

RESOLUTION OF THE
BUDGET AND FINANCE COMMITTEE
OF THE NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL - Second Year, 2016

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; APPROVING THE ADDITION OF
INVESTMENT MANAGER SERVICES BY LOGAN CIRCLE PARTNERS, L.P.

Section One. Authority

- A. The Budget and Finance Committee of the Navajo Nation Council is empowered with the "authority including but not limited to budget, finance, investment, bonds, contracting, insurance, audits, accounting, taxes, loans, Chapter budget and finance for the following purposes: 1) To coordinate, oversee, regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation." 2 N.N.C. §§ 300(C) and 300(C)(1).
- B. The Navajo Nation Investment Committee is responsible for selecting and reviewing Investment Managers for the Navajo Nation's portfolio of assets. See BFJN-17-15, paragraph, 18.1, amending BFJA-01-08.

Section Two. Findings

- A. The Office of the Controller has coordinated with the Navajo Nation's designated investment consultant, R. V. Kuhns & Associates, Inc., in recommending to the Navajo Nation Investment Committee the addition of a third core/core plus fixed income allocation structure, to reduce manager concentration and to improve the diversification for the core/core plus fixed income allocation structure. See NNICO-01-15, paragraph 2, attached as Exhibit A.

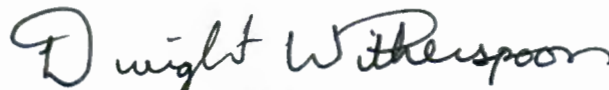
- B. The Office of the Controller, in coordination with R. V. Kuhns & Associates, Inc., interviewed two fixed income managers and recommends adding Logan Circle Partners, L.P. as an additional investment manager to the Master Trust core/core plus fixed income allocation structure of the portfolio. See NNICO-01-15, paragraph 3.
- C. The Navajo Nation Investment Committee recommends to the Budget and Finance Committee the addition of Logan Circle Partners, L.P. as an additional manager to the Master Trust core/core plus fixed income allocation structure of the portfolio. See NNICO-01-15, paragraph 4.

Section Three. Approval

- A. The Budget and Finance Committee hereby approves the recommendation of the Navajo Nation Investment Committee to add Logan Circle Partners, L.P. as an additional manager for the Navajo Nation's Master Trust core/core plus fixed income allocation structure of the portfolio.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 3 in favor, 2 opposed, this 24th day of May, 2016.



Honorable Dwight Witherspoon, Vice Chairperson
Budget and Finance Committee

Motion: Honorable Lee Jack, Sr.

Second: Honorable Tom T. Chee

LEGISLATIVE SUMMARY SHEET

Tracking No. 0157-16

DATE: May 17, 2016

TITLE OF RESOLUTION: RELATING TO BUDGET AND FINANCE COMMITTEE;
APPROVING THE ADDITION OF INVESTMENT MANAGER SERVICES BY LOGAN
CIRCLE PARTNERS, L.P.

PURPOSE: The purpose of the resolution is to add Logan Circle Partners, L.P. as an investment manager to the Master Trust portfolio.

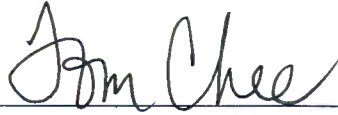
This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate review the proposed resolution in detail.

5-DAY BILL HOLD PERIOD: None
Website Posting Time/Date: 5:37pm 5/18/16
Posting End Date: 5/23/2016
Eligible for Action: 5/24/2016

Budget & Finance Committee

PROPOSED STANDING COMMITTEE RESOLUTION
23rd NAVAJO NATION COUNCIL -- Second Year, 2016

INTRODUCED BY



(Primary Sponsor)

TRACKING NO. 0157-14

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; APPROVING THE
ADDITION OF INVESTMENT MANAGER SERVICES BY LOGAN CIRCLE
PARTNERS, L.P.

Section One. Authority

- A. The Budget and Finance Committee of the Navajo Nation Council is empowered with the "authority including but not limited to budget, finance, investment, bonds, contracting, insurance, audits, accounting, taxes, loans, Chapter budget and finance for the following purposes: 1) To coordinate, oversee, regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation." 2 N.N.C. §§ 300(C) and 300(C)(1).
- B. The Navajo Nation Investment Committee is responsible for selecting and reviewing Investment Managers for the Navajo Nation's portfolio of assets. See BFJN-17-15, paragraph, 18.1, amending BFJA-01-08.

Section Two. Findings

- A. The Office of the Controller has coordinated with the Navajo Nation's designated investment consultant, R. V. Kuhns & Associates, Inc., in recommending to the Navajo Nation Investment Committee the addition of a third core/core plus fixed income allocation structure, to reduce manager concentration and to improve the

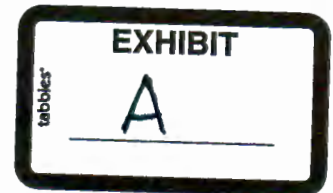
1 diversification for the core/core plus fixed income allocation structure. See NNICO-
2 01-15, paragraph 2, attached as Exhibit A.

3 B. The Office of the Controller, in coordination with R. V. Kuhns & Associates, Inc.,
4 interviewed two fixed income managers and recommends adding Logan Circle
5 Partners, L.P. as an additional investment manager to the Master Trust core/core plus
6 fixed income allocation structure of the portfolio. See NNICO-01-15, paragraph 3.

7 C. The Navajo Nation Investment Committee recommends to the Budget and Finance
8 Committee the addition of Logan Circle Partners, L.P. as an additional manager to the
9 Master Trust core/core plus fixed income allocation structure of the portfolio. See
10 NNICO-01-15, paragraph 4.

11
12 **Section Three. Approval**

13 A. The Budget and Finance Committee hereby approves the recommendation of the
14 Navajo Nation Investment Committee to add Logan Circle Partners, L.P. as an
15 additional manager for the Navajo Nation's Master Trust core/core plus fixed income
16 allocation structure of the portfolio.



**RESOLUTION OF
THE NAVAJO NATION INVESTMENT COMMITTEE**

**Selecting and Recommending to the Budget and Finance Committee Approval of an Additional
Fixed Income Manager Held in the Navajo Nation Master Trust**

WHEREAS:

1. Pursuant to Budget and Finance Committee Resolution BFJY-114-03 as amended by Budget and Finance Committee Resolution No. BFJA-01-08 and No. BFJN-17-15 which involved adopting investment policies and sub-policies for all Navajo Nation financial resources, the Navajo Nation Investment Committee was continued with delegated authority to approve and recommend investments for adoption to the Budget and Finance Committee; and

2. Pursuant to the delegated authority, the Office of the Controller has coordinated with the Navajo Nation's designated investment consultant, R.V. Kuhns & Associates, Inc. a recommendation to consider the addition of a third (3rd) core/core plus fixed income manager to the Navajo Nation Master Trust to reduce manager concentration and to improve diversification for the core/core plus fixed income allocation structure; and

3. The Office of the Controller in coordination with R.V. Kuhns & Associates, Inc. has interviewed two (2) fixed income managers and recommends adding Logan Circle Partners to the Master Trust core/core plus fixed income allocation structure, for a total of 1/3 allocation in the fixed income portfolio to further diversify the portfolio as well as reduce manager concentration; and

4. The Navajo Nation Investment Committee has reviewed the RVK recommendation materials addressing the Master Trust fixed income allocation structure hereto as Exhibit A and recommends the same for approval by the Budget and Finance Committee of the Navajo Nation Council

NOW THEREFORE BE IT RESOLVED THAT:

The Navajo Nation Investment Committee hereby approves and recommends to the Budget and Finance Committee of the Navajo Nation Council approval to implement Logan Circle Partners into the Master Trust's fixed income portfolio to further diversify the portfolio and reduce manager concentration.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Investment Committee, at a duly called meeting at the Office of Orrick, Herrington & Sutcliffe LLP in Portland, Oregon at which a quorum was present and that same was passed by a vote of 3 in favor and 0 opposed, this 1st day of October, 2015.

A handwritten signature in blue ink that reads "Robert Willie".

Robert Willie
Presiding Chairman
Navajo Nation Investment Committee

Motion: Seth
Second: Beth
Vote: 3-0

Exhibit A

RVK

October 1, 2015

The Navajo Nation Plans

Fixed Income Manager Comparison



Fixed Income Manager Comparison

Background

- RVK, in connection with the Office of the Controller's staff, has reviewed the Master Trust's Core / Core Plus Fixed Income structure
- Master Trust's Core / Core Plus Fixed Income Composite currently consists of two managers, with \$477.7M in assets as of August 31, 2015
- To reduce manager concentration and improve diversification, RVK recommends adding a third manager to the Core / Core Plus Fixed Income Composite.
- RVK has completed a competitive manager search, and has identified the below managers as well-suited options for the Navajo Nation Plans.
 - Logan Circle Core Plus
 - TCW Core Plus Fixed Income

Fixed Income Manager Comparison

Finalist Managers

- Both managers' seek to deliver consistent, low volatility returns and downside protection to the total fund portfolio as well as producing steady income.

Logan Circle

- Logan Circle utilizes fundamental, bottom-up research, focuses on security and sector selection, and does not take duration bets.
- Logan Circle seeks to exploit inefficiencies with securities exposed to credit, prepayment and liquidity risks.
- **Strategy Name: Core Plus**
- **Strategy Inception: October 2000**
- **Lowest Cost Vehicle: Separate Account**
- **Fee: 0.28%**

TCW

- TWC utilizes fundamental proprietary research to identify attractive investments.
- TCW's investment philosophy focuses on five strategies: 1) duration management, 2) yield curve positioning, 3) sector allocation, 4) security selection, and 5) opportunistic execution.
- **Strategy Name: Core Plus Fixed Income**
- **Strategy Inception: August 1996**
- **Lowest Cost Vehicle: Separate Account**
- **Fee: 0.27%**

Fixed Income Manager Comparison

Proposed Core / Core Plus Fixed Income Structure – Master Trust

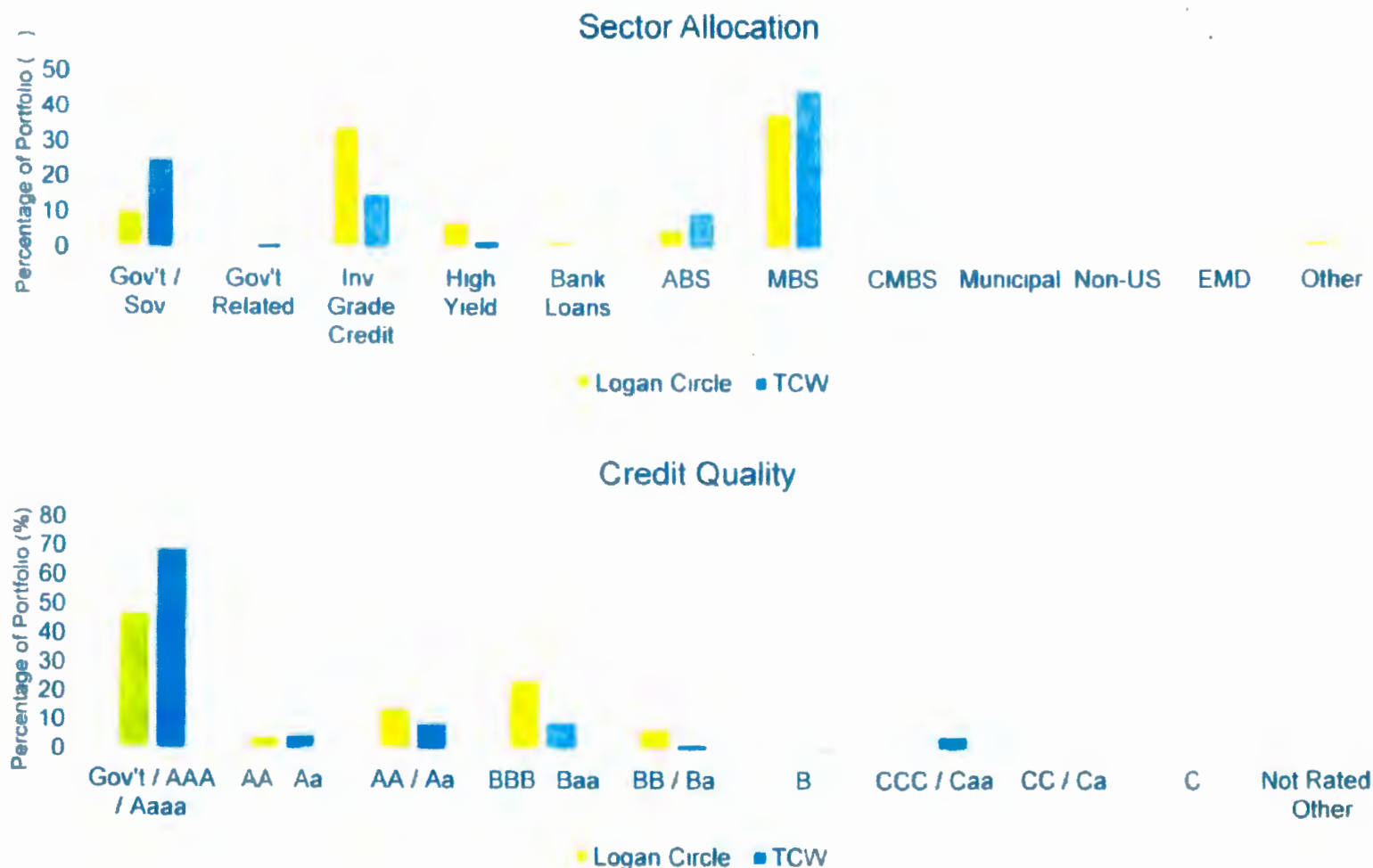
- RVK recommends adding a third manager to the Master Trust's Core / Core Plus Fixed Income Composite to reduce manager concentration and improve diversification.
- If approved, the Core / Core Plus Fixed Income Composite would be allocated equally among the managers – with each managing ~33% of the portfolio.

Current Manager Lineup			Proposed Manager Lineup		
Manager	Targeted Weight	Targeted Market Value	Manager	Targeted Weight	Targeted Market Value
Agincourt Core FI	33%	\$238.9M	Agincourt Core FI	33%	\$159.2M
BH Core FI	33%	\$238.9M	BH Core FI	33%	\$159.2M
TOTAL		\$477.7M	NEW MANAGER	33%	\$159.2M
			TOTAL		\$477.7M

Targeted Market Value is based on a Core Fixed Income targets of 18% for the Permanent Fund and a 22% for the Sihasin Fund
 The Total Master Trust (E-Direct Inv) market value was \$2.152B
 The Permanent Fund market value was \$1.858B
 Target market values shown are based on total assets as of August 31, 2015

Fixed Income Manager Comparison

Sector Allocation and Credit Quality Comparison



Data shown as of June 30 2015

RVK

Fixed Income Manager Comparison

Performance Review and Comparison

Trailing Period Performance (%)	1 Year	3 Years	5 Years	7 Years	10 Years
<i>Lazard CDO</i>	2.0	3.9	5.5	6.5	5.3
TCW	2.2	4.3	5.6	7.4	6.6
<i>Barclays US Aggregate</i>	1.9	1.8	3.3	4.6	4.4

Calendar Year Performance (%)	2014	2013	2012	2011	2010	2009	2008	2007	2006
<i>Lazard CDO</i>	7.4	0.2	9.1	7.7	9.9	26.7	-13.8	4.0	6.3
TCW	6.3	0.5	11.6	5.9	11.9	17.9	-1.2	7.4	6.7
<i>Barclays US Aggregate</i>	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3

Performance shown is gross of fees and is as of June 30, 2015

RVK

Fixed Income Manager Comparison

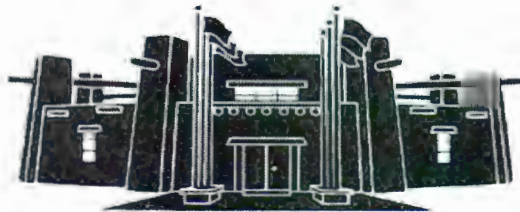
Performance Review and Comparison

Trailing Period Performance (%)	1 Year	3 Years	5 Years	7 Years	10 Years
Current - 50% Agin / 50% BH	1.8%	2.5%	4.1%	5.5%	5.1%
33% Split w/ Target	1.8%	2.9%	4.5%	5.8%	5.2%
33% Split w/ TCW	1.9%	3.1%	4.6%	6.1%	5.6%
<i>Barclays US Aggregate</i>	1.9%	1.8%	3.3%	4.6%	4.4%

Calendar Year Performance (%)	2014	2013	2012	2011	2010	2009	2008	2007	2006
Current - 50% Agin / 50% BH	5.9	-1.3	6.1	7.6	7.9	12.3	1.1	6.9	4.9
33% Split w/ Target	6.4	-0.8	7.1	7.7	8.6	16.9	-4.1	5.9	5.4
33% Split w/ TCW	6.0	-0.7	7.9	7.0	9.2	14.1	0.3	7.1	5.5
<i>Barclays US Aggregate</i>	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3

Performance shown is gross of fees and is as of June 30, 2015

RVK



MEMORANDUM

TO: Honorable Tom Chee
The 23rd Navajo Nation Council

FROM: K.A. Lowell
Kristen A. Lowell, Attorney
Office of Legislative Counsel

DATE: May 17, 2016

SUBJECT: RELATING TO BUDGET AND FINANCE COMMITTEE; APPROVING
THE ADDITION OF INVESTMENT MANAGER SERVICES BY LOGAN CIRCLE
PARTNERS, L.P.

As requested, I have prepared the above-referenced proposed resolution and associated legislative summary sheet pursuant to your request for legislative drafting. Based on a review of the existing law and the documents submitted, the legislation is legally sufficient.

The resolution as drafted is legally sufficient; however, as with any action of government it may be subject to review by the courts in the event of proper challenge. **Please ensure that this particular resolution is precisely what you want.** You are encouraged to review the proposed resolution to ensure that it is drafted to your satisfaction.

The Office of Legislative Counsel confirms the appropriate standing committee(s) based on the standing committees powers outlined in 2 N.N.C. §§301, 401, 501, 601 and 701. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. §164(A)(5).

If the proposed resolution is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like made to the proposed resolution.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0157-16_

SPONSOR: Tom Chee

TITLE: An Action Relating To Budget And Finance Committee; Approving The Addition Of Investment Manager Services By Logan Circle Partners, L.P.

Date posted: May 18, 2016 at 5:37pm

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

Written comments may be mailed to:

**Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7590**

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

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

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

LEGISLATION NO.: 0157-16

SPONSOR: Honorable Tom Chee

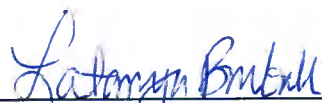
TITLE: An Action Relating To Budget And Finance Committee; Approving The Addition Of Investment Manager Services By Logan Circle Partners, L.P.

Posted: May 18, 2016 at 5:37pm

5 DAY Comment Period Ended: May 23, 2016

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing	<i>None</i>
Inclusive Comments	<i>None</i>



**Policy Analyst
Office of Legislative Services**

5/24/16 8:16am

Date/Time

23rd NAVAJO NATION COUNCIL

Second Year 2016

Mr. Speaker:

The **BUDGET & FINANCE COMMITTEE** to whom has been assigned

NAVAJO LEGISLATIVE BILL # 0157-16:

An Action Relating to Budget and Finance Committee; Approving the Addition of Investment Manager Services by Logan Circle Partners, L.P. *Sponsored by Tom Chee and Seth Damon, Council Delegates*

has had it under consideration and reports the same with the recommendation that It **Do Pass** without amendment.

Respectfully submitted,


Dwight Witherspoon, Vice Chairman

Adopted: 
Legislative Advisor

Not Adopted: _____
Legislative Advisor

24 May 2016

The vote was **3** in favor **2** opposed (Vice Chairman broke the tie vote)