

RESOLUTION OF THE  
NAVAJO NATION COUNCIL

23<sup>RD</sup> NAVAJO NATION COUNCIL -- Fourth Year, 2018

AN ACTION

RELATING TO BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; APPROVING SUPPLEMENTAL FUNDING FROM THE UNRESERVED, UNDESIGNATED FUND BALANCE IN THE AMOUNT OF THREE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$3,500,000.00) FOR THE GROUP HEALTH BENEFIT FUND, BUSINESS UNIT #NEW, INSURANCE SERVICES DEPARTMENT/EMPLOYEE BENEFITS PROGRAM

BE IT ENACTED:

**Section One. Authority**

- A. The Navajo Nation established the Budget and Finance Committee (BFC) as a Navajo Nation Council standing committee and as such empowered BFC to review and recommend to the Navajo Nation Council the budgeting and management of all funds. 2 N.N.C. §§ 300 (A), 301 (B)(2).
- B. The Navajo Nation Council established the Naabik'íyáti' Committee as a Navajo Nation standing committee and as such proposed legislation that requires final action by the Navajo Nation Council shall be assigned to the Naabik'íyáti' Committee. 2 N.N.C. §§ 164 (A)(9), 700 (A).
- C. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C §102 (A).
- D. Pursuant to 12 N.N.C. § 820 (L), "[t]he Navajo Nation Council may adopt and approve supplemental appropriations to the Annual Comprehensive Budget during the fiscal year. Supplemental appropriations of General Funds within the current fiscal year are permitted, if and when additional sources of revenues above and beyond the initial or current revenue projections are projected and which are also in excess of the reserve amount set forth at § 820(J)."
- E. The Title 12 Appropriations Act Supplemental Appropriation requirements include:
  1. When the Controller identifies additional sources of revenues above and beyond the initial or current revenue projections, supplemental appropriations may be allocated by the Navajo Nation Council. 12 N.N.C. § 820(L).

2. Supplemental appropriations made from non-recurring revenues shall only be made for non-recurring operations or purposes, as set forth at § 820(F). The Controller of the Navajo Nation shall be responsible for designating recurring and non-recurring revenues. 12 N.N.C. § 820(L).
3. All requests for annual operating funds and supplemental funds shall be submitted to the Office of Management and Budget ("OMB") for budget impact analysis. 12 N.N.C. § 820(M).

## **Section Two. Findings**

- A. This is a funding request to address the claims fund deficit in the Navajo Nation Employee Benefits Program.
- B. The Navajo Nation Employee Benefits Program, entitling Navajo Nation employees and dependents to health care, vision and dental insurance coverage, had substantial losses in 2016 and 2017, causing a fund deficit of \$3,500,000. As a self-funded plan, the premium collection is used to cover health claims for Navajo Nation employees, Enterprises and certified Chapters and their dependents. In 2016 and 2017 the premiums collected were less than the claims paid.
- C. The \$3,500,000 deficit has caused late payments to Providers and members, and has upset Providers, caused Members to be denied service, caused Members to be reported to Collections and caused Members electing to not participate in the plan.
- D. The supplemental funding request forms are attached as **Exhibit A**.
- E. The Office of Management and Budget is provided a copy of the legislation and may submit a memorandum satisfying the requirements of 12 N.N.C. § 820(M).
- F. The Office of the Controller has provided a memorandum dated September 8, 2017 indicating the balance in the Unreserved, Undesignated Fund Balance as of September 8, 2017 is \$31,258,217. This memorandum is provided to meet the requirements of 12 N.N.C. § 820 (L), however the Controller of the Navajo Nation has not designated the funds as recurring or non-recurring. This memorandum is attached as **Exhibit B**.

- G. The request for funds addresses the unpaid claims backlog in the Navajo Nation Employee Benefits Plan that has approximately \$4,500,000 in older outstanding claims to be funded by the plan. See HMA letter dated July 11, 2017 attached as **Exhibit C**.
- H. The Navajo Nation finds it in the best interest to support a supplemental appropriation to address the deficit to insurance benefit payments and which requires a supplemental appropriation from the Unreserved, Undesignated Fund Balance to the Navajo Nation Employee Benefits Program, Group Health Benefit Fund.
- I. The Navajo Nation Gaming Enterprise will pay \$3,300,000.00 to the Navajo Nation Employee Benefits Program in accordance with Resolution NNGEJAN-002-18, which is attached as **Exhibit D**.

**Section Three. Approving the Supplemental Appropriation from the Unreserved, Undesignated Fund Balance in the Amount of \$3,500,000 to Address Unpaid Insurance Claims**

- A. This supplemental appropriation of \$3,500,000 shall be from that amount of funds that exceeds the minimum fund balance of the Unreserved, Undesignated Fund Balance as determined by the Office of the Controller and to the Group Health Benefit Fund, Business Unit # NEW.
- B. The Navajo Nation hereby approves the supplemental appropriation from the Unreserved, Undesignated Fund Balance to the Group Health Benefit Fund, Business Unit # NEW for \$3,500,000 to address the unpaid claims backlog in the Navajo Nation Employee Benefits Plan.

**Section Four. Directive to Division of General Services, Insurance Services Department/Employee Benefits Program and the Office of the Controller**

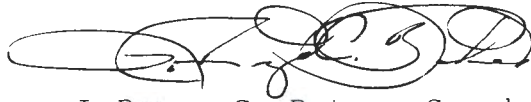
Upon receipt of the reimbursement from the NNGE of the \$3,300,000.00 as agreed to, in **Exhibit D**, the money shall be deposited into the Unreserved, Undesignated Fund Balance.

**Section Five. Effective Date**

The provisions of this Act shall become effective in accord with 2 N.N.C. § 221(B).

**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 13 in favor and 00 opposed, on this 16<sup>TH</sup> day of February 2018.



LoRenzo C. Bates, Speaker  
23<sup>rd</sup> Navajo Nation Council

Feb. 23, 2018

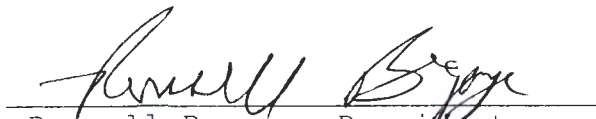
\_\_\_\_\_  
Date

Motion: Honorable Steven Begay  
Second: Honorable Jonathan Perry

Speaker Bates not voting

## ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (c)(10), on this 3<sup>rd</sup> day of March 2018.



\_\_\_\_\_  
Russell Begaye, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (c)(11), on this \_\_\_\_\_ day of \_\_\_\_\_ 2018 for reason(s) \_\_\_\_\_ expressed in the attached letter to the Speaker

\_\_\_\_\_  
Russell Begaye, President  
Navajo Nation

3. I hereby exercise line item veto pursuant to the 2010, certified Initiative, over the supplemental appropriations approved herein by the Navajo Nation Council; on this \_\_\_\_ day of \_\_\_\_\_ 2018.

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Russell Begaye, President  
Navajo Nation



THE NAVAJO NATION  
PROGRAM BUDGET SUMMARY

FY 2018

PART I. Business Unit No.: 112015		Program Title: Group Health Benefit Fund		Division/Branch: General Services / Executive	
Prepared By: I. Harlan Charley		Phone No.: (928) 871-6670		Email Address: iharley@navajo-nsn.gov	

PART II. FUNDING SOURCE(S)		Fiscal Year Term	Amount	% of Total	PART III. BUDGET SUMMARY				
Undesignated Unreserved Funds		10/01/17 - 09/30/18	3,500,000.00	100%	Fund Type Code	Original Budget	Proposed Budget	Difference (Column B + A)	
					2001	Personnel Expenses	0	0	0
					3000	Travel Expenses	0	0	0
					3500	Meeting Expenses	0	0	0
					4000	Supplies	0	0	0
					5000	Lease and Rental	0	0	0
					5500	Communications and Utilities	0	0	0
					6000	Repairs and Maintenance	0	0	0
					6500	Contractual Services	0	0	0
					7000	Special Transactions	1,000,000	3,500,000	4,500,000
					8000	Public Assistance	0	0	0
					9000	Capital Outlay	0	0	0
					9500	Matching Funds	0	0	0
					9500	Indirect Cost	0	0	0
<b>TOTAL</b>							\$1,000,000.00	3,500,000.00	4,500,000

PART IV. POSITIONS AND VEHICLES		(D)		(E)	
		Total # of Positions Budgeted:	0	Total # of Positions Budgeted:	0
		Total # of Permanently Assigned Vehicles:	0	Total # of Permanently Assigned Vehicles:	0

PART V. I HEREBY ACKNOWLEDGE THAT THE INFORMATION CONTAINED IN THIS BUDGET PACKAGE IS COMPLETE AND ACCURATE.	
I. Harlan Charley, Department Manager II SUBMITTED BY: Program Manager's Printed Name <i>Harlan Charley</i> 2/16/18 SUBMITTED BY: Program Manager's Signature and Date	Joelynn M. Astley, Division Director APPROVED BY: Division Director/Branch Chief's Printed Name <i>Joelynn M. Astley</i> 2/16/18 APPROVED BY: Division Director/Branch Chief's Signature and Date

THE NAVAJO NATION  
PROGRAM PERFORMANCE CRITERIA

FY 2018

<b>PART I. PROGRAM INFORMATION:</b> Business Unit No.: 112015		Program Name/Title: Group Health Benefit Fund									
<b>PART II. PLAN OF OPERATION REFERENCE/LEGISLATED PROGRAM PURPOSE:</b> Navajo Nation Resolution GSCJY-19-09. The Group Health Benefits Funds is to provide for payment of premiums, claims, expenses and enhancement to the Navajo Nation Employee Benefits Plan Administration, a comprehensive group health benefits structure, including disability benefits, vision, dental, medical and any other forms of life and health insurance.											
<b>PART III. PROGRAM PERFORMANCE CRITERIA:</b>											
1. Program Performance Area: Employee Benefits Funds Deficit of \$4.5 million. Goal Statement: Pay 5,500 claims with \$3.5 million.		1st QTR		2nd QTR		3rd QTR		4th QTR			
		Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
2. Program Performance Area:  Goal Statement:											
3. Program Performance Area:  Goal Statement:											
4. Program Performance Area:  Goal Statement:											
5. Program Performance Area:  Goal Statement:											

**PART IV. I HEREBY ACKNOWLEDGE THAT THE ABOVE INFORMATION HAS BEEN THOROUGHLY REVIEWED.**

I, Harlan Charley, Department Manager II

Program Manager's Printed Name: Harlan Charley

Program Manager's Signature and Date: [Signature]

Joelynn M. Ashley, Division Director

Division Director/Branch Chief's Printed Name: Joelynn M. Ashley

Division Director/Branch Chief's Signature and Date: [Signature]



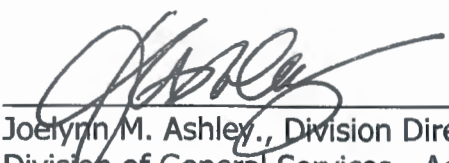
# THE NAVAJO NATION

RUSSELL BEGAYE PRESIDENT  
JONATHAN NEZ VICE-PRESIDENT

November 27, 2017

## MEMORANDUM

TO : ALL CONCERNED

FROM :   
Joelynn M. Ashley, Division Director  
Division of General Services - Admin.

SUBJECT : SUCCESSION OF STANDING DELEGATION OF AUTHORITY  
**FISCAL YEAR 2018**

This is to advise all concerned, of the subject matter that will be in effect during the time(s) that I am away from the office for the Division of General Services~Administration and will automatically assume the Division Director status in my stead.

This authority will commence 8:00 A.M., November 27, 2017, and will end 5:00 P.M., September 30, 2018; or until such time as deemed necessary.


The authority covers signing of routine operational documents and will include the handling of routine administrative matters except those needing special attention of the Division Director. Only special attention items such as off reservation travel and personnel issues/concerns will be handled by the Division Director. There may be occasions when the successors may not be available to fulfill this delegation; during those occasions, another Division of General Services staff member will be delegated for a specific duration of time, in writing.


I ask that cooperation be given to the listed delegation, so that there is no interruption in services. Thank you for your support and understanding.

## ACKNOWLEDGED

①   
Marlene S. Slim, Admin. Serv. Ofcr.  
Division of General Services-Admin.

②   
Harlan Charley, Dept. Mgr. II  
Insurance Services Department

③   
Marcus Tulley, Dept. Mgr. III  
Facilities Maintenance Dept.

④   
Joseph Berardesco, Director  
Air Transportation Dept.

⑤   
Pearl Lee, Program Mgr. I  
NN Telecomm. & Utilities



# THE NAVAJO NATION DETAILED BUDGET AND JUSTIFICATION

PART I. PROGRAM INFORMATION:			
Program Name/Title:		Business Unit No.:	112015
PART II. DETAILED BUDGET:			
(A)	(B)	(C)	(D)
Object Code (LOD 6)	Object Code Description and Justification	Total by DETAILED Object Code	Total by MAJOR Object Code
7000 SPECIAL TRANSACTION			3,500,000
7770 Insurance Payouts:			
7780 Claims Disbursements	3,500,000	3,500,000	
TOTAL			3,500,000



## THE NAVAJO NATION

RUSSELL BEGAYE  
JONATHAN NEZ

SEP 11 2017  
OFFICE OF THE PRESIDENT


### Memorandum

Date: September 8, 2017

To: Honorable Russell Begaye, President  
Office of the President/Vice President

Honorable Lorenzo Bates, Speaker  
Navajo Nation Council

Honorable Thomas J Holgate, Acting Chief Justice  
Judicial Branch

From:   
Pearline Kirk, Controller  
Office of the Controller

Subject: Financial Update-(General Fund Revenue, Expenditures, UUFB)



The gross General Fund Revenues, (see **Exhibit "A"**), as of August 31, 2017 is \$203,053,235, (see Footnote **1**). The total General Fund set asides is \$ \$51,749,599 (Footnote **2**). The Net Revenue for the General Fund is \$151,303,727 (see Footnote **3**). The permanent fund income transfer is \$24,411,000 (Footnote **4**). The reserve taken for the permanent fund income transfer is \$2,885,000 (Footnote **5**). The grand total revenue for the General Fund is \$172,829,727 (see Footnote **6**) which is 98.78% of the projection.

Next, are the total expenditures by Branch, (see **Exhibit "B"**) as of August 31, 2017, the Legislative Branch has expenditures of \$14,836,331 (see Footnote **1a**); encumbrances of \$822,493 (see Footnote **1b**) with a remaining budget of \$3,307,669 (see Footnote **1c**). The Executive Branch expenditures are \$162,500,722 (see Footnote **2a**); encumbrances are \$7,206,122 (see Footnote **2b**) with a remaining budget of \$37,797,219 (see Footnote **2c**). The Judicial Branch expenditures are \$11,718,156 (see Footnote **3a**); with encumbrances of \$73,692 (see Footnote **3b**) and remaining budget of \$2,356,349 (see Footnote **3c**). Total General Fund expenditures are \$189,055,209 (see Footnote **4a**); total encumbrances are \$8,102,307 (see Footnote **4b**) with an overall remaining budget of \$43,461,236 (see Footnote **4c**).

The updated Undesignated Unreserved Fund Balance (UUFB), (see **Exhibit "C"**) as of September 8, 2017 is \$31,258,217. The Fiscal Year 2016 audited numbers were approved via CJY-51-17 and an amount of \$11, 728,198 that was previously reserved for debt service for capital projects was returned back to the UUFB with the approval of CJY-50-17. These two amounts have been incorporated into this new schedule.

Thank you, if you should have any question please feel free to call me at tribal extension X6308.



THE NAVAJO NATION  
General Fund Revenue Schedule  
(Unaudited)  
August 31, 2017

FY 2017

GENERAL FUND REVENUE		Original Budget	Revised Budget	Actual Revenue Received	Revenue to be collected	% Revenue of Total
TNN: ROYAL; GAS; OIL	\$	24,700,000	\$ 24,700,000	22,503,079	\$ 2,196,921	91.11
TNN: COAL REVENUES		55,850,000	55,850,000	51,709,402	4,140,598	92.59
TNN:OTR MINERALS REV				79,149	(79,149)	
TNN: LAND REVENUES		58,450,000	58,450,000	59,393,523	(943,523)	101.61
TNN: BUSINESS FEES				80,415	(80,415)	
TNN: INTEREST INCOME		1,600,000	1,600,000	4,249,477	(2,649,477)	265.59
TNN: TAX REVENUES		64,150,000	64,150,000	63,125,774	1,024,226	98.40
COURT FINES + FEES		400,000	400,000	379,897	20,103	94.97
TNN: OTHER REVENUES		500,000	500,000	1,270,889	(770,889)	254.18
BIA: ROYAL; GAS; OIL				111,327	(111,327)	
BIA: COAL REVENUES				114	(114)	
BIA:OTR MINFRALS REV					-	
BIA: LAND REVENUES				150,280	(150,280)	
<b>TOTAL REVENUE</b>	<b>\$</b>	<b>205,650,000</b>	<b>\$ 205,650,000</b>	<b>203,053,325</b>	<b>(1) \$ 2,596,675</b>	<b>98.74</b>
LESS:SET ASIDES						
CAPITAL OUTLAY MATCH						
LAND FUND TRANSFER	\$	(2,000,000)	(2,000,000)	(2,000,000)	\$ -	100.00
PERMANENT FUND TRNSF		(4,113,000)	(4,113,000)	(4,061,067)	(51,933)	98.74
WATER RIGHTS CLAIM FU		(24,678,000)	(24,678,000)	(24,366,399)	(311,601)	98.74
DINE' HIGHER EDUCATIO		(2,000,000)	(2,000,000)	(2,000,000)	-	100.00
VETERANS TRUST FUND S		(11,200,000)	(11,200,000)	(11,200,000)	100.00	100.00
		(8,226,000)	(8,226,000)	(8,122,133)	(103,867)	98.74
<b>TOTAL SET ASIDE</b>	<b>\$</b>	<b>(52,217,000)</b>	<b>\$ (52,217,000)</b>	<b>\$ (51,749,599)</b>	<b>(2) \$ (467,401)</b>	<b>99.10</b>
<b>SUB TOTAL</b>	<b>\$</b>	<b>153,433,000</b>	<b>\$ 153,433,000</b>	<b>\$ 151,303,727</b>	<b>(3) \$ 2,129,273</b>	<b>98.61</b>
PERMANENT FUND INCOME TRANSFER						
OTHER REVENUE TRANSFER	\$	24,411,000	24,411,000	24,411,000	(4) \$ -	100.00
LESS: PF FIVE-YEAR CONTINGENCY		(2,885,000)	(2,885,000)	(2,885,000)	(5) -	100.00
<b>TOTAL PFI TRANSFER</b>	<b>\$</b>	<b>21,526,000</b>	<b>\$ 21,526,000</b>	<b>\$ 21,526,000</b>	<b>\$ -</b>	<b>100.00</b>
<b>NET PFI TRANSFER</b>	<b>\$</b>	<b>21,526,000</b>	<b>\$ 21,526,000</b>	<b>\$ 21,526,000</b>	<b>\$ -</b>	<b>100.00</b>
<b>GRAND TOTAL</b>	<b>\$</b>	<b>174,959,000</b>	<b>\$ 174,959,000</b>	<b>\$ 172,829,727</b>	<b>(6) \$ 2,129,273</b>	<b>98.78</b>

- (1) Gross General Fund Revenues  
(2) Total Set Asides for General Fund Revenue  
(3) Net General Fund Revenue  
(4) Permanent Fund Income allocation to General Fund  
(5) Permanent Fund Income allocation reserve (CO-54-16)  
(6) Grand total General Fund Revenues

EXHIBIT "A"

Prepared by:  
General Accounting  
9/8/2017



# FY 2017 EXHIBIT "B"

## The Navajo Nation Budget Status\_Income Statement As of August 31, 2017

Branch / Object Account	Original Budget	Revised Budget	Actual Expenses	Encumbrances	Budget Available	% Available
<b>LEGISLATIVE BRANCH</b>						
2001 - Personnel Expenses	\$ 10,651,778	\$ 12,278,822	\$ 10,019,465	-	\$ 2,259,367	18.40
3000 - Travel Expenses	1,321,631	1,765,310	1,572,327	46,213	545,274	30.89
3500 - Meeting Expenses	159,932	399,826	210,861	-	204,416	51.13
4000 - Supplies	196,565	744,678	455,884	31,130	248,147	33.32
5000 - Lease & Rental	212,423	226,684	179,129	10,417	50,024	22.07
5500 - Communications & Utilities	119,335	156,633	134,035	-	60,813	38.83
6000 - Repairs & Maintenance	44,547	152,091	74,100	7,525	57,978	38.12
6500 - Contractual Services	541,661	1,553,766	963,771	462,824	197,091	12.68
7000 - Special Transactions	294,373	619,408	411,587	42,876	239,284	38.63
8000 - Assistance	-	-	-	-	-	-
9000 - Capital Outlay	20,000	1,069,274	815,172	221,509	566,817	54.88
9500 - Matching & Indirect Cost	-	-	-	-	-	-
<b>Total LEGISLATIVE BRANCH</b>	<b>\$ 13,562,275</b>	<b>\$ 18,966,493</b>	<b>\$ 14,836,331</b>	<b>(1a) \$ 822,463</b>	<b>(1b) \$ 3,307,666</b>	<b>(1c) 17.44</b>
<b>EXECUTIVE BRANCH</b>						
2001 - Personnel Expenses	82,554,098	\$ 85,757,946	\$ 67,342,879	\$ -	\$ 18,415,068	21.47
3000 - Travel Expenses	9,499,593	9,498,299	8,499,697	8,235	990,367	10.43
3500 - Meeting Expenses	981,047	1,713,064	1,321,407	-	391,657	22.86
4000 - Supplies	5,400,663	7,963,841	4,549,358	897,024	2,517,459	31.61
5000 - Lease & Rental	1,751,399	1,669,091	1,196,102	28,114	444,875	28.65
5500 - Communications & Utilities	7,305,566	8,123,429	6,513,700	589,673	1,020,057	12.56
6000 - Repairs & Maintenance	3,914,876	8,788,252	5,571,378	1,030,316	2,186,557	24.88
6500 - Contractual Services	4,653,568	12,866,818	8,849,248	2,804,762	3,212,809	24.97
7000 - Special Transactions	10,316,377	11,986,749	10,083,552	322,516	1,580,681	13.19
8000 - Assistance	41,728,697	48,837,762	45,579,345	1,174,985	2,083,432	4.27
9000 - Capital Outlay	764,670	2,746,354	1,563,730	350,497	832,127	30.30
9300 - Other Income and Expense	-	-	-	-	-	-
9500 - Matching & Indirect Cost	7,552,457	7,552,457	3,430,326	-	4,122,131	54.58
<b>Total EXECUTIVE BRANCH</b>	<b>\$ 178,423,011</b>	<b>\$ 207,504,063</b>	<b>\$ 162,500,722</b>	<b>(2a) \$ 7,206,122</b>	<b>(2b) \$ 37,797,219</b>	<b>(2c) 18.22</b>
<b>JUDICIAL BRANCH</b>						
2001 - Personnel Expenses	\$ 12,523,143	\$ 12,568,722	\$ 10,812,000	-	\$ 1,754,722	13.96
3000 - Travel Expenses	433,764	419,940	243,969	-	175,971	41.90
3500 - Meeting Expenses	-	26,807	10,955	-	15,852	58.13
4000 - Supplies	68,291	378,953	241,164	27,553	110,236	29.09
5000 - Lease & Rental	9,000	45,670	19,012	-	26,658	58.37
5500 - Communications & Utilities	68,206	90,472	68,386	-	22,087	24.41
6000 - Repairs & Maintenance	-	210,010	98,988	46,094	63,927	30.44
6500 - Contractual Services	-	89,627	50,671	-	38,956	43.46
7000 - Special Transactions	103,339	274,160	172,011	44	102,105	37.24
8000 - Assistance	-	-	-	-	-	-
9000 - Capital Outlay	-	45,834	-	-	45,834	100.00
9300 - Other Income and Expense	-	-	-	-	-	-
<b>Total JUDICIAL BRANCH</b>	<b>\$ 13,206,743</b>	<b>\$ 14,148,196</b>	<b>\$ 11,718,156</b>	<b>(3a) \$ 73,692</b>	<b>(3b) \$ 2,356,349</b>	<b>(3c) 16.65</b>
<b>GRAND TOTAL:</b>	<b>\$ 203,192,029</b>	<b>\$ 240,618,752</b>	<b>\$ 189,055,209</b>	<b>(4a) \$ 8,102,307</b>	<b>(4b) \$ 43,461,236</b>	<b>(4c) 18.06</b>

### Footnotes:

#### Legislative Branch

- (1a) Legislative Expenses
- (1b) Legislative Encumbrances
- (1c) Legislative Budget Available

#### Executive Branch

- (2a) Executive Expenses
- (2b) Executive Encumbrances
- (2c) Executive Budget Available

#### Judicial Branch

- (3a) Judicial Expenses
- (3b) Judicial Encumbrances
- (3c) Judicial Budget Available

#### Total General Fund

- (4a) General Fund Expenses
- (4b) General Fund Encumbrances
- (4c) General Fund Budget Available

## EXHIBIT "C"

Memo Dated Sept. 8, 2017

Financial Update



### Undesignated, Unreserved, Fund Balance (UUFB) September 8, 2017

09-30-16 UUFB balance <u>(Audited)</u> CJY-15-17		26,763,946
<b>Less Supplementals:</b>		
CO-55-16 Election	510,616	
CN-58-16-Budget	3,848,764	
CJA-05-17 Bennett Freeze	254,656	
CAP-22-17-Dine Bii Association	239,200	
CJN-34-17 Summer Youth Employment	2,161,748	
CJY-37-17- Transportation Stimulus Election	218,943	<u>7,233,927</u>
Total UUFB less Supplementals		19,530,019
<b>Add:</b>		
CJY-50-17 Deposit into UUFB.		11,728,198
UUFB 09-08-17		<u><u>31,258,217</u></u>

Prepared by: General Accounting  
9/8/2017  
5:00 PM





July 11, 2017

The Navajo Nation Employee Benefits Program  
Attn: Emily Bennett, Program Manager  
PO Box 1360  
Window Rock, AZ 86515

Re: Claims Backlog Follow Up

Dear Mrs. Bennett:

This letter is a follow up to our previous letter dated June 13, 2017 regarding the unpaid claims back log in the Navajo Nation Employee Benefit Plan. As we have reported previously, there remains approximately \$4,500,000.00 in older outstanding claims to be funded by the plan. HMA has been working with the affected providers but the angst in the provider community continues to grow. If it is possible for the plan to receive additional funds to pay down this back log the reduction in provider and member complaints would reduce significantly.

The actuary for the plan, Lief & Associates, has proposed a 2018 rate increase for the plan of 37.8%. If the plan were to put in a 2018 rate increase of 35% the increase in funds to the plan would be \$15.6M or an increase of 30% would result in an additional \$13.4M next year. Either rate increase, combined with the proposed plan changes, should significantly improve the claims payment times to providers and members in 2018 and start to build up a much needed reserve in the plan.

The Navajo Nation plan been a excellent plan for all members since 1991 and with the additional funds requested this year and the proposed plan changes for 2018 the plan will be set up to consistently serve NN members for many years to come.

Please contact me if you should need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "David Appel".

David Appel  
VP Finance

**RESOLUTION OF THE NAVAJO NATION GAMING ENTERPRISE  
BOARD OF DIRECTORS**

**PLEDGING AND AUTHORIZING THE NAVAJO NATION GAMING ENTERPRISE'S COMMITMENT TO PAY THE ENTERPRISE'S PORTION OF THE NAVAJO NATION EMPLOYEE BENEFITS PROGRAM DEFICIT, NOT TO EXCEED \$3.3 MILLION TO THE NAVAJO NATION, SUBJECT TO THE SIGNATURE APPROVAL AND CLOSING OF THE SECOND AMENDED, RESTATED AND CONSOLIDATED LOAN AGREEMENT**



**WHEREAS**, pursuant to 5 N.N.C. § 1701 *et seq.*, the Navajo Nation Gaming Enterprise ("NNGE") is a wholly-owned enterprise of the Navajo Nation; and

**WHEREAS**, pursuant to 5 N.N.C. § 1707(A), the Board of Directors (the "Board") is the governing body of NNGE responsible for establishing the overall policies and objectives for the management of NNGE; and

**WHEREAS**, pursuant to 5 N.N.C. § 1705(E), the NNGE has the power and authority to enter into, make, assign, and take assignments of any and all forms of contracts for any purpose that is reasonably related to the lawful purposes of the NNGE; and

**WHEREAS**, the NNGE was created to conduct gaming operations within the Navajo Nation under the auspices of the Indian Gaming Regulatory Act of 1988 (Public Law 100-497, 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1166-1168), the Navajo Gaming Ordinance (5 N.N.C. §2001 *et seq.*) and the gaming compacts entered into between the Navajo Nation and any State, and to generate gaming revenues and provide a fair return to the Navajo Nation and its members in accordance with the Indian Gaming Regulatory Act, the Navajo Gaming Ordinance, and other applicable laws of the Navajo Nation; and

**WHEREAS**, the NNGE operates four casinos (Fire Rock Navajo Casino, Flowing Water Navajo Casino, Northern Edge Navajo Casino, and Twin Arrows Navajo Casino Resort) and employs over 1,300 employees; and

**WHEREAS**, the NNGE participates in the Navajo Nation Employee Benefits Program which was established by the Navajo Nation on October 1, 1984 to provide employees, including NNGE employees, with benefits for health, life and disability; and

**WHEREAS**, the Navajo Nation Employee Benefits Program informed NNGE that a deficit of \$3.3 million has impacted the Employee Benefits Program and the deficit is attributed to NNGE and its employees. In order to verify the deficit information, NNGE requested the following documents from the Navajo Nation: (1) documentation and data that substantiates how the amount of the \$3.3 million deficit was determined, (2) 2017 Year-end Employee Healthcare Plan Profit/Loss Statement and documents for assessment of NNGE's participation in the Navajo Nation Employee Benefits Program, with respect to Incurred But Not Reported (IBNR) charges and for evaluation of alternative coverage options, and (3) Five-year claims history and supporting documents for assessment of Navajo Nation Insurance Services and Workers' Compensation Program and for evaluation of alternative coverage options; and

**WHEREAS**, the Navajo Nation, which includes the Navajo Nation Employee Benefits Program and Insurance Commission has requested a commitment from NNGE that NNGE will pay its portion/share of the deficit; and

**WHEREAS**, the NNGE is contractually bound to comply with its financial obligations to the Navajo Nation, which includes the First Amended, Restated and Consolidated Loan Agreement, Forbearance Agreements, and the Second Amended, Restated and Consolidated Loan Agreement that still requires signature approval and closing; and

**WHEREAS**, upon the signature approval and closing of the Second Amended, Restated and Consolidated Loan Agreement, the NNGE will have sufficient funds to pay its portion of the deficit, not to exceed \$3.3.million, which has impacted the Employee Benefits Program; and


**WHEREAS**, it is in the best interest of the Navajo Nation and NNGE that NNGE pledges to assist the Navajo Nation and the Navajo Nation Employee Benefits Program with its deficit.

**NOW THEREFORE BE IT RESOLVED**, the Navajo Nation Gaming Enterprise Board of Directors hereby pledges and authorizes the Navajo Nation Gaming Enterprise's commitment to pay the Enterprise's portion of the Navajo Nation Employee Benefits Program deficit, not to exceed \$3.3 million to the Navajo Nation; subject to the signature approval and closing of the Second Amended, Restated and Consolidated Loan Agreement between the Navajo Nation and Navajo Nation Gaming Enterprise and receiving the requested documents from the Navajo Nation regarding the deficit.

**NOW THEREFORE BE IT FINALLY RESOLVED**, the Navajo Nation Gaming Enterprise Board of Directors hereby authorizes Interim Chief Executive Officer Brian Parrish and Chief Financial Officer Richard Williamson to do all things necessary to implement the intent of this resolution.

#### **CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Gaming Enterprise Board of Directors at a duly called meeting, at which a quorum was present, and the same was passed by a vote of 5 in favor, 0 opposed and 0 abstained, this 11th day of January 2018.



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Quincy Natay, Chairman  
Navajo Nation Gaming Enterprise  
Board of Directors

Motion: Omar Bradley  
Second: Melinda Tomchee

**NAVAJO NATION**

RCS# 1004

2/16/2018  
08:21:49 PM

Special Session

Amd# to Amd#	Legislation No. 0420-17
MOT Begay, S	Group Health Benefit Fund,
SEC Perry	\$3,500,000.00 - using UUFB
	as amended

**PASSED**

**Yea : 13**

**Nay : 0**

**Excused : 3**

**Not Voting : 8**

**Yea : 13**

Begay, K	Chee	Perry	Tso
Begay, S	Damon	Slim	Witherspoon
BeGaye, N	Hale	Smith	Yazzie
Bennett			

**Nay : 0**

**Excused : 3**

Brown	Shepherd	Tsosie
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**Not Voting : 8**

Bates	Crotty	Filfred	Pete
Begay, NM	Daniels	Jack	Phelps