. The ruins are reportedly spread across an area containing roughly 10 to 20 acres located less than one-half mile southeast of the ranch improvements. The appraisers have no prior experience appraising sites with archaeological ruins. For the purposes of analysis, we assume herein the ruins contribute no value over and above the value of the land. Furthermore, this appraisal does not consider the value of any artifacts which are known to exist within and around the ruins. According to a letter written by Dr.**

Michael Adler, Associate Professor of Anthropology with Southern Methodist University in July 2018 (included in the addenda of this report), the Valuation of Site Based on Research Potential Costs was estimated at $12,000,000. Again, Dominion Property Advisors has no opinion as to the type or validity of the value opinion expressed by Dr. Adler; and any potential tangible or intangible value attributable to Hummingbird Pueblo ruins has not been considered in this analysis.

2) **The opinion of market value attributable to the subject's water rights is predominantly based on conversations with experts in water rights rather than based on an analysis of comparable sales given the complete lack of "brackish" water rights sales within the subject's basin. While water within the subject's basin is relatively plentiful according to documentation provided, the subject's water is brackish and unusable in its current state, which likely explains the lack of comparable sales within the geographic basin. As such, the opinion of market value attributable to the subject's water rights is subject to the extraordinary assumption that all 400 acre feet of water could be extracted and treated for consumptive use which has yet to be determined by qualified experts. We further assume that the subject's water rights could be extracted, treated and used for the benefit of both the 58.91-acre Interstate Tract and 1,720-acre Ranch Tract.**

   If either of these assumptions is proven false, the appraisers reserve the right to amend the appraisal and the opinions of value reported herein.

Special Volatile Issue

The eruption and rapid spread of COVID-19 in early 2020 was one of the most drastic shocks that the vast majority of the globe will ever live through. More so than any other catastrophe or world war, the novel coronavirus affected and continues to affect virtually every person in every country in the world. The COVID-19 pandemic appears poised to affect almost all aspects of our lives, including the use of real estate, for many decades.

Real estate has been broadly affected by COVID-19, in both positive and negative ways. In December 2020, much of the country was locked down to one extent or another. Air travel was about 30% of 2019 levels and the first COVID-19 vaccination had yet to be publicly administered. Headline inflation was just 1.3% and the 10-year treasury was below 1%.

As of December 2021, national vaccination rates were approaching 60%. Air travel on the Sunday after Thanksgiving 2021 was actually 7.5% higher than it was on that same Sunday in 2019. Headline inflation surged to 6.2 and the 10-year treasury was hovering around 1.5% as of December 2021.

Ever-changing economic conditions have generally created a surge in commercial real estate transaction activity. Through Q3 2021, commercial real estate transactions were up 12.7% over 2019 levels. Compared to 2020, commercial real estate transactions were up a whopping 63.5%. Transaction volumes for nearly all property types were substantially higher compared to 2019 levels, with self-storage and hotel properties showing drastic sales volume increases of 56% and 46%, respectively. Transaction volumes in the industrial and apartment sectors were up more than 15% and even retail transactions increased by nearly 8%. Although the office sector posted a 4.6% decline in transaction volume compared to 2019, medical office transactions were up 12%.

One reason for the surge in transaction volume is attributable to activity that was put on hold in 2020 and pushed into 2021, but there are a variety of factors supporting recent investment in commercial real estate. One key factor is that financial liquidity is way up, with the US money supply up 28% from pre-pandemic levels and investors flush with cash. Another factor is elevated inflation. Many types of commercial real estate have built-in inflation resistance, which is attracting new investors to the market. At a time when

inflation pressure is elevated, commercial real estate can often outperform other investment classes.

Cap rate compression has been observed among most property classes, with national apartment cap rates compressing by 30 basis points, industrial cap rates compressing by 35 basis points, retail cap rates falling by 25 basis points and even office cap rates down by 10 basis points compared to 2019. In general, commercial real estate prices appreciated measurably in 2021 compared to pre-pandemic levels. The amount of capital currently pursuing real estate has pushed prices for most property types up aggressively and put downward pressure on cap rates.

Some asset classes have not fared as well and are still in recovery mode, including urban hotels, older shopping centers, urban office and senior living facilities. Restaurant operators continue to struggle with labor shortages and 91,000 restaurant closures in 2020 has created opportunities for first-time restauranteurs to enter the market.

The unemployment rate edged down to 4.8 percent in October 2021. The rate is down considerably from its high in April 2020 but remains 1.3% higher than its pre-pandemic level in February 2020. The number of unemployed persons, at 7.4 million, continued to trend down in October but is 1.7 million higher than in February 2020. In short, the V-shaped recovery predicted by many economists has come to fruition; but took longer than originally anticipated. The $1.9 trillion American Rescue Plan injected capital into the economy which appears to have buoyed the economy while the pandemic continues to be brought under control.

Most appraisals are based on historic information, i.e., sales of land and buildings are often prior to the effective date of the valuation, and pending sales and actual lease rates are often negotiated before the effective date of the valuation. Whenever possible, the sales and analysis presented are based on market conditions since the onset of the COVID-19 outbreak but still may not accurately reflect ever-evolving market conditions. It will take months or possibly years to be able to accurately measure the economic impact of COVID-19 on real estate markets. The breadth and depth of the impact will depend upon how long the pandemic lasts, how quickly businesses can recover, and how fast people can get back to work.

The forecasts, projections, or operating estimates contained herein are based upon recent historical market conditions/evidence, anticipated short-term supply and demand factors, and a more stable economy. The reader should note that the appraiser has considered the impact of COVID-19 on the subject's property type to the extent possible.

Based on the data analysis presented herein, the following is our opinion of market value "as is" of the fee simple interest in the subject property, effective January 26, 2022:

Market Value "As Is" – 1,720 Acre Ranch Tract:	**$860,000**
Market Value "As Is" – 58.91 Acre Interstate Tract:	**$590,000**
Market Value "As Is" – 400 Acre Fee of Non-Permitted Water Rights	**$9,000,000**

THE ABOVE MARKET VALUE CONCLUSION IS QUALIFIED BY THE GENERAL ASSUMPTIONS AND LIMITING CONDITIONS SET FORTH IN THIS REPORT.

Respectfully submitted,

DOMINION PROPERTY ADVISORS

ANTHONY KUNA, MAI
GENERAL CERTIFIED APPRAISER, NM #03041-G

William Rael

WILLIAM RAEL
APPRENTICE APPRAISER, NM #03518-A

APPRAISAL REPORT

OF:

Chaves Ranch

Rural Tract Land (Acreage)
Located:
E/o Canoncito Frontage Road N/o of Interstate 40
Albuquerque, New Mexico 87026

Fee Simple Market Value "As Is"
Effective January 28, 2021

For:

Sunflower Bank
Ms. Melissa Geddis
25 Ken Pratt Blvd.
Longmont, CO 80501

By:

Dominion Property Advisors
1305 Tijeras Ave. NW
Albuquerque, New Mexico 87102

Dominion Property Advisors

March 24, 2021

Sunflower Bank
Ms. Melissa Geddis
25 Ken Pratt Blvd.
Longmont, CO 80501

Re: Appraisal of rural tract land (acreage) located:
E/o Canoncito Frontage Road N/o Interstate 40
Albuquerque, NM 87026
RIMS Project #: 21-000020-03-01
Dominion Job #: 21-021-412

Ms. Geddis:

At your request, we made an inspection of the above-referenced property and investigated the current real estate market in order to provide an opinion of market value "as is" of the fee simple interest in the subject property. Your attention is directed to the Assumptions and Limiting Conditions which identify the scope and use of this report.

This appraisal report is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice (USPAP) and the guidelines of the Appraisal Institute. The extent of research and scope of the project have been clearly outlined in the Scope of Work section of this report. The report is a brief recapitulation of the appraiser's data, analysis, and conclusions consistent with the reporting guidelines of Standards Rule 2-2 (a) and is intended to meet the appraisal requirements of the Financial Institution Recovery Reform and Enforcement Act of 1989 (12 U.S.C. 331-3351). Supporting documentation is retained in the appraisers' file.

The appraisal is also intended to be in compliance with the Code of Professional Ethics of the Appraisal Institute. A copy of your letter of authorization and list of appraisal instructions has been included in the addenda. The appraisers are unbiased with respect to the parties involved and have no present or contemplated future interest in the property appraised. Accordingly, statements of fact are, to the best of our knowledge, correct, and compensation for making this appraisal is not contingent on the value conclusions reported herein. Furthermore, this appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Extraordinary Assumptions:

1) **The subject's ranch tract containing roughly 1,720 acres contains Pueblo Indian ruins dating back to the 14th century which were excavated over an eight-year period by archaeologists from Southern Methodist University beginning circa 1994. The ruins are reportedly spread across an area containing roughly 10 to 20 acres located less than one-half mile southeast of the residence. The appraisers have no prior experience appraising sites with archaeological ruins. For the purposes of analysis, we assume that**

1305 Tijeras Ave. NW ❖ Albuquerque, NM 87102 ❖ 505.314.3460

despite having cultural significance, the ruins contribute no value over and above the value of the site as though vacant. Furthermore, this appraisal does not consider the value of any artifacts which are known to exist within and around the ruins.

2) **The subject reportedly has 400 acre-feet of non-transferrable water rights that may be utilized for both the ranch tract and the interstate tract; however, the existing water supply is brackish. We assume herein that existing wells and water supply are adequate to support any proposed use but that desalination systems will be necessary in order to make water supply potable.**

Special Volatile Issue

The eruption and rapid spread of COVID-19 in early 2020 was one of the most drastic shocks that the vast majority of the globe will ever live through. More so than any other catastrophe or world war, the novel coronavirus affected and continues to affect virtually every person in every country in the world.

There have been several other comparable global events over the past century. The Spanish flu pandemic of 1918–1920, World War I, the Great Depression, and World War II are all described in terms of pre- and post-event, with widespread societal, economic, and political changes separating the before and after times. The global financial crisis (GFC) was certainly widespread and severe, but it did not come close to the levels of suffering wrought by the first four tragedies. The fifth global tragedy of the past 102 years, the COVID-19 pandemic appears poised to affect almost all aspects of our lives, including the use of real estate, for many decades.

So far in 2020, real estate has been broadly affected by COVID-19, mostly—but not universally—in a negative way. In fact, properties with a public use component (e.g., offices, retail, apartments, hotels, sports and entertainment venues) have been singled out as potential spreading locations for the novel coronavirus and have been at times and in some states either shut down and/or have had use restrictions imposed. The fact that these new regulations have varied by state has made the response and mitigation all the more difficult. On the other hand, logistics facilities and data centers are generally thriving.

A recovery was expected to be underway by Q4, but the November 2020 employment report was not good, indicating a sharp deceleration in job creation compared to the prior month. Renewed business shutdowns across many regions has continued to create market uncertainty. Monthly multi-million job gains since June 2020 are likely over to a great extent; however, the recent passage of the $1.9 trillion American Rescue Plan is expected to help sustain struggling business owners until vaccinations are widely administered to the general public and life returns to some semblance of normality.

Most appraisals are based on historic information, i.e., sales of land and buildings are often prior to the effective date of the valuation, and pending sales and actual lease rates are often negotiated before the effective date of the valuation. As a result, these transactions prior to the virus do not indicate the potential adverse impact of the COVID-19 pandemic. The sales and analysis presented are based on market conditions prior to the COVID-19 outbreak and, in some cases, subsequent to the onset of the outbreak and may not accurately reflect ever-evolving market conditions. Listings of properties for sale or lease can provide some insight, but most property owners have not yet reflected the impact of the virus by lowering their prices. It will take months or possibly years to be able to accurately measure the economic impact of COVID-19 on real estate markets. The breadth and depth of the impact will depend upon how long the pandemic lasts, how quickly businesses can recover, and how fast people can get back to work.

The forecasts, projections, or operating estimates contained herein are based upon recent historical market conditions/evidence, anticipated short-term supply and demand factors, and a more stable economy. Until more transactions take place under current market conditions with all parties involved understanding the ramifications of the coronavirus, these forecasts are subject to change.

The reader should note that the appraisers have considered the impact of COVID-19 on the subject's property type to the extent possible, and that ever-changing market conditions will likely result in a general short-term diminution in real estate values across several real estate sectors.

Based on the data analysis presented herein, the following is our opinion of market value "as is" of the fee simple interest in the subject property, effective January 28, 2021:

Market Value "As Is" – 1,720 Acre Ranch Tract:	**$7,900,000**
Market Value "As Is" – 58.91 Acre Interstate Tract:	**$2,360,000**

THE ABOVE MARKET VALUE CONCLUSION IS QUALIFIED BY THE GENERAL ASSUMPTIONS AND LIMITING CONDITIONS SET FORTH IN THIS REPORT.

Respectfully submitted,

DOMINION PROPERTY ADVISORS

ANTHONY KUNA, MAI
GENERAL CERTIFIED APPRAISER, NM #03041-G

William Rael

WILLIAM RAEL
APPRENTICE APPRAISER, NM #03518-A

CHAVES

OFFERING MEMORANDUM

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CBRE

EXHIBIT D

THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

Memorandum:

To: Dana Babroff, Chief Legislative Counsel
Office of Legislative Counsel, Legislative Branch

From: Robert Willie, Accounting Manager
Office of the Controller

Date: December 6, 2022

Subject: Re: Land Acquisition Trust Fund

The Office of Controller has calculated the unaudited balance of the Land Acquisition Fund as of November 30, 2022. The unaudited unreserved amount available for use in the fund balance is $195,678,158, (See Exhibit A, footnote 1). However, 16 NNC §204 would govern this amount as it would be Fund Principal.

The budget available within the business unit 415000 $3,839,633.75 as of November 30, 2022. The amount in the capital object code series is $2,884,027.08 The title 16 NNC §205 Expenditure of Fund Income would govern this portion as this amount is income that should be used for land acquisition.

Per resolution CJY-54-94, 90% of Fund Income goes to the Program and the remaining 10% shall be reinvested back into the Trust Fund.

If you should have any questions, please feel free to call me at tribal extension X6125.

NAVAJO NATION OFFICE OF THE CONTROLLER
P.O.BOX 3150 · WINDOW ROCK, AZ 86515 · PHONE: (928) 871-6398 · FAX: (928) 871-6026

EXHIBIT "A"

THE NAVAJO NATION
Land Acquisition Trust Fund
Combining Balance Sheet
November 30, 2022 (Unaudited)

Assets			
Current Assets:			
Cash and cash equivalents	$	(54)	
Investments		46,259,433	
Receivables:			
Accounts Receivable		7,298,154	
Advances Receivable		-	
Total Current Assets		53,557,533	
Long Term Assets:			
Investments		145,981,080	
Receivables		-	
Total Long Term Assets		145,981,080	
Total Assets	$	199,538,613	
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	$		
Accruals		(1)	
Other Liabilities		-	
Total Liabilites		(1)	
Fund Balances:			
Unreserved		(195,678,158)	(1)
Committed		(3,500)	
Assigned		(3,856,954)	
Total Fund Balances		(199,538,612)	
Total Liabilites and fund balances	$	(199,538,612)	

THE NAVAJO NATION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
November 30, 2022 (Unaudited)

Revenues:		
Interest & Dividends		(39,507)
Net Change in Investments		
Other Revenue		(1,622,074)
Total Revenue		(1,661,581)
Expenditures:		
Total Expenditures		114,895
Excess (deficit) of revenues over expenditures		(1,546,686)
Transfers		-
Net change in fund balances	$	(1,546,685.64)

(1) - Unapproriated Balance Available

Prepared by General Accounting
12/6/2022

NAVAJO NATION

1273 12/29/2022

Navajo Nation Council Special Session 07:33:09 PM

Amd# to Amd#	New Business: (Item E.)	PASSED
MOT Yellowhair	-Legislation 0241-22: Approving	
SEC Damon	the Purchase of Property Known	
	as the Chaves Ranch, . . .	

Yeas : 17 **Nays : 4** **Excused : 1** **Not Voting : 1**

Yea : 17

Begay, E	Freeland, M	Stewart, W	Walker, T
Begay, K	Halona, P	Tso, C	Wauneka, E
Begay, P	Henio, J	Tso, D	Yazzie
Damon	James, V	Tso, E	Yellowhair
Daniels			

Nay : 4

Brown	Charles-Newton	Crotty	Nez, R

Excused : 1

Slater, C

Not Voting : 1

Smith

Presiding Speaker: Tso