

**LEGISLATIVE SUMMARY SHEET**

Tracking No. 0319-19

**DATE:** October 16, 2019

**TITLE OF RESOLUTION:** A PROPOSED NAVAJO NATION COUNCIL RESOLUTION; AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; TERMINATING THE GENERAL INDEMNITY AGREEMENTS GRANTED PURSUANT TO RESOLUTION NOS. CD-60-13 AND CAP-13-15 FOR THE NAVAJO TRANSITIONAL ENERGY COMPANY, LLC

**PURPOSE:** This resolution, if approved, will terminate the NTEC General Indemnity Agreements issued pursuant to CD-60-13 and CAP-13-15 and will authorize the Navajo Nation President to submit notices of termination to the sureties related to the NTEC General Indemnity Agreements and to execute any other documentation necessary to effectuate the intent of the resolution.

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

5-DAY BILL HOLD PERIOD: 2888  
Website Posting Time/Date: \_\_\_\_\_  
Posting End Date: 10/23/19  
Eligible for Action: 10/24/19

PROPOSED NAVAJO NATION COUNCIL RESOLUTION  
24<sup>th</sup> NAVAJO NATION COUNCIL—First Year, 2019

INTRODUCED BY



Primary Sponsor

TRACKING NO. 0319-19

AN ACTION

RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL;  
TERMINATING THE GENERAL INDEMNITY AGREEMENTS GRANTED  
PURSUANT TO RESOLUTION NOS. CD-60-13 AND CAP-13-15 FOR THE  
NAVAJO TRANSITIONAL ENERGY COMPANY, LLC

BE IT ENACTED:

**Section One. Authorities**

- A. Pursuant to 2 N.N.C. §164 (A)(16) “[m]atters constituting an emergency shall be limited to the cessation of law enforcement services, and disaster relief services, fire protection services or other direct services required as an entitlement under Navajo Nation or Federal law, or which directly threaten the sovereignty of the Navajo Nation. Such an emergency matter must arise due to the pressing public need for such resolution(s) and must be a matter requiring final action by the Council.”
- B. The Navajo Nation Council is the governing body of the Navajo Nation pursuant to 2 N.N.C. § 102(A).

**Section Two. Findings**

- A. On April 30, 2013, by Resolution No. CAP-20-13, as amended, the Navajo Nation Council approved the creation of the Navajo Transitional Energy Company, LLC

1 (“NTEC”) for the primary purpose of purchasing the Navajo Mine from BHP  
2 Billiton New Mexico Coal Company.

3 B. In order for the NTEC to obtain the performance and reclamation bonds required to  
4 complete the transactions for NTEC’s purchase of the Navajo Mine, the Navajo  
5 Nation Council, pursuant to Resolution No. CD-60-13 (Dec 27, 2013) approved by  
6 a 2/3 majority vote a limited waiver of the Nation’s sovereign immunity to be  
7 included in General Indemnity Agreements in connection solely with the Navajo  
8 Mine, and the execution of such General Indemnity Agreements with the Zurich  
9 American Insurance Company and Arch Insurance Company.

10 C. Resolution No. CAP-13-15 signed into law on May 4, 2015 amended Resolution  
11 No. CD-60-13 to extend the same limited waiver of sovereign immunity and form  
12 of General Indemnification Agreements solely in connection with NTEC’s  
13 purchase of the Navajo Mine to eight (8) additional sureties and their subsidiaries,  
14 affiliates and associated companies, which are: (1) Argonaut Insurance Company;  
15 (2) CNA Surety; (3) Liberty Mutual Insurance Company; (4) ACE USA/ACE  
16 Surety; (5) Chubb Group of Insurance Company; (6) the Hanover Insurance  
17 Company; (7) One Beacon Surety Group; and (8) Travelers Casualty and Surety of  
18 America. The General Indemnity Agreements granted by the Navajo Nation under  
19 Resolution Nos. CD-60-13 and CAP-13-15 are collectively referred to in this  
20 resolution as the “NTEC General Indemnity Agreements”. Resolution CAP-13-15  
21 is attached as **Exhibit 1**.

22 D. In May 2019, Cloud Peak Energy Inc. (“Cloud Peak”) filed for Chapter 11  
23 bankruptcy. On August 19, 2019, after completion of the bankruptcy auction, the  
24 Navajo Nation was notified by NTEC that NTEC was acquiring three (3) mines  
25 physically located in Wyoming and Montana belonging to Cloud Peak (the “Cloud  
26 Peak Mines”).

27 E. Under applicable laws, NTEC must obtain surety bonds or other financial  
28 assurances related to the reclamation of the Cloud Peak Mines and other  
29 obligations in order for NTEC to own/operate those mines. These bonds could  
30 total between \$350 million and \$400 million.



- 1 F. The Navajo Nation has understands that NTEC wants the Navajo Nation's  
2 financial backing on surety bonds for the Cloud Peak Mines.
- 3 G. The bankruptcy court approved NTEC's purchase of the Cloud Peak Mines on or  
4 around October 4, 2019 and the Navajo Nation understands that NTEC could  
5 potentially step in as the Cloud Peak Mines owner/operator as early as the week of  
6 October 14, 2019.
- 7 H. The Navajo Nation has learned that certain sureties may seek to use the Nation's  
8 prior limited consent to the NTEC General Indemnity Agreements, which consent  
9 was intended solely for the financial backing of surety bonds for the Navajo Mine,  
10 as the Nation's deemed consent for the financial backing of any future bonds,  
11 including bonds related to the Cloud Peak Mines.
- 12 I. The attempt by these sureties to misuse the NTEC General Indemnity Agreements  
13 in this manner would mean that the Navajo Nation's current leadership would not  
14 have an opportunity to decide whether or not to provide the Nation's financial  
15 backing for the Cloud Peak Mines bonds. This would undermine the Navajo  
16 Nation's ability as a sovereign nation to determine whether to pledge its financial  
17 resources for the bonds and would also deny the Nation the chance to properly  
18 weigh its potential financial risks in doing so.
- 19 J. The Navajo Nation does not agree that the sureties have the legal authority to use  
20 the NTEC General Indemnity Agreements to back the Cloud Peak Mine bonds  
21 because, inter alia, the NTEC General Indemnity Agreements were authorized  
22 solely for the bonding requirements associated with the Navajo Mine; however, in  
23 interest of clarity and preventing future disputes, the Navajo Nation wishes to  
24 terminate the NTEC General Indemnity Agreements.
- 25 K. The NTEC General Indemnity Agreements allow for the Navajo Nation to  
26 terminate the agreements upon written notification from the Navajo Nation of such  
27 a termination. Termination will be effective twenty (20) days after the respective  
28 surety receives notification of the termination.
- 29  
30



1 L. Termination of the NTEC General Indemnity Agreements will not affect any  
2 bonds that have been issued to NTEC to-date related to the Navajo Mine and the  
3 Four Corners Power Plant.

4 M. If NTEC is seeking the Navajo Nation's financial backing for any bonds related to  
5 the Cloud Peak Mines, NTEC must seek new approval from the Navajo Nation for  
6 the backing of these bonds.

7 N. The Navajo Nation Council finds that an emergency exists that threatens the  
8 sovereignty of the Navajo Nation. The emergency arises due to a pressing public  
9 need and it is a matter requiring final action by the Council.

10  
11 **Section Three. Termination of the NTEC General Indemnity Agreements Issued**  
12 **Pursuant to CD-60-13 and CAP-13-15**

13 A. Effective immediately, the Navajo Nation Council hereby terminates the NTEC  
14 General Indemnity Agreements issued pursuant to CD-60-13 and CAP-13-15.

15 B. The Navajo Nation President is authorized to submit notices of termination to the  
16 sureties related to the NTEC General Indemnity Agreements and to execute any  
17 other documentation necessary to effectuate the intent of this resolution.



CAP-13-15

RESOLUTION OF THE  
NAVAJO NATION COUNCIL

23rd NAVAJO NATION COUNCIL -- First Year, 2015

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE, BUDGET AND FINANCE COMMITTEE, NAABIK'ÍYÁTI' COMMITTEE AND THE NAVAJO NATION COUNCIL; AMENDING RESOLUTION NO. CD-60-13 A RESOLUTION WHICH APPROVED A LIMITED WAIVER OF SOVEREIGN IMMUNITY AND GENERAL INDEMNITY AGREEMENTS FOR THE NAVAJO TRANSITIONAL ENERGY COMPANY, LLC

BE IT ENACTED:

Section One. Findings and Purposes

- A. The Navajo Nation Council is the governing body of the Navajo Nation, pursuant to 2 N.N.C. § 102(A).
- B. Pursuant to 2 N.N.C. § 164 (A)(9), a proposed resolution that requires final action by the Navajo Nation Council shall be assigned to the Naabik'íyáti' Committee before it is heard by the Navajo Nation Council.
- C. Pursuant to 2 N.N.C. § 300 (C)(1)(3) and (4) the Budget and Finance Committee is authorized to recommend adoption of resolutions related to the expenditure of the Nation's financial resources.
- D. Pursuant to 2 N.N.C. § 500 (C), the Resources and Development Committee has oversight authority over land issues.
- E. On April 30, 2013, by Resolution No. CAP-20-13, as amended, the Navajo Nation Council approved the creation of the Navajo Transitional Energy Company, LLC ("NTEC") for the primary purpose of purchasing the Navajo Mine from BHP Billiton New Mexico Coal Company.
- F. In order for the Navajo Nation to obtain the performance and reclamation bonds (the "Bonds") required to complete the transactions for the purchase of the Navajo Mine by NTEC and comply with federal law, the Navajo Nation Council pursuant



to Resolution No. CD-60-13 (Dec. 27, 2013) approved by a 2/3 majority vote a limited waiver of the Nation's sovereign immunity and the execution of General Indemnity Agreements with the Zurich American Insurance Company ("Zurich") and Arch Insurance Company. Such limited waiver of sovereign immunity provides for binding arbitration and an alternative state court forum for enforcement of binding arbitration and any ancillary proceedings, including for exigent and emergency equitable relief, such forum to be the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Resolution No. CD-60-13 was signed into law by President Ben Shelly on December 27, 2014, a copy of which is attached hereto as Exhibit "A."

- G. After Arch withdrew its bond offer, Zurich underwrote the entire amount of the Bonds in the amount of \$463 million, and is the sole surety on the Bonds. A copy of the General Indemnity Agreement with Zurich is attached hereto as Exhibit "B."
- H. In order for the Navajo Nation's insurance broker, Marsh USA ("Marsh"), to competitively market the Bonds to other top tier U.S. sureties, to secure a lower Bond rate and save NTEC a substantial amount in annual Bond premiums, such other top tier U.S. sureties will require the same limited waiver of sovereign immunity and form of General Indemnity Agreement from the Navajo Nation as Zurich requires and which the Navajo Nation Council has already approved for Zurich pursuant to Resolution No. CD-60-13.
- I. To secure such a competitive market, the Navajo Nation Council finds that it is in the best interest of NTEC, and in the best interest of the Navajo Nation as NTEC's sole Member, for the Council to amend Resolution No. CD-60-13 to extend the same limited waiver of sovereign immunity and form of General Indemnity Agreement, attached hereto as Exhibit "B," which were approved by Resolution No. CD-60-13, for Zurich, for the following eight additional sureties, identified as a result of NTEC researching the United States sureties market: (1) Argonaut Insurance Company and its subsidiaries, affiliates and associated companies ("Argonaut"); (2) CNA Surety and its



subsidiaries, affiliates and associated companies ("CNA"); (3) *Liberty Mutual Insurance Company* and its subsidiaries, affiliates and associated companies ("Liberty"); (4) *ACE USA/ACE Surety* and its subsidiaries, affiliates and associated companies ("ACE"); (5) *Chubb Group of Insurance Company* and its subsidiaries, affiliates and associated companies ("Chubb"); (6) *the Hanover Insurance Company* and its subsidiaries, affiliates and associated companies ("Hanover"); (7) *One Beacon Surety Group* and its subsidiaries, affiliates and associated companies ("One Beacon"); and (8) *Travelers Casualty and Surety of America* and its subsidiaries, affiliates and associated companies ("Travelers") (collectively the "Approved Sureties"), the form of General Indemnity Agreements with the Approved Sureties which are attached hereto, respectively, as Exhibits "C" through "J."

## Section Two. Approvals, Authorizations and Directives

- A. The Navajo Nation Council hereby amends Resolution No. CD-60-13 to extend the same limited waiver of sovereign immunity for binding arbitration and an alternative state court forum for enforcement of binding arbitration and any ancillary proceedings, including for exigent and emergency equitable relief, such forum to be the first Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona, and the same form of General Indemnity Agreement, attached hereto as Exhibit "B," as were approved pursuant to Resolution No. CD-60-13 for Zurich, for the Approved Sureties, which are attached hereto respectively as Exhibits "C" through "J."
- B. The Navajo Nation Council hereby authorizes the Navajo Nation Department of Justice and the Navajo Nation President to execute the form of General Indemnity Agreements attached hereto as Exhibits "C" through "J" with the Approved Sureties and to take such other steps as are reasonable and prudent to carry out the intent of this Resolution.
- C. Navajo Nation Council Resolution No. CD-60-13 is not otherwise amended hereby.

## 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 22<sup>nd</sup> day of April 2015.

  
Edmund Yazzie, Pro Tem Speaker  
Navajo Nation Council

04/24/15

Date

Motion: Honorable Davis Filfred  
Second: Honorable Seth Damon

## 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 \_\_\_\_\_ MAY 04 2015 2015.



Ben Shelly, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this \_\_\_\_\_ day of \_\_\_\_\_ 2015 for the reason(s) expressed in the attached letter to the Speaker.

\_\_\_\_\_  
Ben Shelly, President  
Navajo Nation





CD-60-13

RESOLUTION OF THE  
NAVAJO NATION COUNCIL

22ND NAVAJO NATION COUNCIL -- THIRD YEAR, 2013

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE, AND NAABIK'İYATI'; APPROVING AN ALTERNATIVE FORUM FOR ENFORCEMENT OF BINDING ARBITRATION AND ANCILLARY PROCEEDINGS BROUGHT PURSUANT TO THE NAVAJO NATION SOVEREIGN IMMUNITY ACT IN THE GENERAL INDEMNITY AGREEMENTS BETWEEN THE NAVAJO NATION AND 1) ZURICH AMERICAN INSURANCE COMPANY AND 2) ARCH INSURANCE COMPANY RELATED TO THE ISSUANCE OF PERFORMANCE AND RECLAMATION BONDS RELATED TO THE NAVAJO MINE

BE IT ENACTED:

Section One. Findings and Purposes

A. In order for the Navajo Nation to obtain the performance and reclamation bonds required to complete the transactions for the Navajo Mine, the Zurich American Insurance Company and Arch Insurance Company ("Sureties") are requiring the Navajo Nation to execute General Indemnification Agreements ("Agreements") with the Companies, attached hereto respectively as Exhibits "A" and "B", which require a limited waiver of the sovereign immunity of the Navajo Nation pursuant to those Agreements.

B. Pursuant to Council Resolution No. CJA-05-07 (Jan. 24, 2007), which amended the Sovereign Immunity Act, 1 N.N.C. § 551 et seq., the Navajo Nation Council has already approved a limited waiver of the Nation's sovereign immunity for purposes of binding arbitration in accordance with the Navajo Nation Arbitration Act, 7 N.N.C. § 1101 et seq., with ancillary litigation for enforceability to be exclusive to Navajo Courts.

C. The Sureties are requiring an alternative state court forum for enforcement of binding arbitration and any ancillary proceedings, including for exigent and emergency equitable relief, such forum as provided in the Agreements to be First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona.



D. In order for the Agreements to be executed, and the transactions for the Navajo Mine to be completed, the Navajo Nation Council therefore has to approve the Nation using such alternative forum for enforcement of binding arbitration and for any ancillary proceedings, including for exigent and emergency equitable relief.

**Section Two. Approvals, Authorizations and Directives**


A. For the General Indemnity Agreements between the Navajo Nation and (1) Zurich American Insurance Company, and (2) Arch Insurance Company, attached hereto as Exhibits "A" and "B," respectively, the Navajo Nation hereby approves the alternative state forum as provided in Addendum No. 2 of the Agreements for enforcement of binding arbitration and ancillary proceedings, including for exigent and emergency equitable relief, in accordance with the New Mexico Uniform Arbitration Act, such forum to be the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona.

B. This legislation is strictly and expressly limited to the aforementioned Agreements attached hereto as Exhibits "A" and "B" and nothing herein shall otherwise be construed as an amendment, change, revision, repeal or any other modification of the Navajo Nation Sovereign Immunity Act, 1 N.N.C. § 551 *et seq.*, or the Navajo Nation Arbitration Act, 7 N.N.C. § 1101 *et seq.*, or any other Navajo law, which remain as heretofore enacted by this Council.

C. Navajo Nation Council required a 2/3 majority vote of the full membership of the Navajo Nation Council.

**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 17 in favor and 5 opposed, this 27th day of December 2013.

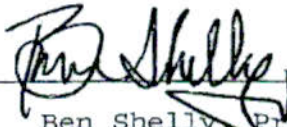
  
Johnny Naize, Speaker  
Navajo Nation Council

Dec 27, '13  
Date

Motion: Honorable Roscoe Smith  
Second: Honorable George Apachito

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 27<sup>th</sup> day of December 2013.



Ben Shelly, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this \_\_\_\_\_ day of \_\_\_\_\_ 2013 for the reason(s) expressed in the attached letter to the Speaker.

Ben Shelly, President  
Navajo Nation





**ZURICH**

## **General Indemnity Agreement**

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this 27th day of December 2013 by the undersigned (individually and collectively "Indemnitors") in favor of ZURICH AMERICAN INSURANCE COMPANY and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to FIDELITY AND DEPOSIT COMPANY OF MARYLAND, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY and ZURICH INSURANCE GROUP LTD., their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.
4. **PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.
5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.



7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain in full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: Zurich Surety, Red Brook Corporate Center, 600 Red Brook Blvd., 4th Floor, Owings Mills, Maryland 21117, Attention: Vice President, Commercial Surety.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.



16. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

#### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

1. Corporation: an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (i.e. Secretary, CFO, Treasurer) should sign;
2. Limited Liability Corporation (LLC): (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign.
3. Limited Partnership (LP): (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign.
4. Limited Liability Partnership (LLP): at least two partners should sign.
5. Trust: All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

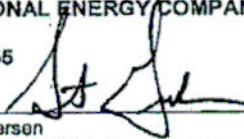
**INDEMNITOR:**

NAVAJO TRANSITIONAL ENERGY COMPANY LLC  
P.O. Box 28280  
Scottsdale, Az 85255

LAST 4 DIGITS OF TIN:

9272

By:

  
Steve Gunderson  
As Chair of NTEC Management Committee, NAVAJO TRANSITIONAL  
ENERGY COMPANY, LLC

Date: DECEMBER 27, 2013

**NOTARIAL ACKNOWLEDGEMENT**

STATE OF: Arizona COUNTY OF: Apache

The following instrument was acknowledged before me this 27 day of December, 2013 by:

[name of signatory] Steve Gunderson as [title of signatory] Chair of NTEC

of [name of entity] Navajo Transitional Energy Co. ("Entity"), on behalf of the Entity. He/She is personally known to me or has

produced [form of identification] AZ DL as identification.

My commission expires:

Notary Seal:

Coreta Keeto  
Notary Public Signature

10/9/16  
20

Printed Name Coreta Keeto



CORETA KEETO  
NOTARY PUBLIC - ARIZONA  
APACHE COUNTY  
My Commission Expires  
October 09, 2016

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[SIGNATURE PAGE FOR BUSINESS ENTITY WHERE EACH SIGNER WILL SIGN SEPARATELY]

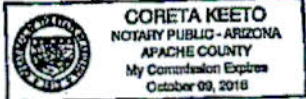
INDEMNITOR:  
THE NAVAJO NATION  
P.O. Box 2010  
Old BIA Club Building  
Window Rock, AZ 86515

Signer #1

By:

Dana Bobroff  
Dana Bobroff  
As Deputy Attorney General of NAVAJO NATION DEPARTMENT OF JUSTICE

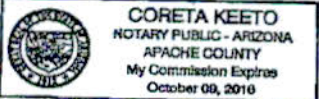
Date: December 27, 2013

NOTARIAL ACKNOWLEDGEMENT	
STATE OF: <u>Arizona</u>	COUNTY OF: <u>Apache</u>
The following instrument was acknowledged before me this <u>27</u> day of <u>December</u> , 20 <u>13</u> by:	
[name of signatory] <u>Dana Bobroff</u>	as [title of signatory] <u>Deputy Attorney General</u>
of [name of entity] <u>Navajo Nation Dept. of Justice</u> , ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] <u>AZ DL</u> as identification.	
My commission expires: <u>10/9/16</u>	Notary Seal:
<u>Coreta Keeto</u> Notary Public Signature	
Printed Name <u>Coreta Keeto</u>	

Signer #2

By:

Ben Shelly  
Print Name Ben Shelly, President, The Navajo Nation Date: 5/16/14, 20    
As [Title] of [Name of Indemnitor #1]

NOTARIAL ACKNOWLEDGEMENT	
STATE OF: <u>Arizona</u>	COUNTY OF: <u>Apache</u>
The following instrument was acknowledged before me this <u>16th</u> day of <u>May</u> , 20 <u>14</u> by:	
[name of signatory] <u>Ben Shelly</u>	as [title of signatory] <u>President</u>
of [name of entity] <u>The Navajo Nation</u> , ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] <u>INM DL</u> as identification.	
My commission expires: <u>10/9/16</u>	Notary Seal:
<u>Coreta Keeto</u> Notary Public Signature	
Printed Name <u>Coreta Keeto</u>	

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**ADDENDUM No. 1**  
**PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT**

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

- I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:
- A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.
- B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:
1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
  2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
  3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
  4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
  5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
  6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
    - a) Interpretation of this Agreement; or
    - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement; or
    - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
  7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.
- C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_.



- D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.
- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



panel. The arbitration panel is authorized to award monetary damages and equitable relief – specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

**D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.**

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.
2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.
3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

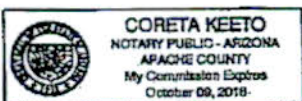
The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed:

NAVAJO TRANSITIONAL ENERGY COMPANY LLC  
P.O. Box 28280  
Scottsdale, AZ 85255

By:

  
Steve Gundersen  
As Chair of NTEC Management Committee, NAVAJO TRANSITIONAL  
ENERGY COMPANY, LLC

Date: DECEMBER 27, 2013

<b>NOTARIAL ACKNOWLEDGEMENT</b>	
STATE OF: <u>Arizona</u>	COUNTY OF: <u>Apache</u>
The following instrument was acknowledged before me this <u>27</u> day of <u>December</u> , 20 <u>13</u> by:	
[name of signatory] <u>Steve Gundersen</u>	as [title of signatory] <u>Chair of NTEC</u>
of [name of entity] <u>Navajo Transitional Energy Co.</u> ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] <u>AZDL</u> as identification.	
My commission expires: _____ Notary Seal: _____	
<u>Coreta Keeto</u> Notary Public Signature	<u>10/9/16</u> 20 <u>16</u>
Printed Name <u>Coreta Keeto</u>	

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[CONFIRM THE SIGNERS ARE APPROPRIATE TO EXECUTED LIMITED WAIVERS OF SI ON BEHALF OF THE NATION]

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed:

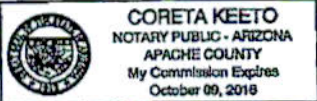
THE NAVAJO NATION  
P.O. Box 2010  
Old BIA Club Building  
Window Rock, AZ 86515

Signer #1

By:

Dana Bobroff  
Dana Bobroff  
As Deputy Attorney General of NAVAJO NATION DEPARTMENT OF JUSTICE

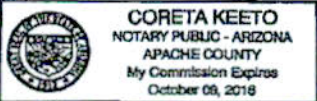
Date: December 27, 2013

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[name of signatory] <u>Dana Bobroff</u> as [title of signatory] <u>Deputy Attorney General</u>	
of [name of entity] <u>Navajo Nation Dept. of Justice</u> ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] <u>AZ DL</u> as identification.	
My commission expires: _____	Notary Seal: _____
<u>Coreta Keeto</u> Notary Public Signature	<u>10/9/16</u> 20
Printed Name <u>Coreta Keeto</u>	

Signer #2

By:

Ben Shelly  
Print Name Ben Shelly, President, The Navajo Nation Date: 5/16/14, 20\_\_\_\_  
As [Title] of [Name of Indemnitor #1]

NOTARIAL ACKNOWLEDGEMENT	
STATE OF: <u>Arizona</u>	COUNTY OF: <u>Apache</u>
The following instrument was acknowledged before me this <u>16th</u> day of <u>May</u> , 20 <u>14</u> by:	
[name of signatory] <u>Ben Shelly</u> as [title of signatory] <u>President</u>	
of [name of entity] <u>The Navajo Nation</u> ("Entity"), on behalf of the Entity. He/She is personally known to me or has produced [form of identification] <u>NM DL</u> as identification.	
My commission expires: _____	Notary Seal: _____
<u>Coreta Keeto</u> Notary Public Signature	<u>10/9/16</u> 20
Printed Name <u>Coreta Keeto</u>	

(Resolution to follow this page)



## General Indemnity Agreement

### Argonaut Insurance Company

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "Indemnitors") in favor of Argonaut Insurance Company its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Argonaut Insurance Company, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT C

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: Argonaut Insurance Company, 225 W. Washington, 24<sup>th</sup> Floor, Chicago, IL 60606.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



## EXHIBIT C

and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

5. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) If manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
  2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
  3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
  4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
  5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
  6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
    - a) interpretation of this Agreement; or
    - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement;

Or

    - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
  7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.
- C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



## EXHIBIT C

Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



## EXHIBIT C

performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

### D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.
2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.
3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

**The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.**

(Resolution to follow this page)



## General Indemnity Agreement

### CNA Surety

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "**Indemnitors**") in favor of CNA Surety and its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Continental Casualty Company; National Fire Insurance Company of Hartford; American Casualty Company of Reading, Pennsylvania; The Continental Insurance Company; Firemen's Insurance Company of Newark, New Jersey; Western Surety Company; Universal Surety of America; Surety Bonding Company of America, their respective successors and assigns (individually and collectively "**Surety**") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT D

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: **CNA Surety, 333 South Wabash, Chicago, IL 60604**  
**Attention: Vice President, Commercial Surety.**
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



## EXHIBIT D

and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation. an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) If manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*

**ADDENDUM No. 1**  
**PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT**

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement;

Or

  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



## EXHIBIT D

Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



## EXHIBIT D

panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

### D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

#### 1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper

jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.

#### 2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the

remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.

#### 3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting

application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.

(Resolution to follow this page)



## General Indemnity Agreement

### LIBERTY Bond Services

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this     day of     20\_\_ by the undersigned (individually and collectively "Indemnitors") in favor of Liberty Mutual Insurance Company, a Massachusetts corporation; its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Liberty Mutual Insurance Company, a Massachusetts corporation; LM Insurance Corporation, an Iowa corporation; The First Liberty Insurance Corporation, an Iowa corporation; Liberty Mutual Fire Insurance Company, a Massachusetts corporation; Liberty Insurance Corporation, a Vermont corporation, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT E

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain in full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: **Liberty Bond Services, 1001 4<sup>th</sup> Avenue, Suite 1300, Seattle, WA 98154.**
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



## EXHIBIT E

and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) If manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement; or
  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



## EXHIBIT E

Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



## EXHIBIT E

panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.
2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.
3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.

(Resolution to follow this page)



## General Indemnity Agreement

### ACE USA/ACE SURETY

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "**Indemnitors**") in favor of ACE USA/ACE Surety its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Insurance Company of North America, Pacific Employers Insurance Company, Westchester Fire Insurance Company and Indemnity Insurance Company of North America, their respective successors and assigns (individually and collectively "**Surety**") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.

2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.

3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT F

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: ACE Bond Services, 436 Walnut Street, Philadelphia, PA 19106-3703.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



## EXHIBIT F

and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation. an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) **Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;**
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

- A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.
- B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:
  1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
  2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
  3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
  4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
  5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
  6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
    - a) interpretation of this Agreement; or
    - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement;
 Or
    - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
  7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.
- C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_.
- D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



## EXHIBIT F

Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



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panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

**D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.**

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper

jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.

2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the

remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.

3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting

application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

**The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.**

(Resolution to follow this page)



## General Indemnity Agreement

### CHUBB GROUP OF INSURANCE COMPANIES

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "Indemnitors") in favor of Chubb Group of Insurance Company its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Federal Insurance Company, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT G

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: Chubb Group of Insurance Companies, 15 Mountain View Rd., P.O. Box 1615, Warren, NJ 07061-1615.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All



## EXHIBIT G

information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

16. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign.
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign.
- 4 Limited Liability Partnership (LLP) at least two partners should sign.
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement; or
  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_



## EXHIBIT G

- D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.
- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
  - 1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  - 2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  - 3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  - 4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  - 5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  - 6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  - 7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.



## EXHIBIT G

8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration

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panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper

jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.

2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the

remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.

3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting

application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

**The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.**

(Resolution to follow this page)



## General Indemnity Agreement

### THE HANOVER INSURANCE COMPANY

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "**Indemnitors**") in favor of The Hanover Insurance Company its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to The Hanover Insurance Company, their respective successors and assigns (individually and collectively "**Surety**") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT H

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: The Hanover Insurance Company, 5 Hutton Centre #1060, Santa Ana, CA 92707.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



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and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC), (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



**ADDENDUM No. 1**  
**PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT**

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) **Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;**
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



**ADDENDUM No. 2**  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement;

Or

  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



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Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



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panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

### D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper

jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.

2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the

remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.

3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting

application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.

(Resolution to follow this page)



## General Indemnity Agreement

### ONE BEACON SURETY GROUP

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "Indemnitors") in favor of One Beacon Surety Group its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Atlantic Specialty Insurance Company, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.
6. **OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



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of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
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14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: One Beacon Surety Group, 6303 Owensmouth Ave., Suite 1010, Woodland Hills, CA 91367.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



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and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation. an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign.
- 3 Limited Partnership (LP) (a) If only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign.
- 4 Limited Liability Partnership (LLP) at least two partners should sign.
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

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ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



## EXHIBIT I

### ADDENDUM No. 2 LIMITED WAIVER OF SOVEREIGN IMMUNITY

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement; or
  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



## EXHIBIT I

Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

### II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



## EXHIBIT I

panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

### D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.

#### 1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper

jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.

#### 2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the

remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.

#### 3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting

application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.

(Resolution to follow this page)



## General Indemnity Agreement

### TRAVELERS CASUALTY AND SURETY COMPANY of AMERICA

THIS GENERAL INDEMNITY AGREEMENT ("Agreement"), dated this      day of      20\_\_ by the undersigned (individually and collectively "Indemnitors") in favor of Travelers Casualty and Surety Company of America, its subsidiaries, affiliates and associated companies in any jurisdiction, including but not limited to Travelers Casualty and Surety Company of America, their respective successors and assigns (individually and collectively "Surety") with respect to any bond, undertaking, and/or obligation of suretyship or guarantee executed, provided or procured ("issued") by Surety (whether as surety, co-surety, reinsurer or otherwise) whether issued before or after this Agreement, including all renewals, extensions, modifications and substitutions of Bonds ("Bonds" and individually "Bond"). Bonds may be issued in the name of or on behalf of (a) any Indemnitor, (b) any subsidiary or affiliate of any Indemnitor, (c) any joint venture, consortium or other economic enterprise in which any Indemnitor is or was a member at the time the Bond was issued and/or (d) any third party on request of any Indemnitor. Indemnitors' obligations under this Agreement are continuing, including obligations for Bonds issued for entities that may be sold, dissolved, otherwise disposed of, or for which ownership or management changes may occur in the future.

As an inducement to Surety, Indemnitors represent, covenant and agree for themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as follows:

1. **PREMIUMS:** Indemnitors shall promptly pay all premiums and charges of Surety for Bonds, at the current rate charged by Surety, until Surety has been provided satisfactory evidence that Bonds have been fully released and/or discharged.
2. **INDEMNITY:** Indemnitors, jointly and severally, shall exonerate, indemnify, and hold Surety harmless from any and all liability, loss, premiums, claims, damages, extra-contractual damages, court costs and expenses, attorneys' fees, consultant fees, interest, and all other costs and expenses that Surety incurs or sustains (all of the foregoing "Loss") arising from or related to: (a) the underwriting or issuance of any Bond, (b) any Claim, which means any notice, claim, demand, defense, counterclaim, setoff, lawsuit or proceeding or circumstance which may constitute, lead to or result in Loss, liability, or asserted liability in connection with any Bond or this Agreement, (c) any Indemnitor failing to timely and completely perform or comply with this Agreement, (d) Surety enforcing this Agreement or (e) any act of Surety to protect or procure any of Surety's rights, protect or preserve any of the Surety's interests, or to avoid or lessen Surety's liability or alleged liability. Indemnitors' liability to Surety includes all Loss, all payments made, and all actions taken by Surety under the Good Faith belief that Surety is, would be or was liable for the Loss, the amounts paid or the actions taken or that it was necessary or expedient to incur such Loss, make such payments or take such actions, whether or not such liability, necessity or expediency existed. Good Faith means, with respect to any act, exercise of discretion or omission by Surety, an absence of dishonesty, evil intent and actual malice toward Indemnitors. An itemized statement of Loss, sworn to by any officer of Surety, or vouchers, affidavits, or other evidence of payment by Surety, shall be *prima facie* evidence of Indemnitors' liability for such Loss.
3. **SURETY'S RIGHT TO SETTLE:** Surety has the absolute and unconditional right and is authorized but not required to pay, perform, settle, compromise, deny, litigate or otherwise resolve any Claim or pay any Loss under any Bonds. The Surety's decision shall be final, binding, and conclusive on the Indemnitors.

**PLACE IN FUNDS:** Indemnitors agree to promptly deposit with Surety, on demand, an amount of money that Surety determines is sufficient to fund any liability or Loss. Such funds may be used by Surety to pay Loss or may be held by Surety as collateral against potential future Loss. Any remaining funds held by Surety after payment of all sums due to Surety under this Agreement shall be returned upon the complete release and/or discharge of Surety's liability under all Bonds.

5. **ISSUANCE OF BONDS:** Surety may decline to issue, execute, modify, procure, extend, or renew any bond and may cancel or terminate any Bond without incurring any liability whatsoever to Indemnitors or otherwise impairing its rights, however derived.

**OTHER SURETIES AS BENEFICIARIES:** If Surety procures the issuance of any Bond by other sureties, or issues any Bond with co-sureties, or reinsures any portion of any Bond with reinsuring sureties, then this Agreement shall inure to the benefit of such other sureties, co-sureties and/or reinsuring sureties, including the right to bring an action for enforcement



## EXHIBIT J

of this Agreement. Surety may share any information relevant to a Claim or underwriting of Bonds with co-sureties, fronting companies, and/or reinsurers.

7. **EVENT OF DEFAULT:** Indemnitors shall be in default of this Agreement if any of the following occur: (a) breach of any Bond; (b) failure to provide collateral in response to a demand made by Surety; (c) breach of any other provision of this Agreement; (d) Surety setting a reserve against Loss or incurring Loss; (e) any Indemnitor becomes the subject of a bankruptcy, ceases or threatens to cease to carry on business, or has any resolution passed or order made for its bankruptcy, winding-up, liquidation or dissolution, or has any resolution, ordinance, or law passed affecting the duties, responsibilities, or obligations under Addendum No. 2, Limited Waiver of Sovereign Immunity attached hereto; or (f) representations made to Surety by or on behalf of any Indemnitor prove to have been materially false or misleading when made.
8. **SURETY'S ADDITIONAL RIGHTS:** This Agreement is in addition to and not in lieu of all rights, powers, and remedies that Surety may have or acquire against Indemnitors or others, and does not waive, release or novate other agreements. Surety may make, consent to or decline to consent to changes in Bonds, may accept, modify or release any Indemnitor, and may accept, modify, subordinate or release any other indemnity, collateral, rights, real or personal property and/or security. Indemnitors waive and subordinate all rights of indemnity, subrogation and contribution against each other and/or any principal until all obligations to Surety under this Agreement, at law or in equity, have been satisfied in full. Surety's forbearance or failure to act to enforce any right shall not waive or diminish any of its rights, which rights may be enforced at any time in Surety's sole discretion.
9. **WAIVER OF NOTICE:** Indemnitors waive notice of the issuance or cancellation of any Bond, any settlement or any act, fact or information concerning or affecting the rights and liabilities of the Surety or the rights or liabilities of Indemnitors under the Bonds or this Agreement, notwithstanding any notice of any kind to which Indemnitors might otherwise have been or be entitled, and notwithstanding any defenses they might have been or be entitled to assert.
10. **DISCHARGE:** Indemnitors shall promptly, on Surety's written demand, procure the full and complete discharge of Surety from all Bonds demanded by Surety and all liability in connection with such Bonds. If Indemnitors are unable to obtain such discharge within the time demanded, Indemnitors shall promptly deposit with Surety an amount of money that Surety determines is sufficient to collateralize or pay any outstanding bonded obligations, or otherwise make provisions acceptable to Surety for the funding of the bonded obligations.
11. **LAWSUITS:** Separate suits may be brought under this Agreement as causes of action accrue, and the bringing of suits or the recovery of judgment on any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether arising before or after any other lawsuit or cause of action. Indemnitors are jointly and severally liable to Surety under this Agreement. Surety may enforce this Agreement against any Indemnitor without joining any other Indemnitor, person or entity.
12. **EXECUTION AND CHANGES:** This Agreement may be executed in counterparts, all of which taken together shall constitute the Agreement. This Agreement shall be effective and immediately binding as to each Indemnitor when that Indemnitor executes this Agreement, regardless of whether any other Indemnitor fails or refuses to execute this Agreement. This Agreement shall only be changed or modified in writing.
13. **SEVERABILITY:** If any provision in this Agreement is found to be contrary to any law applicable to any Indemnitor, or is otherwise found void or unenforceable, the remainder of this Agreement shall remain in full force and effect as to that Indemnitor, and the entire Agreement shall remain of full force and effect as to all other Indemnitors.
14. **TERMINATION OF INDEMNITY:** This Agreement remains in effect until terminated and released by Surety. Any Indemnitor may send written notice to Surety of that Indemnitor's intent to terminate its participation under this Agreement for Bonds issued after the Effective Date of the notice. Such termination of participation shall be effective twenty (20) days from Surety's receipt of the notice ("Effective Date"); however such termination of participation shall not terminate, reduce or discharge Indemnitor's obligations for Bonds issued prior to the Effective Date. The notice of intent to terminate, and any other notices to Surety, shall be addressed as follows: Travelers Casualty and Surety Company of America, One Tower Square, Hartford, CT 06183.
15. **REPRESENTATIONS AND WARRANTIES:** Each Indemnitor represents and warrants the following: (a) Indemnitor has a substantial, material, and/or beneficial interest in one or more Indemnitors or Principals obtaining Bonds or in Surety refraining from canceling Bonds; (b) Indemnitor has the full power and authority to execute and deliver this Agreement and to perform all obligations in this Agreement; (c) Indemnitor's execution and delivery of this Agreement and performance in accordance with its terms does not and will not conflict with, and will not result in a breach or violation of, any terms or conditions of any law, order, regulation or other agreement or obligation binding on Indemnitor; (d) All information provided to Surety by each Indemnitor prior to and after the execution of this Agreement is true, accurate



## EXHIBIT J

and complete as of the time provided; and (e) each right, power and remedy given to Surety, under this Agreement or otherwise, forms a material part of Surety's consideration for Bonds.

6. **ADDENDUMS:** The Performance Addendum is attached as Addendum No. 1 and is incorporated herein by reference. The Limited Waiver of Sovereign Immunity is attached as Addendum No. 2 and is incorporated herein by reference.

### SIGNATURE INSTRUCTIONS

**All signatures should be notarized and dated.**

- 1 Corporation, an officer on the operational side (i.e. President, CEO, COO) and an officer on the finance side (re Secretary, CFO, Treasurer) should sign.
- 2 Limited Liability Corporation (LLC). (a) if manager-managed, and if only one manager, the manager should sign; if more than one manager, two managers should sign (b) if member-managed, two members should sign unless there is only one member, then the one member should sign, or (c) if the LLC has appointed officers to manage the LLC, an officer on the operational side and an officer on the finance side should sign
- 3 Limited Partnership (LP) (a) if only one general partner, the general partner should sign; (b) if more than one general partner, two general partners should sign
- 4 Limited Liability Partnership (LLP) at least two partners should sign
- 5 Trust. All of the Trustee(s) should sign.

By signing below, each of the undersigned affirms to Surety that the undersigned is a duly authorized officer, manager, trustee, official or member of the entity for which the undersigned executes the foregoing Agreement. In such capacity the undersigned is familiar with all of the documents which establish the rights and which govern the affairs, power and authority of such entity including, to the extent applicable, the (1) certificate or articles of incorporation, (2) bylaws, (3) resolutions, (4) partnership, operating or limited liability agreements or (5) trust agreements of such entity. Having reviewed all such applicable documents and instruments and such other facts as deemed appropriate, the undersigned affirms that such entity has the power and authority to enter into such Agreement and that the undersigned is duly authorized to execute this Agreement on behalf of the entity and to bind the entity to its terms.

*(The remainder of this page is intentionally left blank)*



ADDENDUM No. 1  
PERFORMANCE ADDENDUM TO GENERAL INDEMNITY AGREEMENT

Surety may issue or refrain from cancelling Bonds with respect to contracts or other obligations referred to in any Bond or secured by any Bond (each a "Bonded Contract"). Indemnitors pledge, assign, transfer and set over to Surety the Collateral to secure the obligations in this Agreement, including a security interest in the Collateral. "Collateral" means all right, title and interest of one or more Indemnitors in the following: (a) all Bonded Contracts; (b) all sums which are or may become payable in connection with any Bonded Contract; and (c) any movable or immovable property, the construction, improvement or repair of which is secured by any Bond. This pledge and assignment becomes effective on the date of this Agreement or the earliest date allowable by law. The following are additional Events of Default under this Agreement: (a) a declaration of default with respect to a Bonded Contract; (b) an actual breach, default or abandonment of a Bonded Contract; and/or (c) an improper diversion of Bonded Contract funds or the Collateral.

Upon the occurrence of an Event of Default, the Surety shall have the right, in its sole discretion, to:

- i) **Assert, prosecute and/or settle any claim relating to a Bonded Contract as Surety sees fit;**
- ii) Execute in the name of one or more Indemnitors any instrument deemed necessary or desirable by Surety to: a) vest in Surety absolute title to any and all monies, property and rights pledged, assigned, transferred and/or set over in this Agreement and (b) provide the protection and rights to the Surety contemplated by all of the provisions of this Agreement. Indemnitors ratify and confirm all acts taken by Surety and its designees as their attorney-in-fact and agree to protect and hold harmless Surety and its designees for all such acts;
- iii) Take possession of Indemnitors' rights, title, and interest in the Collateral; and
- iv) Exercise its rights of subrogation to all rights, remedies, properties, funds, securities, and receivables of Indemnitors on Bonded Contracts.

This Agreement shall constitute a Security Agreement and Financing Statement for the benefit of Surety in accordance with the Uniform Commercial Code and all similar statutes. The Agreement, or a photographic or other reproduction, may be filed by Surety without notice to perfect the security interest granted herein. Surety may add schedules or other documents to this Agreement as necessary to perfect its rights. Surety's exercise of any of its rights as a secured creditor under this Agreement shall not be a waiver of any of Surety's legal or equitable rights or remedies, including Surety's rights of subrogation.

Indemnitors' obligations to Surety shall not be waived or reduced by any claim, setoff, defense, or other right or cause of action which Indemnitors and/or Surety may hold against or which may be asserted by any other Indemnitor, person or entity arising from or related to any Bond, this Agreement, other agreements, by law or otherwise.

The failure of Indemnitors, collectively or individually, to perform or comply with any provision of this Agreement shall cause irreparable harm to Surety for which Surety has no adequate remedy at law. Surety shall be entitled to injunctive relief and/or specific performance, and Indemnitors waive any claims or defenses to the contrary.



ADDENDUM No. 2  
**LIMITED WAIVER OF SOVEREIGN IMMUNITY**

Indemnitors Navajo Transitional Energy Company LLC ("NTEC") and The Navajo Nation ("The Nation") (individually and collectively "Indemnitors") make this Limited Waiver of Sovereign Immunity as follows:

**I. Limited Waiver of Sovereign Immunity; Forum Selection; Choice of Law:**

A. Indemnitors hereby expressly, unequivocally, and irrevocably, waive their sovereign immunity for purposes of the General Indemnity Agreement ("Agreement"), and in accordance with and as limited by the terms of this Agreement. The Agreement expressly includes this Addendum No. 2, Limited Waiver of Sovereign Immunity, which is incorporated into the Agreement.

B. Limited Waiver of Sovereign Immunity. Indemnitors waive their sovereign immunity from suit for the limited purposes described herein and in the following section for purposes of arbitration, litigation proceedings necessary to compel arbitration, to enforce an arbitration award pursuant to the terms and provisions of the Agreement, or for exigent or emergency equitable relief as allowed by the terms of the Agreement. Indemnitors represent and agree that:

1. Indemnitors expressly, unequivocally, and irrevocably waive immunity from suit and consent to the dispute resolution mechanisms stated in this Agreement, which include arbitration pursuant to the American Arbitration Association's ("AAA") Commercial Arbitration Rules, which arbitration shall be governed by the New Mexico Uniform Arbitration Act, in accordance with the clear and express terms of the Agreement, to permit enforcement of the terms and conditions of the Agreement, to compel or challenge arbitration, to enforce any award in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then the Arizona Superior Court, Navajo County;
2. Surety may seek and obtain specific performance, money damages, injunctive relief, and any other remedies or relief from Indemnitors pursuant to and in accordance with the terms of this Agreement and Indemnitors waive any benefits, rights, immunities, privileges, or limitations under applicable Navajo Nation law, including but not limited to statutory, common, or fundamental law, that would otherwise foreclose specific performance, injunctive relief, money damages, or any other remedies pursuant to the Agreement.
3. Indemnitors waive any right or claim of right to require exhaustion of tribal administrative or judicial remedies before any Navajo Nation adjudicatory tribunal, forum, or other bodies that may otherwise have exclusive or concurrent jurisdiction over any such dispute, whether or not the same now exist or are hereinafter created in favor of the parties' election to exercise the dispute resolution provisions of this Agreement, including arbitration and any ancillary litigation proceedings, to compel arbitration or enforce any arbitration award, and any action under exigent circumstances.
4. Indemnitors agree and expressly, unequivocally, and irrevocably waive their sovereign immunity, but only to Surety, and exclusively for the purposes of this Agreement, for recourse and enforcement against any and all assets, except such property held in trust by the United States.
5. Indemnitors and Surety agree that the express, unequivocal, and irrevocable waiver of sovereign immunity applies only to Surety and its successors and assigns, and exclusively for the purposes of this Amendment and shall not operate, apply, or inure to any other third-party (or non-Party) person or entity other than Surety and Surety's successors and assigns.
6. Indemnitors clearly, expressly, unequivocally, and irrevocably waive their sovereign immunity for Surety to seek to obtain, and where deemed appropriate by an arbitrator, an arbitration panel, a judge of the First Judicial District Court of the State of New Mexico, or a judge of the Superior Court, State of Arizona, for Surety to obtain one or more of the following:
  - a) interpretation of this Agreement; or
  - b) to require Indemnitors comply with the duties and obligations expressly agreed to within this Agreement; or
  - c) to make Indemnitors perform a specific action Indemnitors are obligated to perform pursuant to this Agreement, or to make Indemnitors discontinue some specific action Indemnitors are precluded from performing pursuant to this Agreement.
7. Indemnitors' Limited Waiver of Sovereign Immunity shall survive the termination or expiration of this Agreement and remains effective until any applicable statutes of limitations has run.

C. Indemnitors represent and warrant that this Limited Waiver of Sovereign Immunity has been ratified and approved by the Navajo Nation Council and the Department of Justice, and the Governing Board of NTEC, that all of the persons executing this Limited Waiver of Sovereign Immunity, and any related agreements necessary to effectuate them, are actually and properly authorized to execute this Limited Waiver of Sovereign Immunity with all authorities necessary to bind and obligate Indemnitors to the terms of this Limited Waiver of Sovereign Immunity. See attached Navajo Nation Council Resolution # \_\_\_\_\_ and NTEC's Governing Board Resolution # \_\_\_\_\_

D. NTEC expressly, unequivocally, and irrevocably agrees that, to the extent NTEC changes its company, corporate, or organizational form, any resulting company, corporation, or organization will, by its Governing Board and by



Navajo Nation Council resolution, as required, provide all of the same limited waivers of sovereign immunity to Surety as those set forth herein.

- E. Indemnitors agree that to the extent any provisions of this Agreement might be rendered ineffective by any later changes in Navajo Nation Law, or subsequent resolution or ordinance passed or adopted by the Navajo Nation Council, any such change or action shall constitute a breach of the Agreement, which breach shall be actionable in accordance with Section II, Resolution of Disputes.

## II. Resolution of Disputes:

- A. Any dispute between one or more Indemnitors and Surety arising pursuant to, out of, or in connection with this Agreement, including the meaning, interpretation or application of any provision of the Agreement, shall be resolved as set forth in this section.
- B. Disputes that require exigent or emergency equitable relief may be brought in the First Judicial District Court of the State of New Mexico or, if the First Judicial District Court lacks proper jurisdiction, or is otherwise unavailable to the Parties, then in the Superior Court, State of Arizona, Navajo County, without the need (condition precedent) for the aggrieved Party to first submit to binding arbitration, but only for equitable relief in the form of specific performance and injunctive relief as set forth herein. The Parties hereby agree that such exigent or emergency equitable relief includes but is not limited to (i) the Surety's right to specific performance and injunctive relief, (ii) the Surety's right to be placed in funds pursuant to Paragraph 4 of the Agreement or under the Performance Addendum, and (iii) the Surety's right to be discharged and Indemnitors' obligations pursuant to Paragraph 10 of the Agreement.
- C. Binding Arbitration. The Parties shall submit all disputes (except those requiring exigent or emergency relief) to binding arbitration conducted pursuant to the AAA's Commercial Arbitration Rules and the New Mexico Uniform Arbitration Act, with substantive resolution of disputes governed by the contract and commercial laws of the State of New Mexico, subject to and conditioned by the following:
  1. Arbitration Notice. The demanding Party (the "Claimant") shall provide a notice of arbitration (the "Arbitration Notice") to the other Parties (the "Respondents"), which shall include a reasonably detailed statement of the facts and theories supporting that Party's claims. Claimant shall also provide a copy of the Arbitration Notice to the Attorney General of the Navajo Nation. Until Indemnitors otherwise retain alternate legal counsel and notifies Surety in writing, the Office of the Attorney General of the Navajo Nation shall serve as Indemnitors' legal counsel for purposes of this Agreement.
  2. Response to Arbitration Notice. Within thirty (30) calendar days of receipt of the Arbitration Notice (unless otherwise agreed to in writing by the Parties), Respondent(s) shall provide the Claimant a Response to the Arbitration Notice, which shall include a reasonably detailed statement of the facts and theories supporting any defenses and counter-claims.
  3. Within thirty (30) days of the date of Respondent(s)' Response, each party shall designate an arbitrator. If one party names its arbitrator but the other party fails to designate its arbitrator within the thirty days, the AAA shall name the second arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety.
  4. Third Neutral Arbitrator. The two (2) Party arbitrators shall choose a third neutral arbitrator for the arbitration panel. If the two (2) Party arbitrators cannot agree on a third arbitrator, the AAA shall select a third arbitrator from its National Roster, who shall be free of any association of any kind with either Party and whose participation as an arbitrator shall not otherwise constitute a conflict of interest or give rise to an appearance of impropriety. The arbitrators shall be bound by, and strictly adhere to the AAA's Code of Ethics for Arbitration in Commercial Disputes, with particular attention to Canon IX.
  5. Each Party shall pay the costs, fees and expenses of its appointed arbitrator, and the Parties shall each pay one-half of the third arbitrator's costs, fees, and expenses, to conduct the arbitral hearing or proceeding.
  6. Arbitration Panel and Arbitrator Authority to Issue Interim Equitable Relief. Unless agreed to otherwise, within thirty (30) days of the selection of a third arbitrator, the Parties shall conduct an arbitration hearing or proceeding, and such arbitration shall address all issues then currently in dispute. The arbitration panel shall have authority to issue interim/equitable relief prior to any arbitration proceeding, including the authority to direct discovery, specific performance and injunctive relief during the pendency of the dispute resolution proceedings provided by this Agreement. This ability shall not preclude resort to court under sub-section B.
  7. Location. The arbitration shall be conducted at a mutually-agreed-upon location, which shall be any of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona. If the Parties cannot agree to the location of the arbitration hearing or proceeding, a majority of the arbitral panel shall decide on the location of the arbitration hearing or proceeding; which shall be one of the following cities: Albuquerque, New Mexico; or Phoenix, Arizona.
  8. Award and Enforcement. The decision or award of the arbitration panel shall be made by a majority of the panel, and given in writing to the Parties within thirty (30) days after the conclusion of the arbitral hearing or proceeding, the submittal of any post-hearing briefs or other filings that may be requested by the arbitration



## EXHIBIT J

panel. The arbitration panel is authorized to award monetary damages and equitable relief — specific performance and injunctive (preliminary and permanent) and declaratory relief, and/or specific performance to a Party. In any arbitration, each Party shall bear its own costs, expenses, and attorneys' fees.

**D. Actions to Compel Arbitration, for Equitable Relief, and for Enforcement of Arbitration Provisions or an Arbitration Award.**

1. The Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then the Superior Court of Arizona, Navajo County, shall have exclusive jurisdiction to compel the Parties' participation in binding arbitration pursuant to this Agreement, enforce an arbitration award, and grant any exigent equitable relief necessary to maintain the status quo, during the pendency of the arbitration.
2. Limitations on Judicial Review. The Parties' enforcement of an arbitration award shall be limited to the remedy/award issued by the arbitration panel, and shall only be enforceable in the First Judicial District Court of the State of New Mexico, or if the First Judicial District Court lacks proper jurisdiction or is otherwise unavailable to the Parties, then in Superior Court, State of Arizona. Neither Party shall petition, move, or otherwise request a de novo review of the matter in dispute, issues in dispute, evidence presented by the Parties or considered by the arbitration panel, or the remedy/award issued by the arbitration panel. Judicial review of an arbitration award shall be strictly limited in the manner prescribed by the New Mexico Uniform Arbitration Act.
3. Choice of Law. Without regard to any choice of law or conflicts of laws principles or provisions prohibiting application of the law of the State of New Mexico whether in the context of an arbitration proceeding provided by this Agreement, or as a result of any judicial action to compel arbitration, challenge an arbitration award, or to enforce an arbitration award, the New Mexico Uniform Arbitration Act, the laws of the State of New Mexico, and the AAA's Commercial Arbitration Rules only shall govern the resolution of any dispute(s) between the Parties arising out of, pursuant to, or in connection with this Agreement.

The foregoing Limited Waiver of Sovereign Immunity is acknowledged, accepted and agreed.

(Resolution to follow this page)



**RESOURCES AND DEVELOPMENT COMMITTEE  
23rd NAVAJO NATION COUNCIL**

**FIRST YEAR 2015**

**COMMITTEE REPORT**

Mr. Speaker,

The **RESOURCES AND DEVELOPMENT COMMITTEE** to whom has been assigned:

**Legislation # 0116-15:** An Action Relating to the Resources and Development Committee and Budget and Finance; Naabik'iyáti, and the Navajo Nation Council; Amending Resolution No. CD-60-13 A Resolution Which Approved a Limited Waiver of Sovereign Immunity and General Indemnity Agreements for the Navajo Transitional Energy Company, LLC. *Sponsor: Honorable LoRenzo C. Bates*

Has had it under consideration and report the same with a **DO PASS** with the following directive(s):

- (1) Directive to bring the new bond holder to be to Naabik'Iyati Committee.;
- (2) Obtain before Naabik'iyáti Committee's discussion the transcripts of the recording from the Office of Legislative Services when the Navajo Nation Council's discussed the matter relative to CD-60-13. Particularly, the discussions surrounding the Mine purchase and the bond BHP had at the time the mine was purchased and the discussion relative to the liability of the reclamation because there is a concern that the NN assuming the full liability now and that not what was agreed up upon.

and thereafter referred to Budget and Finance Committee.

Respectfully submitted,



Alton Joe Shepherd, Chairperson  
Resources and Development Committee of  
the 23<sup>rd</sup> Navajo Nation Council

Date: April 13th, 2015

Motion: Benjamin Bennett

Second: Walter Phelps

Vote: 3-0

In favor were: Leonard Pete, Benjamin Bennett, and Walter Phelps

Opposing was: Leonard Tsosie



**23<sup>rd</sup> NAVAJO NATION COUNCIL**

First Year 2015

Mr. Speaker:

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


**NAVAJO LEGISLATIVE BILL # 0116-15 :**

An Action Relating to Resources and Development Committee, Budget and Finance Committee, Naabikiyati Committee and the Navajo Nation Council; Amending Resolution No. CD-60-13 A Resolution which Approved a Limited Waiver of Sovereign Immunity and General Indemnity Agreements for the Navajo Transitional Energy Company, LLC *Sponsored by LoRenzo C. Bates, Council Delegate*

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

And therefore, referred to the **NAABIKIYATI** Committee

Respectfully submitted,

  
Jonathan Nez, Chairman

Adopted:   
Legislative Advisor

Not Adopted: \_\_\_\_\_  
Legislative Advisor

**13 April 2015**

The vote was **4** in favor **1** opposed



## NAABIK'ÍYÁTI' COMMITTEE REPORT

23<sup>rd</sup> NAVAJO NATION COUNCIL---FIRST YEAR 2015

### LEGISLATION 0116-15

Introduced by the Honorable LoRenzo c. Bates

An action relating to Resources and Development Committee, Budget and Finance Committee, Naabik'iyati' Committee and the Navajo Nation Council; Amending Resolution No. CD-60-13 a resolution which approved a limited waiver of sovereign immunity and general indemnity agreements for the Navajo Transitional Energy Company, LLC

#### TO THE 23<sup>RD</sup> NAVAJO NATION COUNCIL:

The Naabik'iyati' Committee, to whom has been referred Legislation **0116-15**, has had it under consideration and reports a **TABLING ACTION** with Directives.

1. Provide proposed legislation amendments noting two sureties
2. Provide proposed agreements for two sureties as exhibits
3. Comply with Resources and Development Committee directives noted in the RDC committee report

Thence **REFERRED TO THE 23<sup>RD</sup> NAVAJO NATION COUNCIL** on this 16<sup>th</sup> Day of April, 2015.



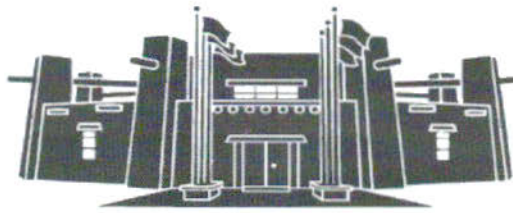
Honorable Edmund Yazzie, Chairperson Pro Tem  
NAABIK'ÍYÁTI' COMMITTEE

Motion: Honorable Tom T. Chee  
Second: Honorable Otto Tso  
Vote:

#### TABLING ACTION

Motion: Honorable Tuchoney Slim, Jr.  
Second: Honorable Otto Tso  
Vote: 6-3-0





## MEMORANDUM

TO: Honorable Eugenia Charles-Newton  
Shiprock Chapter

FROM:

*Mariana Kahn*

Mariana Kahn, Attorney  
Office of Legislative Counsel

DATE: October 16, 2019

SUBJECT: A PROPOSED NAVAJO NATION COUNCIL RESOLUTION; AN ACTION RELATING TO AN EMERGENCY FOR THE NAVAJO NATION COUNCIL; TERMINATING THE GENERAL INDEMNITY AGREEMENTS GRANTED PURSUANT TO RESOLUTION NOS. CD-60-13 AND CAP-13-15 FOR THE NAVAJO TRANSITIONAL ENERGY COMPANY, LLC

I have prepared the above-referenced proposed resolution and associated legislative summary sheet pursuant to your request for legislative drafting.

Please ensure that his particular resolution request is precisely what you want. You are encouraged to review the proposed resolution to ensure that it is drafted to your satisfaction.

Based on existing law and review of documents submitted, the resolution as drafted is legally sufficient. As with any action of government however, it can be subject to review by the courts in the event of proper challenge. 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).