

RESOLUTION OF THE
NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL -- First Year, 2015

AN ACTION

RELATING TO LAW AND ORDER, BUDGET AND FINANCE, NAABIK'ÍYÁTI' COMMITTEE, AND NAVAJO NATION COUNCIL; AUTHORIZING SHORT-TERM REFINANCING OF THE NAVAJO NATION SENIOR UNSECURED GENERAL OBLIGATION LOAN, SERIES 2010; APPROVING TERM SHEET; DELETING AUTHORITY TO NEGOTIATE, EXECUTE AND DELIVER FINAL LOAN DOCUMENTS; AND RELATED MATTERS

BE IT ENACTED:

Section One. Findings

- A. The Navajo Nation established the Law and Order Committee as a standing committee and exercise oversight over the Navajo Nation Judicial Branch and Navajo Nation Division of Public Safety. 2 N.N.C. §§ 600(A) and 601(C)(1) (2012).
- B. The Navajo Nation established the Budget and Finance Committee as a standing committee and "[t]o recommend to the Navajo Nation Council the adoption of resolutions designed to strengthen the fiscal and financial position of the Navajo Nation and to promote the efficient use of the fiscal and financial resources of the Navajo Nation." 2 N.N.C. §§ 300(A) and (C)(3) (2012).
- C. The Naabik'íyáti' Committee of the Navajo Nation Council reviews proposed legislation which requires final action by the Navajo Nation Council. 2 N.N.C. § 164(A)(9).
- D. The Navajo Nation Council shall consider and approve the issuance of general obligation bonds. 12 N.N.C. §§ 1330-1350.
- E. The Navajo Nation is authorized to incur indebtedness for financing the cost of capital improvements through the issuance of bonds or other debt obligations (including bank loans and financing agreements) ("Bonds") under 12 N.N.C. §1300 *et. seq.* of the Navajo Nation Code, as amended (the "Bond Financing Act"); and

- F. Bonds may include "general obligation bonds" backed by the "full faith and credit" of the Navajo Nation, as such terms are defined in §1310 of the Bond Financing Act; and
- G. The Navajo Nation previously entered into a Credit Agreement with KeyBank, National Association and its affiliate Key Government Finance, Inc. (collectively, "KeyBank") pursuant to which the Navajo Nation obtained a \$60,000,000 Senior Unsecured General Obligation Term Loan, Series 2010 (the "2010 Loan") to provide a portion of the funding for the Navajo Nation's Judicial Center Projects. The 2010 Term Loan matures on July 1, 2015; and
- H. The Navajo Nation Council on April 22, 2015 passed Resolution CAP-11-15 (the "2015 Bond Legislation") authorizing the issuance of Navajo Nation General Obligation Bonds in the aggregate principal amount of up to \$60,000,000 in the form of tax-exempt, long-term, fixed rate bonds to be sold to institutional investors to refinance the 2010 Loan on a long-term basis (the "2015 Bonds"); and
- I. It is necessary to refinance the 2010 Loan on a short-term basis prior to the July 1, 2015 maturity date to allow the Navajo Nation to proceed with the issuance and sale of the 2015 Bonds to refinance the 2010 Loan on a long-term basis; and
- J. The Office of the Controller has obtained a proposal from KeyBank to refinance the 2010 Loan on a short-term basis; and
- K. The Office of the Controller recommends approval and the execution and delivery of the Proposed Terms and Conditions dated May 15, 2015 submitted to the Nation by KeyBank, in substantially the form attached hereto as Exhibit A (the "Term Sheet"), with respect to a general obligation bond to be issued in the form of a privately negotiated Senior Unsecured General Obligation Tax-Exempt Term Loan (the "2015 Term Loan") in an aggregate principal amount not to exceed Sixty Million Dollars (\$60,000,000); and

- L. The Office of the Controller has reviewed the terms and conditions of the 2015 Term Loan and performed the necessary calculations and evaluated the debt service requirements of the 2015 Term Loan and has determined that such indebtedness will comply with the requirements of the Bond Financing Act and any refunding rules of the Office of the Controller; and
- M. The obligations of the Navajo Nation in connection with the 2015 Term Loan will be backed by the "full faith and credit" of the Navajo Nation (as defined in §1310(I) of the Bond Financing Act), including all assets and revenues of the Navajo Nation except (i) those assets and revenues held in trust by the United States for the benefit of the Navajo Nation, (ii) assets and revenues subject to a restriction on alienation or other federal or Navajo Nation legal prohibition or requirement (in case of the Navajo Nation, existing on the closing date of the 2015 Term Loan), including the Permanent Trust Fund, the minimum Unreserved, Undesignated Fund balance required to be maintained in the General Fund and federal grant and program moneys, (iii) real property of the Navajo Nation, (iv) fiduciary funds, (v) the Sihasin Fund, and (vi) any assets or revenues identified in writing by the Navajo Nation and accepted by KeyBank to be secured or financed by other current or future additional obligations of the Navajo Nation (the "Available Assets"); and
- N. The 2015 Term Loan will bear interest at a variable tax-exempt rate, subject to the approving opinion of Orrick, Herrington & Sutcliffe, LLP, as bond counsel to the Navajo Nation ("Orrick") concerning the tax-exempt status of interest on the 2015 Term Loan.

Section Two. Approved

- A. The Navajo Nation Council hereby finds that there is an immediate need to secure and close the 2015 Term Loan as a result of the July 1, 2015 maturity date of the 2010 Loan and to allow the Nation to proceed with the issuance and sale of the 2015 Bonds as authorized and directed by the 2015 Bond Legislation; and

- B. The Navajo Nation Council hereby approves the Term Sheet and authorizes and directs the President of the Navajo Nation and the Controller of the Navajo Nation (the "Authorized Officers"), to execute and deliver the Term Sheet on behalf of the Navajo Nation, which execution and delivery by the Authorized Officers shall be conclusive evidence of approval thereof, and to do and perform any and all such further action as the Authorized Officers deem necessary or appropriate in connection with the Term Sheet based on the advice of the Navajo Nation Department of Justice and Orrick; and
- C. The Navajo Nation Council hereby authorizes and directs the Authorized Officers to negotiate, execute and deliver all documents necessary to consummate the transactions contemplated by the Term Sheet in connection with the 2015 Term Loan, consistent with the material terms and conditions set forth in the Term Sheet and in compliance with the Bond Financing Act, including, but not limited to, a credit agreement, promissory note, tax certificate and closing certificates in connection with the 2015 Term Loan (collectively, the "Loan Documents"); based on the advice of the Attorney General of the Navajo Nation and Orrick as bond counsel to the Navajo Nation, and Steven W. Erickson & Associates, LLC as financial advisor (the "Financial Advisor") to the Nation; and
- D. In addition, the Council Negotiating Team consisting of those delegates appointed by the Speaker pursuant to a Memorandum dated May 4, 2015 and in accordance with Section Two (A) of the 2015 Bond Legislation (the "Bond Committee") to work with the Controller in connection with the issuance and sale of the 2015 Bonds are hereby authorized and directed to review matters related to the 2015 Term Loan and to advise the Authorized Officers with respect to the execution and delivery of Loan Documents and any further action determined to be necessary or appropriate in connection with the 2015 Term Loan; and
- E. Upon negotiation of the final Loan Documents, the Authorized Officers are hereby authorized and directed to execute and deliver the Loan Documents, which execution and delivery by the Authorized Officers shall be conclusive evidence of approval thereof, and to do and perform any and all such further action as the Authorized Officers deem

necessary or appropriate in connection with the 2015 Term Loan, having received the advice of the Bond Committee, the Navajo Nation Department of Justice, Orrick and the Financial Advisor; and

- F. The Navajo Nation Council hereby finds that the consent to arbitration and jurisdiction and related dispute resolution and remedial provisions contemplated by the Term Sheet and that will be included in the Loan Documents (the "Arbitration Provisions") comply with Navajo Nation law (including, but not limited to, the Bond Financing Act, the Sovereign Immunity Act, and the Arbitration Act). Upon execution and delivery of the Loan Documents, such Arbitration Provisions shall constitute a valid and enforceable limited exception to the Navajo Nation's defense of sovereign immunity, and no such defense of sovereign immunity shall prevent the enforcement of such obligations under 1 N.N.C. §§ 554(J) and (K), Sovereign Immunity Act. Since authority to waive such sovereign immunity has been properly delegated pursuant to 1 N.N.C. §§ 554(J) and (K), Sovereign Immunity Act; the arbitration clause shall not constitute a waiver of sovereign immunity pursuant to 2 N.N.C. § 223(C); and
- G. The Navajo Nation Council hereby ratifies, approves and confirms all actions previously taken by the Authorized Officers in connection with the 2015 Term Loan consistent with the purposes and intentions of this resolution; and
- H. The Navajo Nation Council hereby acknowledges and affirms that all actions, requirements, terms and conditions of the Bond Financing Act for the due authorization, execution, delivery, validity and enforceability of the Loan Documents have been taken or satisfied and that the Loan Documents shall upon execution and delivery by the Authorized Officers be legal, valid and binding obligations of the Navajo Nation enforceable against the Navajo Nation in accordance with their terms.

Section Three. Savings Clause

If any provision of this resolution or the application of any provision of this resolution is held to be invalid, the remainder of this resolution shall not be affected with respect to the same.

Section Four. Non-Impairment

The Navajo Nation Council shall not pass or adopt any laws or take or allow any action of the Navajo Nation (including any of its officers, employees, agents, subdivisions, agencies or instrumentalities) of any nature that shall impair the obligations of the Navajo Nation under the Loan Documents.

Section Five. Licenses and Approvals

The Navajo Nation Council hereby finds and determines that, as a matter of tribal law, no licensing, registration, certification or eligibility requirements of any kind (other than those expressly set forth in the Loan Documents) apply, and shall not in the future apply, to Key Bank or any other parties to the Loan Documents. Additionally, the Navajo Nation Council finds that none of the obligations contained in the Loan Documents or in connection with the 2015 Term Loan requires any additional actions, reviews, approvals, ruling or vote.

Section Six. Effective Date

The action is effective upon its approval pursuant to 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 15 in favor and 1 opposed, this 30th day of June 2015.



LoRenzo Bates, Speaker
Navajo Nation Council

6-30-15

Date

Motion: Honorable Walter Phelps
Second: Honorable Dwight Witherspoon

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 30th day of June 2015.



Russell Begaye, 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.

Russell Begaye, President
Navajo Nation



THE NAVAJO NATION

Senior Unsecured General Obligation Tax-Exempt Term Loan

May 15, 2015

Respectfully Submitted By:

KeyBank | Native American
Financial Services

SENIOR UNSECURED GENERAL OBLIGATION TAX-EXEMPT TERM LOAN

KeyBank National Association ("KeyBank") is pleased to present this term sheet for financing. Please note that this term sheet is for discussion purposes only, and is not to be construed as a formal offer to finance. It is to be used for internal use only and not to be disclosed to outside third parties without KeyBank's consent. This financing term sheet is intended as an outline of certain material items of the Facility and does not purport to summary all of the conditions, covenants, representations, warranties and other provisions which would be contained in definitive documentation for the facility contemplated hereby.

This term sheet and its terms are submitted on a confidential basis and shall not be disclosed to third parties (other than the Borrower's officers, directors, employees and advisors charged with reviewing and/or implementing the transactions hereby).

Proposed Terms and Conditions

Borrower:	The Navajo Nation (The "Nation" or "Borrower") a federally recognized Indian Tribe located on the Navajo Reservation, an area spanning New Mexico, Arizona, and Utah.
Lender:	Key Government Finance, Inc. (collectively "KGF" or "Lender")
Administrative Agent:	KeyBank National Association ("KeyBank" or "Administrative Agent")
Term Loan/ Use of Proceeds:	Up to \$60,000,000 Senior Unsecured General Obligation Tax-Exempt Term Loan (the "Term Loan") to be used to pay costs, including financing and legal costs, associated with (1) refinancing and restructuring of the Navajo Nation Senior Unsecured General Obligation Term Loan, dated June 24, 2010, with original proceeds used for the funding of certain capital improvements of the Nation, including without limitation, the construction of judiciary complexes, courthouses, and jail facilities and other related capital improvements (the "Governmental Project").
Full Faith and Credit:	<p>The obligations of the Nation under the Term Loan shall be a full faith and credit general obligation of the Nation. The Nation will promise to pay the principal, interest and premium if any on the Term Loan when due or upon acceleration from any legally "Available Assets" of the Nation. The Nation will not enter into any obligations which results in a lien on any Available Assets.</p> <p>"Available Assets" means all assets and revenues of the Nation except (a) those assets and revenues held in trust by the United States for the benefit of the Nation; (b) assets and revenues subject to a restriction on alienation or other federal or Nation legal prohibitions or requirements (in the case of the Nation, existing on the closing date of the Term Loan), including the Permanent Trust Fund, the minimum Unreserved, Undesignated Fund Balance required to be maintained in the General Fund and restricted federal grant and program moneys; (c) real property of the Nation; (d) fiduciary funds of the Nation; (e) the Sihasin Fund; and (f) any assets or revenues identified in writing by the Nation and accepted in writing by the Lender to be secured or financed by current or future additional obligations of the Nation.</p>
Maturity:	The Term Loan will have a maturity of July 1, 2016.
Amortization:	Principal and interest payments will be required monthly to amortize the debt based on a twenty (20) year amortization (level monthly repayment).

Tax Exempt Variable Interest Rate:	The variable interest rate will be adjusted every 30 days based on an index to the 30 day LIBOR Rate = ((LIBOR * .65) + spread). Interest will be calculated on the basis of actual/actual day count. The current interest rate index option as of 5/15/15 is listed below:
	Variable Rate Option: ((30 Day LIBOR x .65) + 1.48%) = 1.60%
Origination Fee:	Origination fee will equal 10 bps of the Term Loan amount.
Taxes:	None of the Term Loan, interest or premium paid thereon nor the transactions or the activities of Lender and its agents in connection therewith shall be subject to any tax, license or fee by the Nation.
Prepayment:	The Variable Rate Option shall be subject to prepayment in whole without penalty on any interest payment date with 3 days prior written notice to Lender
Financial Covenants:	<p>Financial Covenants are to be tested annually on the financial statements of the Navajo Nation unless otherwise specified. The following financial covenants will be in effect for the Term Loan:</p> <p>Maximum Leverage Ratio: The Borrower will maintain a Maximum ratio of a) Total Funded Debt to b) Total Net Assets of not greater than fifteen percent (15%). The Maximum Leverage Ratio is to be tested and certified annually. To be tested on the Statement of Net Assets of the Navajo Nation.</p> <p>Total Funded Debt: shall include all interest bearing indebtedness of the Borrower, including any that is secured by or guaranteed with a pledge of the Nation's full faith and credit, capital leases, bank loans and all interest-bearing contingent liabilities of the Nation.</p> <p>Total Net Assets: means at any date without duplication all assets of the Nation including its governmental, and business-type activities less the liabilities of the included activities calculated based upon the same accounting basis used to prepare the Nation's annual audited financial statements. That basis will either be the Modified Accrual Budget Basis of Accounting currently utilized by the Nation or the Modified Accrual Basis of Accounting (GAAP). Net assets of the Nation's component units (for example, Navajo Tribal Utility Authority and Diné College) are excluded from this computation.</p> <p>Minimum Debt Service Coverage Ratio: The Borrower shall maintain a Debt Service Coverage Ratio of at least ten to one (10.0:1.0). Compliance by the Nation with the Debt Service Coverage Ratio shall be established by the financial statements of the Nation and shall be certified by the Controller to the Lender annually. "Debt Service Coverage Ratio" means the ratio of Annual Unrestricted Recurring Revenue to Annual Debt Service on Total Funded Debt.</p> <p>Minimum Liquidity: The Borrower will be required to demonstrate on an annual basis that it has cash and cash equivalents and marketable securities of not less than \$70,000,000, which are legally available for repayment of the Term Loan ("Minimum Liquidity Covenant"). The Minimum Liquidity Covenant will be tested and certified to annually by the Borrower. The</p>

	<p>Borrower will be permitted to withdraw funds without restriction or limit for immediate expenditure in the intervals between the annual testing dates without violating the Minimum Liquidity Covenant.</p> <p>Incurrence of Additional Debt: The Borrower may incur additional indebtedness including, without limitation, General Obligation debt and indebtedness constituting a permitted lien, as long as the Nation remains, and will continue to remain (on a proforma basis) in compliance with the Maximum Leverage Ratio.</p>
Reporting Requirements:	<p>Including but not limited to:</p> <ul style="list-style-type: none"> a) Annual consolidated and consolidating audited Financial Statements of the Navajo Nation due within 365 days of Fiscal year-end. b) Annual covenant compliance certificate, setting forth the calculation of the Maximum Leverage Ratio, the Minimum Liquidity Ratio, and the Minimum Debt Service Coverage Ratio signed by the Controller of the Borrower setting forth the Borrower's compliance with the financial covenants, due 60 days after each September 30th based on unaudited financial results for the Nation. c) Revenue Allocation Certification: Annual statement signed by the Controller of the Borrower confirming that the Borrower has identified one or more specific revenue sources that constitute Available Assets, which are designated for the payment of debt service on the Term Loan. The aforementioned revenue sources should be sufficient to cover the debt service payments on the Term Loan for the subject year. Due annually 30 days following the approval of the Nation's annual budget by the Navajo Nation Council. d) Annual Unrestricted Recurring Revenue: The Borrower is required to provide the Unrestricted Recurring Revenue calculation on an annual basis based on the audited financial statements of the Borrower. Due 30 days following the date which the audited financial statements are completed. e) Available Assets: The Borrower is required to provide the Available Assets calculation on an annual basis based on the audited financial statements of the Borrower. Due 30 days following the date which the audited financial statements are completed. f) Annual budget for the succeeding year. <p>Other financial reports as the Lender may reasonably request.</p>
Conditions Precedent to Closing:	<ul style="list-style-type: none"> a) Loan documentation satisfactory to Lender, including all Loan Documents. b) Receipt of satisfactory validity and tax-exempt status opinion provided by Orrick or other bond counsel chosen by Borrower and acceptable to Lender. c) Closing certificate as to accuracy of representations and warranties, compliance with covenants, and absence of an event of default or

	<p>potential event of default.</p> <p>d) Certified resolutions, incumbency certificate and other authorizing documents as required</p> <p>e) Receipt of satisfactory legal opinions.</p> <p>f) Receipt and review of the 2014 audited financial statements of the Nation, or if the 2014 audited financial statements are not complete, the unaudited financial statements for the Nation as of September 30, 2014.</p> <p>g) Satisfactory internal review of the Navajo Nation's laws and legal code.</p> <p>h) Compliance with all applicable laws and regulations.</p> <p>i) Delivery of all definitive government organizational and financing documents.</p> <p>j) No material change in the condition (financial or otherwise), operations, business, assets or prospects of the Borrower.</p> <p>k) No material litigation.</p> <p>l) Evidence of required insurance, including but not limited to, property, liability and business interruption insurance.</p> <p>m) Payment of all fees and expenses to Lender.</p> <p>n) The Nation shall maintain its status as a federally recognized Indian Tribe.</p> <p>o) Receipt and delivery of all necessary approvals from governmental authorities having jurisdiction over the transaction, if required.</p> <p>p) Borrower to maintain the Deposit Relationship as defined in the Credit Agreement dated June 24, 2010.</p> <p>q) Other standard conditions precedent for a transaction of this nature.</p> <p>This term sheet and any resultant commitment is subject to Key's internal approval and (among other things) the absence of any material change in the financial or capital market conditions generally from those currently in effect.</p>
Representations & Warranties:	Usual and customary representations and warranties for transactions of this nature.
Events of Default:	<p>Customary for transactions of this size and nature, including but not limited to:</p> <ul style="list-style-type: none"> • Failure to pay any principal, fees or interest under the Term Loan. • Defaults in the payment of principal, interest and/or fees on other debt instruments, • Violation of covenants, • ERISA termination, • Cross default, and • Event of Taxability on Tax-exempt Term Loan • Adoption of any laws or regulations of the Nation which would impair the Lender's rights under the Term Loan.
Remedies:	Customary for transactions of this nature including but not limited to:

	<ul style="list-style-type: none"> • Acceleration • Recovery of Amounts • Cost of Collection • No Advances
Overdue Rate:	After the occurrence and during the continuance of a default, the Term Loan and all other past due amounts owed under the Term Loan will bear interest at 2% above the rate otherwise applicable thereto.
Reserves/Yield Protection:	The legal documentation will contain customary provisions relating to increased costs, capital adequacy protection, withholding and other taxes and illegality.
Loan Documents:	Loan documents to be substantially the same form as the Loan Documents dated June 24, 2010, and the Term Loan shall be subject to the negotiation, execution and delivery of a loan agreement, note and other documents (collectively, the "Loan Documents"), which will contain but not be limited to conditions to borrowings, representations and warranties, covenants, events of default, indemnification, and other provisions that are customary for similar financings by the Lender including, without limitation, those indicated herein. Without limiting the foregoing, all Loan Documents shall also include such provisions as the Lender and its counsel deem necessary in connection with loans to tribes, tribal enterprises and other tribal entities including, without limitation, and as further provided herein, arbitration of disputes, consent to jurisdiction and absence a sovereign immunity defense, choice and adoption of governing law
Litigation:	Except as scheduled in the Loan Documents, Borrower cannot be a party to any litigation that could have a material adverse effect on the ability of the Borrower to make debt service payments on the Term Loan.
Sovereign Immunity & Dispute Resolution:	The Navajo Nation will consent to enforcement rights that would permit an arbitration action to be commenced with enforcement in the courts of the Navajo Nation to enforce the obligations of the parties under the Loan Documents, including the right to proceed against Available Assets consistent with the definition thereof in the event of non-payment under the Loan Documents. Such consent to suit is only as to court action initiated to enforce an arbitration award consistent with the terms of the Loan Documents in the District Court of the Navajo Nation in Window Rock. Borrower will provide Lender with enforcement rights to uphold the terms of the credit agreement in accordance with the Nation's Sovereign Immunity Act and the Nation's Arbitration Act.
Legal Opinions:	<p>All documents relating to the Term Loan shall be attorney prepared and in a form and substance acceptable to the Lender and its legal counsel, including legal opinions customary for transactions of this nature.</p> <p>Borrower shall provide an unqualified opinion of validity and tax-exemption customary and acceptable to Lender as to the project and the loan from Orrick or other bond counsel chosen by Borrower and acceptable to Lender.</p> <p>Borrower shall also provide an opinion of Borrower's outside counsel chosen by Borrower and acceptable to Lender confirming that under Navajo and applicable federal law the documents to which the Borrower is a party have been duly authorized by all requisite action on the part of the Borrower, and</p>

	<p>have been duly executed and delivered by Borrower, constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, the absence of conflicts with other obligations of the Borrower, conformance with the Nation's Bond Finance Act and other matters customary in opinions for financing transactions with Indian nations. Lender shall also receive satisfactory opinions reasonably acceptable to it as to its enforcement rights, availability of jurisdiction</p> <p>Borrower shall also provide an opinion of the Nation's Attorney General as to matters of state and Navajo Nation law including an opinion satisfactory to Lender and its counsel that no defense of sovereign immunity shall prevent the enforcement of the transaction documents under 1 N.N.C. §554(J) and (K), and addressing other matters customary and acceptable to the Lender as to the loan in substantially the form attached hereto as Exhibit B.</p>
Marketing Release:	<p>Borrower acknowledges and agrees that Key may share certain information relating to the transaction contemplated hereby with standard industry database companies (such as Loan Pricing Corporation, Standard & Poor's LCD and Portfolio Management Data) in accordance with customary industry practice.</p> <p>In connection with the transaction, Key may wish to create a tombstone advertisement, a brief press release as well as certain promotional materials describing the details of this transaction in written, electronic or other medium. Borrower will have the opportunity to review, edit and approve the tombstone, advertisement and/or press release before publication.</p>
Expenses and Indemnification:	<p>With respect to the Term Loan, all reasonable costs, expenses and charges incurred by the Lender, including but not limited to, reasonable fees and charges of external legal counsel for the Administrative Agent and the Lender will be reimbursed by the Nation.</p> <p>With respect to the Term Loan, the Nation will agree to indemnify the Lender and its directors, officers, employees and agents from, and hold each harmless against, any and all losses, liabilities, claims, damages or expenses incurred except by reason of the gross negligence or willful misconduct of the Lender.</p>
Counsel for Lender:	Dentons and Davis Wright Tremaine (tax exempt counsel).
Governing Law:	The Loan Documents will be governed by Navajo Nation substantive and procedural law. Where no applicable Navajo Nation law exists, Navajo custom, the law of the State of Arizona, or applicable federal law, will apply, as provided in the Navajo Nation Code. All actions which arise under the Loan Documents or in connection with the Credit Facility shall be brought in the courts of the Nation.

As noted above, this term sheet is for discussion purposes, is not a commitment to lend, and it is subject to credit approval by Key. If you wish to have Key proceed to obtain credit approval and a commitment, please acknowledge this by signing below and returning a copy of this term sheet to Key. The terms of this term sheet will expire July 1, 2015.

Acknowledged and Accepted,

THE NAVAJO NATION

By: _____

Title: _____

Date: _____

Acknowledged and Accepted,

KEYBANK NATIONAL ASSOCIATION

By: _____

Title: Senior Vice President

Date: May 18, 2015