



23rd NAVAJO NATION COUNCIL LEGISLATION SPONSORSHIP WITHDRAWAL

I, Howeases Benjamin Bennett Primary
Sponsor of proposed legislation hereby withdraw my
sponsorship of the proposed legislation. The legislation
tracking number is 0384-18

If there are any co-sponsors, they may re-sponsor the same
bill by beginning a new legislation.

SPONSOR SIGNATURE:

A handwritten signature in black ink, appearing to read "Howeases Benjamin Bennett", written over a horizontal line.

DATE:

12/31/18

LEGISLATIVE SUMMARY SHEET

Tracking No. 0384-18

DATE: November 30, 2018

TITLE OF RESOLUTION: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE AND NAABIK'IYATI COMMITTEES AND NAVAJO NATION COUNCIL; APPROVING A GRANT FUNDING REQUEST OF EIGHT MILLION DOLLARS (\$8,000,000.00) FROM THE SIHASIN FUND AND APPROVING AND ADOPTING THE PROJECT SAWMILL ALTHIN AND NAVAJO NATION ALTREE EXPENDITURE PLAN

PURPOSE: If approved, this resolution will adopt the Sihasin Fund Project Sawmill Althin and Navajo Nation Altree Expenditure Plan and approve a funding request of \$8,000,000.00 to Navajo Nation Composites, Inc. and Sawmill Wood Products, Inc.

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

5-DAY BILL HOLD PERIOD: 12/13/2018
Website Posting Time/Date: 5:58pm 11/30/2018
Posting End Date: 12/5/2018
Eligible for Action: 12/14/2018

Resources & Development Committee
Thence
Budget & Finance Committee
Thence
Naabik'iyati' Committee
Thence
Navajo Nation Council

PROPOSED NAVAJO NATION COUNCIL RESOLUTION
23rd NAVAJO NATION COUNCIL -- Fourth Year, 2018

INTRODUCED BY



(Prime Sponsor)



TRACKING NO. 0384-18

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE
AND NAABIK'IYATI COMMITTEES AND NAVAJO NATION COUNCIL;
APPROVING A GRANT FUNDING REQUEST OF EIGHT MILLION DOLLARS
(\$8,000,000.00) FROM THE SÍHASIN FUND AND APPROVING AND ADOPTING
THE PROJECT SAWMILL ALTHIN AND NAVAJO NATION ALTREE
EXPENDITURE PLAN

BE IT ENACTED:

Section One. Authority

- A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. § 102 (A).
- B. The Naabik'iyati' Committee of the Navajo Nation Council is empowered to review all proposed legislation which requires final action by the Navajo Nation Council. 2 N.N.C. §164(A)(9).
- C. The Budget and Finance Committee of the Navajo Nation Council is empowered to review and recommend to the Navajo Nation Council the budgeting, appropriation, investment, and management of all funds. 2 N.N.C. § 301 (B) (2).
- D. The Resource and Development Committee of the Navajo Nation Council is empowered to exercise oversight authority over economic and community development and housing. See 2 N.N.C. § 500 (C).

1 **Section Two. The Naabik'íyáti Síhasin Fund Subcommittee and Navajo Nation**
2 **Síhasin Fund**

3 A. The Naabik'íyáti Committee established the Naabik'íyáti Síhasin Fund Subcommittee
4 to recommend to the Naabik'íyáti Committee and Navajo Nation Council financial
5 support and/or financial plan(s) for the purposes designated in the Síhasin Fund.
6 NABIAP-20-15. However, approval by the Naabik'íyáti Síhasin Fund Subcommittee
7 is not a requirement for legislation.

8 B. The Navajo Nation Code provides the purpose of the Navajo Nation Síhasin Fund
9 ("Síhasin Fund") is as follows:

10 §2502 Purpose

11 A. The purposes of this Fund are to provide financial support and/or
12 financing for:

- 13 1. The planning and development of economic development
14 and regional infrastructure supporting economic development
15 and community development, including such infrastructure
16 as, but not limited to, housing, commercial and government
17 buildings, waterline, solid waste management development,
18 powerline projects, and transportation and communication
19 systems, within the Navajo Nation; and
20 2. Education opportunities for members of the Navajo
21 Nation.

22 B. For the Purpose in § 2502(A)(1), Fund expenditures for
23 infrastructure shall not be limited by 12 N.N.C. § 1301(F) or
24 TCDCJY-77-99.

25 C. Leveraging the Fund by way of guaranteeing loans, match funding,
26 direct funding in part, and other weighted uses of the Fund,
27 including loan financing from the Fund, for the purposes in
28 § 2502(A)(1), shall be favored over direct funding in whole.

29 12 N.N.C. § 2502, as amended by CJA-03-18.
30

1 C. The Sihasin Fund provides that "Fund Principal" shall consist of all deposits made to
2 the Sihasin Fund and that "Fund Income" shall consist of all earnings (interest,
3 dividends, etc.) generated and realized by the Fund Principal, and that Fund Income
4 shall be deposited in and added to Fund Principal until such time as a Fund
5 Expenditure Plan is duly adopted. 12 N.N.C. §§ 2504 and 2505 (C).

6 D. The Sihasin Fund principal and income shall not be expended except pursuant to a
7 Fund Expenditure Plan consistent with the purposes set forth in § 2502 and adopted
8 by a two-thirds (2/3) vote of all members of the Navajo Nation Council. 12 N.N.C. §§
9 2505(A)

10 11 **Section Three. Findings**

12 A. Sihasin funding to the Project Sawmill Althin and Navajo Nation Altree will be used
13 to purchase equipment for the Swmill Wood Products Althin manufacturing facility in
14 Sawmill Chapter, Arizona and for the purchase of equipment for Navajo Nation
15 Composites Altree manufacturing facility in Gallup, New Mexico. Additional
16 information is detailed in the attached **Exhibits A, B and C**.

17 B. It is estimated that the Altree project will create 42 positions at the Gallup location. A
18 project analysis of Altree is attached as **Exhibit D**.

19 C. The project is to be funded in part by CDFI, BIDE, City of Gallup IRB, State of New
20 Mexico and a loan from Native American Bank as detailed in the attached **Exhibit E**.

21 22 **Section Four. Approval and Adoption of Expenditure Plan**

23 A. The Navajo Nation hereby approves and adopts the Project Sawmill Althin and
24 Navajo Nation Altree Expenditure Plan attached as **Exhibit A**.

25 B. The Navajo Nation hereby approves funding through the Grant Agreement(s) in the
26 total amount of \$8,000,000. as follows: Navajo Nation Composites, Inc. in the amount
27 of \$5,500,000.00 and Sawmill Wood Products, Inc. in the amount of \$2,500,000.00.
28 These funds shall be used to contribute to the operation of the Project as outlined in
29 **Exhibit A**.

1 C. The Síhasin Funds allocated for the Project Sawmill Althin and Navajo Nation
2 Altree Expenditure Plan may be further leveraged by bond or loan financing pursuant
3 to the Navajo Nation Bond Financing Act, 12 N.N.C. 1300 et. seq., as amended, using
4 Síhasin Fund Earnings for repayment and financing costs upon the recommendation
5 by the Budget and Finance Committee and approval by a two-thirds (2/3) vote of all
6 members of the Navajo Nation Council.

7
8 **Section Five. Approval and Adoption of Expenditure Plan Administration**

9 The Navajo Nation hereby approves administration of the Project Sawmill Althin and
10 Navajo Nation Altree Expenditure Plan as follows:

- 11 1. The Navajo Nation Controller shall determine whether the source of the total
12 allocation of \$8,000,000.00 will be Síhasin Fund Principal or Income or a
13 combination of both;
- 14 2. Funds shall not be released until the Division of Economic Development has
15 provided a due diligence report upon the entities, including directors and
16 management personnel, to the Office of the Attorney General;
- 17 3. Once the Attorney General has approved the due diligence report, the Controller
18 shall release the funds pursuant to a drawdown schedule approved by the Office
19 of the Controller reflecting the progress of the projects.
- 20 4. The funds allocated for the Sawmill Althin and Navajo Nation Altree projects
21 shall be used solely for operations of the project as outlined in Exhibit A .
- 22 5. The funds shall be administered by Grant Agreements entered into between the
23 Navajo Nation, through the Division of Economic Development, and Navajo
24 Nation Composites, Inc. and Sawmill Wood Products, Inc. The Grant
25 Agreement(s) shall be approved by the Budget and Finance Committee.
- 26 6. The Division of Economic Development shall have Executive Branch oversight
27 responsibilities over the projects.
- 28 7. The Navajo Nation Composites, Inc. and Sawmill Wood Products, Inc. shall
29 provide status reports to the Naabik'íyáti Committee and Office of the President
30 and Vice President on a semi-annual basis.

1 **Section Six. Effective Date**

2 The Project Sawmill Althin and Navajo Nation Altree Expenditure Plan and Grants
3 Agreements as set forth above, shall become effective pursuant to 12 N.N.C. 2505.



**NAVAJO NATION COMPOSITES LLC
AND
SAWMILL WOOD PRODUCTS LLC
DEVELOPMENT EXPENDITURE PLAN
PROPOSAL**

**Prepared for Sihasin Committee By Navajo Nation Composites LLC
and
Sawmill Wood Products LLC**



November 25, 2018

BACKGROUND

- ✓ Since July 2017, Navajo Forestry Department has worked with PJ Woodlands, the owner of intellectual property related to the manufacturing of wood fiber, Althin™ and wood plastic composites, Altree™.
- ✓ In October 2017, Navajo Nation entered into a Letter of Intent with PJ Woodlands to develop Althin™ and Altree™ in partnership together.
- ✓ In 2018, Navajo Nation retained PJ Woodlands to conduct a biomass assessment, in coordination with Navajo Forestry Department, to assess the sufficiency of woody biomass to manufacture wood fiber for the manufacture of Altree™, a patented wood plastic composite and home heating pellets.
- ✓ In 2018, Sawmill Chapter issued a business site lease to NavaMill comprised of 18 acres for the development of a wood products industry.
- ✓ From 2015 -2018, PJ Woodlands has engineered two manufacturing facilities for:
 - Sawmill (Chapter) Wood Products LLC for the manufacturing of wood fiber from forest waste, and
 - Navajo Nation Composites LLC for the manufacturing of Altree™, a wood plastic composite sheeting
- ✓ In 2003 and 2017, two patents were issued related to the manufacturing process of Altree™. Since 2015, numerous trade secrets were developed for the manufacturing of Althin™ wood fiber products.
- ✓ In 2017 PJ Woodlands completed an extensive battery testing at Sandia National Laboratories proving Altree™ is a unique, wood plastic composite substrate.
- ✓ In 2018 PJ Woodlands began simulation impact testing of Altree™ at Sandia National Laboratories.
- ✓ In 2018, Navajo Forestry Department received NEPA certification to begin the thinning of Wheatfields No.1, a 157-acre tract of land with NEPA certification. Navajo Forestry is expecting Wheatfields No. 2, a 298 acre tract of land to receive NEPA certification in early 2019.
- ✓ In 2018, the State of New Mexico offered \$2,081,728 in tax incentives to assist Navajo Nation Composites develop an Altree™ wood plastic composite manufacturing facility in Gallup, NM.

PROPOSAL

- ❖ A grant in the amount of \$8,000,000 is requested for the following related projects:
 - ❖ \$2,500,000 for the purchase of equipment for the Sawmill Wood Products Althin™ manufacturing facility located in Sawmill Chapter, AZ.
 - ❖ \$5,500,000 for the purchase of equipment for Navajo Nation Composites Altree™ manufacturing facility at 180 Apache Circle, Gallup, NM, a 51,400 sq. ft. facility.
- ❖ Sihasin grant funds may be leveraged by seeking loan funds from Native American Bank NA and City of Gallup industrial revenue bonds (IRB's) up to \$8,662,000.
- ❖ This grant funding makes the Althin™ wood fiber manufacturing project and the Altree™ wood plastic composite manufacturing project feasible.
- ❖ Sawmill Wood Products will distribute 51% of dividends to the Sawmill Chapter.
- ❖ Navajo Nation Composites will distribute 51% of dividends to the Navajo Nation.
- ❖ Both projects - the Sawmill Althin™ project and the Navajo Nation Altree™ project generate positive cash flow shortly after operations commence. Both operations will commence in the 4th quarter of 2019 if funded in 2018.
- ❖ Navajo Forestry Department intends to harvest and sell the woody biomass waste created from forest thinning operations to Sawmill Wood Products.
- ❖ Sawmill Wood Products intends to sell the manufactured wood fiber, at a profit, to Navajo Nation Composites.
- ❖ NCDFI and BDIF intend to provide funding of approximately \$3,000,000 to the Sawmill Althin™ project.

BENEFITS TO THE NAVAJO NATION

Economic Development

- ✓ Sawmill Chapter will seek to attract other wood products industry companies to the business site lease and/or sub-lease due to the sustainable supply of trees and wood waste.
- ✓ Home heating pellets manufactured at the Sawmill Althin™ facility can be made available to LIHEAP to assist Navajo Nation members with affordable and convenient, year-round, home heating products.
- ✓ Navajo Housing Authority can utilize Altree™ wood plastic paneling and sheeting products in new home construction on the Navajo Nation and for high quality, long-standing renovations to existing homes.
- ✓ These facilities will require logistics and other support; trucking, electricians, plumbers, painters, landscapers, security services, IT support, to name a few.

Forestry Department

- ✓ Navajo Forestry will begin much needed thinning of overgrown forests. Navajo Forestry has not harvested trees for timber sales in 25 years.
- ✓ Navajo Forestry will hire as many as 35 to 50 employees over the next three years in order to supply the raw materials needs of the Sawmill Althin™ manufacturing facility. Part-time employees can convert to full-time employees

Job Creation

- ✓ Navajo Nation Composites will create approximately 42 full-time jobs, with benefits, with salaries ranging from \$24,960 to \$175,000 annually within three years. Total salary and benefits related to the Altree™ manufacturing facility will be \$2,650,000 by 2021.
- ✓ Sawmill Wood Products will create approximately 11 full-time jobs, with benefits, with salaries ranging from \$24,960 to \$75,000 within three years. Total salary and benefits related to the Althin™ manufacturing facility will be \$633,722 by 2021



- ✓ Navajo Forestry Department will seek to create, or retain, 35 to 50 full-time jobs, with benefits, to support Sawmill Wood Products.

Conclusion:

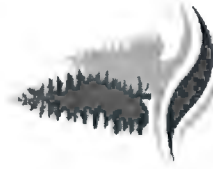
The Sihasin Fund grant of \$8,000,000 million seeks to:

- ✓ Allow these projects to utilize third party leverage.
- ✓ Ensure that the Sawmill Althin™ manufacturing facility and Altree™ manufacturing facility are in production before year-end 2019.
- ✓ Allow these manufacturing enterprises to leverage the grant funds with third party funding including bank loans and industrial revenue bonds.
- ✓ Allow Navajo Nation to sell carbon credits to an active, growing and sophisticated marketplace.
- ✓ Will assure these enterprises are able to meet market demand for their products.
- ✓ Attract other wood products industry companies to the Navajo Nation.
- ✓ Allow the Navajo Nation to profitably, and sustainably manage, their vast forest resources in a responsible manner.
- ✓ Protect precious watershed resources, grazing lands, villages and homesteads from catastrophic forest fires.
- ✓ Generate lasting and significant income on their investment through economic participation of these manufacturing facilities.
- ✓ Create much needed skilled employment and provide opportunities for the next generation and veteran Navajo Members to return to work in their forested lands.
- ✓ Allow the proposed green manufacturing projects to become a nationally-recognized business model:

“The Navajo Nation develops tribal/private partnerships to prevent catastrophic forest fires, preserve and protect Native American watershed resources, and create sustainable, green, manufacturing jobs using forest resources.”



NAVAJO NATION COMPOSITES INC.



AltreTM tree

NOVEMBER 20, 2018





Altree™

BUSINESS PROPOSAL

- ✓ Navajo Nation invests \$5,500,000 in Navajo Nation Composites LLC
- ✓ Navajo Nation receives 51% of distributions
- ✓ Partnership leases 51,400 ft.² building in Gallup to manufacture Altree™ products
- ✓ Navajo Nation receives hiring preference
- ✓ PJ Woodlands and Navajo Nation work together to utilize:
 - ✓ IRB (AZ) and IRB (Gallup/McKinley) bond financing
 - ✓ LEDA funds to defer renovation costs to building
 - ✓ JTIP funds to defer job training for new employees
 - ✓ HUBZone (SBA) designation benefits
 - ✓ Reduced electric rate from City of Gallup



RETURN ON INVESTMENT

Altree™ Manufacturing

INVESTMENT:		(\$5,500,000)	(\$5,500,000)			
YEARS OF DIVIDENDS:		18	18			
DISCOUNT RATE:		8%	10%			

\$ 44,783,609 <-- NPV of Cash Flows @ 8%

\$ 36,877,989 <-- NPV of Cash Flows @ 10%

Internal Rate of Return

57.7% 18 years
56.3% 10 years
46.7% 5 years

Payback Period - Years

Investment	Years
\$5,500,000	3.0

These calculations based solely on Altree™ Operations:

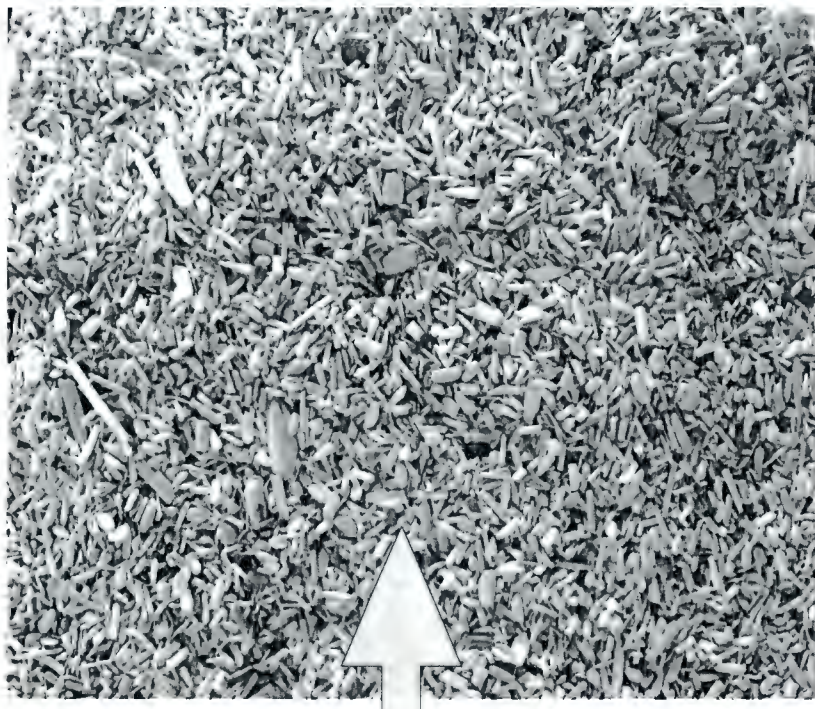
- Dividends based on NN owning 51%
- 58% ROI over life of patents
- Payback in years
- Based on two sheet production lines only
- Production begins October 2019



WHAT IS

ALTHIN™?

Altree™ utilizes Althin™, a clean, dry, woody fiber made from forest biomass.



NFD Harvests Biomass

Finished

Produced by Woodlands sources woody biomass from Navajo
Forestry Department – creates jobs and cash flow



WHAT IS

ALTREE™?

Altree™ is a green, recyclable, reusable, wood-plastic composite sheeting made from woody biomass fiber (Althin™) and “milk jug” plastic.



Strategic Partners Wanted

- Distributors
- Licensees
- Customers
- Suppliers

- Wood Fiber
- HDPE #2 Plastic
- Factory Automated Tools



Altree™

Industrial Grade Composites
Industrielle Qualitate Verbundstoffe
Compuestos de Calidad Industrial

“Most Innovative Forest Product in the World” – 2010

“Innovate New Mexico Award” – 2016

“NM SBA Success Story” – testing at Sandia National Laboratories - 2017



WHY ALTREE™?

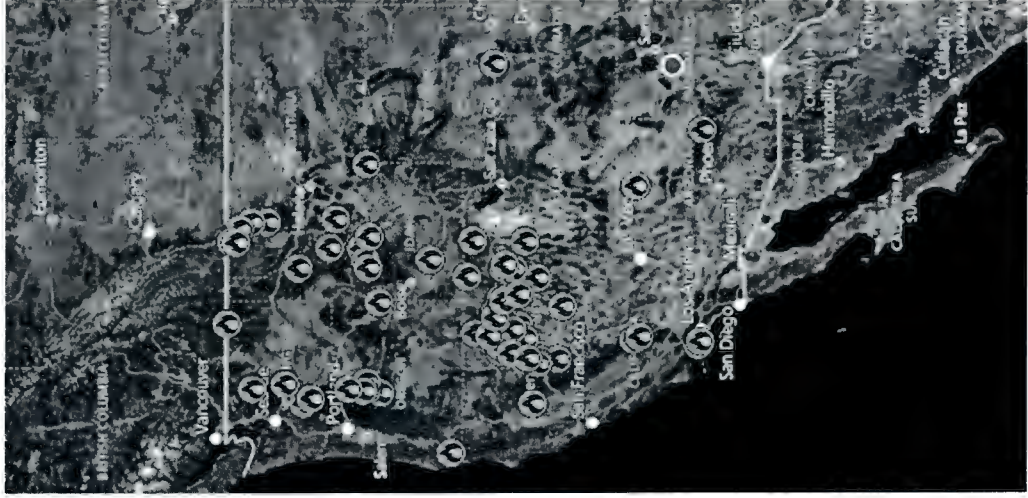
2017 fires killed 53 people, including 14 firefighters, and burned more than 10 million acres, an area larger than Maryland. More than 12,300 homes and other structures were destroyed.

The government spent a record \$2.9 billion to suppress 2017 fires.

Already this year, nearly 24,000 wildfires have burned 1.7 million acres across the country.



As of July 17, 2018



As of November 10, 2018

PRODUCTS & PROPERTIES

PRODUCTS MADE FROM ALTREE™

- * Building product replacing plywood, MDO, HDO & Fiberboard for:
 - * Flooring and sub-flooring replacing plywood
 - * Roofing material replacing plywood
 - * Paneling, indoor & outdoor
 - * Decking, fencing & railing
- * Outhouse facilities; third-world countries and parks and recreation
- * Roadway guide signs & posts replacing aluminum
- * Shipping pallets and components
- * Tool handles replacing fiberglass and wood
- * Outdoor furniture replacing concrete and wood
- * Indoor furniture replacing MDF
- * Insulation & noise barriers
- * Indoor signage

PROPERTIES OF ALTREE™

- * Green & environmentally friendly
- * Patent protected
- * Waterproof
- * UV Resistant
- * 20+ year-life
- * Insect and animal resistant
- * Mold and mildew resistant
- * Holds nails and screws better than wood
- * No sealing or painting required
- * Can be painted and routed
- * Easily cut using tools for wood
- * Extreme weather tested by:
 - * USFS Forest Product Laboratory
 - * 3M
 - * Walmart for use as a shipping pallet



BENEFITS TO NAVAJO

NATION

- ☐ Creation of new, green, permanent, direct manufacturing jobs:
- ☐ Sawmill Althin, AZ – 46 to 61 jobs over next three years (35 to 50 with Navajo Forestry)
- ☐ Navajo Nation Altree™ – 38+ jobs over next three years
- ☐ Revitalize Navajo Nation Forestry Department and create forestry jobs
- ☐ Job training and ‘skill-up’ labor force – utilize JTIP funds offered by NM
- ☐ Commercialize forest slash - convert forest waste into cash
- ☐ Protect Navajo Nation forests, sacred and archeological sites
- ☐ Restoration & protection of Navajo Nation watershed
- ☐ Generate significant, lasting income
- ☐ Build green homes on Navajo Nation with Altree™

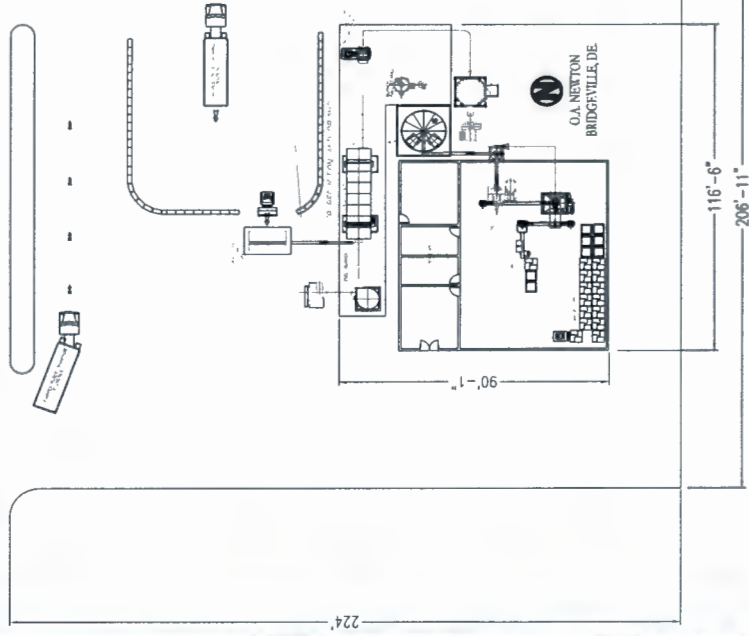


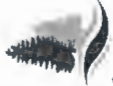
Altree™

ALTHIN™ PLANT IN SAWMILL, AZ

Althin™ Manufacturing located in Sawmill, AZ

- ☐ Community development project
- ☐ Job creation
- ☐ Wood products industry cluster potential
- ☐ Infrastructure investment and improvement





Altree™

ALTHIN™ JOBS

PERSONNEL SCHEDULE

2018	2019	2020	2021	2022
------	------	------	------	------

PERSONNEL SCHEDULE

Hourly (Direct Labor):

	Hourly	Annualized							
Per plant									
Plant Manager		\$ 75,000	\$	-	\$	75,000	\$	75,000	\$ 82,688
Drying Engineer 1	\$ 21.63	\$ 45,000	\$	\$	\$	45,000	\$	47,250	\$ 49,613
Drying Engineer 2	\$ 21.63	\$ 45,000	\$				\$	45,000	\$ 47,250
Operator - material handling 1	\$ 14.00	\$ 29,120	\$	\$	\$	29,120	\$	30,576	\$ 32,105
Operator - material handling 2	\$ 14.00	\$ 29,120	\$		\$		\$	29,120	\$ 30,576
Operator - material handling 3	\$ 14.00	\$ 29,120	\$				\$	29,120	\$ 30,576
Operator - material handling 4	\$ 14.00	\$ 29,120	\$				\$	29,120	\$ 30,576
Security	\$ 12.00	\$ 24,960	\$	\$	\$	24,960	\$	26,208	\$ 27,518
Information Technologist		\$ 45,000	\$	\$	\$	45,000	\$	47,250	\$ 49,613
Equipment maintenance 1	\$ 35.00	\$ 48,000	\$	1/2 Time	\$	24,000	\$	50,400	\$ 52,920
Equipment maintenance 2	\$ 30.00	\$ 38,000	\$	1/2 Time	\$	19,000	\$	39,900	\$ 41,895
Direct Labor		\$	\$	-	\$	262,080	\$	334,200	\$ 452,694
Headcount FTE's	9	11		1		7		8	11

Benefits (35% of total salaries & wages)

	35%	\$	-	\$	91,728	\$	116,970	\$	158,443	\$	166,365
--	-----	----	---	----	--------	----	---------	----	---------	----	---------

Workman's Compensation

	5%	\$	-	\$	13,104	\$	16,710	\$	22,635	\$	23,766
--	----	----	---	----	--------	----	--------	----	--------	----	--------

Total Salaries, Wages & Benefits

		\$	-	\$	366,912	\$	467,880	\$	633,772	\$	665,460
--	--	----	---	----	---------	----	---------	----	---------	----	---------

Headcount FTE's

	9	11		1		7		8	11		11
--	---	----	--	---	--	---	--	---	----	--	----

All wages negotiable dependent upon education, experience, salary history, certifications, etc.



ALTREE™ JOBS - MANAGEMENT

PERSONNEL SCHEDULE

2018	2019	2020	2021	2022
------	------	------	------	------

PERSONNEL SCHEDULE

Management / Salaried

	Annual Base	Annualized based upon full year, bold amounts are partial year				
Controller	\$ 110,000	\$ 55,000	\$ 110,000	\$ 115,500	\$ 121,275	\$ 127,339
Plant Manager	\$ 95,000	\$	95,000	\$ 99,750	\$ 104,738	\$ 109,974
Senior Accountant	\$ 65,000	\$	65,000	\$ 68,250	\$ 71,663	\$ 75,246
Bookkeeper	\$ 30,000	\$ 30,000	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729
Sales & marketing staff 1	\$ 55,000	\$ 55,000	\$ 55,000	\$ 57,750	\$ 60,638	\$ 63,669
Sales & marketing staff 2	\$ 55,000	\$	55,000	\$ 57,750	\$ 60,638	\$ 63,669
Sales & marketing staff 3	\$ 55,000	\$	\$	\$ 55,000	\$ 57,750	\$ 60,638
Sales & marketing staff 4	\$ 55,000	\$	\$	\$ 55,000	\$ 57,750	\$ 60,638
Sales & marketing staff 5	\$ 55,000	\$	\$	\$ 55,000	\$ 57,750	\$ 60,638
Human Resources Manager	\$ 65,000	\$ 65,000	\$ 65,000	\$ 68,250	\$ 71,663	\$ 75,246
Administrator 1	\$ 25,000	\$ 25,000	\$ 25,000	\$ 26,250	\$ 27,563	\$ 28,941
Administrator 2, receptionist	\$ 25,000	\$	\$	\$ 25,000	\$ 26,250	\$ 27,563
Security	\$ 24,960	\$ 24,960	\$ 24,960	\$ 26,208	\$ 27,518	\$ 28,894
Information Technologist	\$ 85,000	\$ 85,000	\$ 85,000	\$ 89,250	\$ 93,713	\$ 98,398
Equipment maintenance	\$ 41,600	\$ 41,600	\$ 41,600	\$ 41,600	\$ 43,680	\$ 45,864
Total salaried		\$ 381,560	\$ 651,560	\$ 872,058	\$ 915,661	\$ 961,444
Benefits (% of total salaries & wages)	25%	\$ 95,390	\$ 162,890	\$ 218,015	\$ 228,915	\$ 240,361
Total Salaries & Benefits		\$ 476,950	\$ 814,450	\$ 1,090,073	\$ 1,144,576	\$ 1,201,805
FTE's		15	8	11	15	15

All wages negotiable dependent upon education, experience, salary history, certifications, etc.



Altree™

ALTREE™ JOBS –

PERSONNEL SCHEDULE

	2018	2019	2020	2021	2022
	FACTORY				

Hourly (Direct Labor):

	Hourly	Annualized			
All extruder lines					
Extruder Engineer 1	\$ 31.25	\$ 65,000	\$	59,583	\$ 68,250
Extruder Engineer 2	\$ 31.25	\$ 65,000			\$ 68,250
Extruder Engineer 3	\$ 31.25	\$ 65,000			\$ 68,250
Extruder operator 1	\$ 22.00	\$ 45,760	\$	41,947	\$ 48,048
Extruder operator 2	\$ 22.00	\$ 45,760	\$	41,947	\$ 48,048
Extruder operator 3	\$ 22.00	\$ 45,760	\$	41,947	\$ 48,048
Extruder operator 4	\$ 22.00	\$ 45,760	\$	41,947	\$ 48,048
Extruder operator 5	\$ 22.00	\$ 45,760			\$ 48,048
Extruder operator 6	\$ 22.00	\$ 45,760			\$ 48,048
Extruder operator 7	\$ 22.00	\$ 45,760			\$ 48,048
Extruder operator 8	\$ 22.00	\$ 45,760			\$ 48,048
Extruder operator 9	\$ 22.00	\$ 45,760			\$ 48,048
Extruder operator, assistant	\$ 14.00	\$ 29,120	\$	26,693	\$ 30,576
Operator - material handling 1	\$ 17.00	\$ 35,360	\$	32,413	\$ 37,128
Operator - material handling 2	\$ 17.00	\$ 35,360	\$	32,413	\$ 37,128
Operator - material handling 3	\$ 17.00	\$ 35,360	\$	32,413	\$ 37,128
Operator - material handling 4	\$ 17.00	\$ 35,360	\$	32,413	\$ 37,128
Operator - material handling 5	\$ 17.00	\$ 35,360	\$	32,413	\$ 37,128
Operator - material handling 6	\$ 17.00	\$ 35,360			\$ 37,128
Operator - material handling 7	\$ 17.00	\$ 35,360			\$ 37,128
Operator - material handling 8	\$ 17.00	\$ 35,360			\$ 37,128
Operator - material handling 9	\$ 17.00	\$ 35,360			\$ 37,128
Operator - material handling 10	\$ 17.00	\$ 35,360			\$ 37,128
Operator - material handling 11	\$ 17.00	\$ 35,360			\$ 37,128
Logistics/Inventory Control Manager	\$ 24.00	\$ 49,920	\$	49,920	\$ 52,416
					\$ 55,037

Direct Labor

Headcount FTE's	25	25	12	21	23	23
	\$	-	\$	466,050	\$	863,720
					\$	1,018,914
					\$	1,068,331

Benefits (% of total salaries & wages)

Workman's Compensation

Total wages and benefits - direct costs

Total Salaries, Wages & Benefits

25%	\$	-	\$	116,513	\$	215,930	\$	254,729	\$	267,083
5%	\$	33,953	\$	89,381	\$	125,526	\$	137,403	\$	144,197
	\$	33,953	\$	671,943	\$	1,205,176	\$	1,411,046	\$	1,479,610
	\$	882,778	\$	2,323,893	\$	3,263,686	\$	3,572,481	\$	3,749,118

All wages negotiable dependent upon education, experience, salary history, certifications, etc.



INDIRECT OPPORTUNITIES

Contractor outsourcing:

Forestry management, full-time jobs w/benefits:	35 to 50
Road improvements – Sawmill, AZ:	TBD
Construction – building renovation: Plumbing Communications Millwright	\$350,000
Trucking and logistics – Althin™ and Altree™:	TBD
Electrical – wiring of building/equipment	\$360,000
Waste management (annual)	\$6,000-\$10,000
Develop sawmill with NavaMill in Sawmill, AZ	TBD



Altrees™

ALTREES™ SALES

TRACTION

The Nature
Conservancy



Altrees™ Recommended for Taos
Project 600K-acre Thinning
Project



Altrees™ Offered Sole Source
Contract



Homeland
Security

Altrees™ Desired for Coast Guard
& Border Patrol



Altrees™
Specified



Altrees™ Desired
for Signage & Railcar
Lining



TRAFFIC CONTROL SOLUTIONS

Altrees™
Specified



Altrees™
Specified



Altrees™ Desired for
Roadway Guide
Signs



LOCKHEED MARTIN

Altrees™ Desired for Missile
and Fire Control



Altree™

MAJOR DEVELOPMENTS

State of New Mexico: PJW offered \$2,081,728 in estimated incentives to locate Altree™ in Gallup NOT including LEDA funds for NN Altree™ Project

Bureau of Indian Affairs: PJW offered sole source contract through FAR Subpart 15.6 – “Unique Product”; being expanded to **National Park Service** and **US Fish and Wildlife Service**

Navajo Housing Authority: Considering utilizing WPC sheeting in new home construction on Navajo Nation

Bond Offers: GGEDC offered to issue IRB bonds

USFS Wood Innovations Grant: PJW awarded 2018 Wood Innovation Grant; \$250,000 to develop Altree™ and Althin™ on Camp Navajo, AZ - DOD munitions/ ordnance site. PJW partnered with Northern Arizona University, Ecological Restoration Institute

Navajo Nation DOJ: Due diligence on PJW Principals completed

Navajo Nation Forestry: PJW conducted biomass assessment with Navajo Forestry Department

Sandia National Laboratories: ASTM testing of Altree™ completed December 2017. Highly successful results. PJW one of ten out of 345 companies selected as NM SBA Success Story. PJW awarded \$10K grant September 2018 for simulation modeling. PJW offered another \$100K in leveraged grant funds – value of testing is \$350,000

Designations: Sawmill, AZ and Gallup, NM in (SBA) HUBZone; Federal procurement preferences available

Bank Due Diligence: Native American Bank preparing Letter of Interest, Term Sheet and Contingent Letter of Commitment for Sawmill Althin™ and Navajo Nation Altree™ projects



CONTACT

T

Tony J Burger

Managing Member

PJ Woodlands LLC

901 Rio Grande Blvd. NW, Suite G-150

Albuquerque, NM 87104 USA

505.417.3112 c

505.242.6747 o

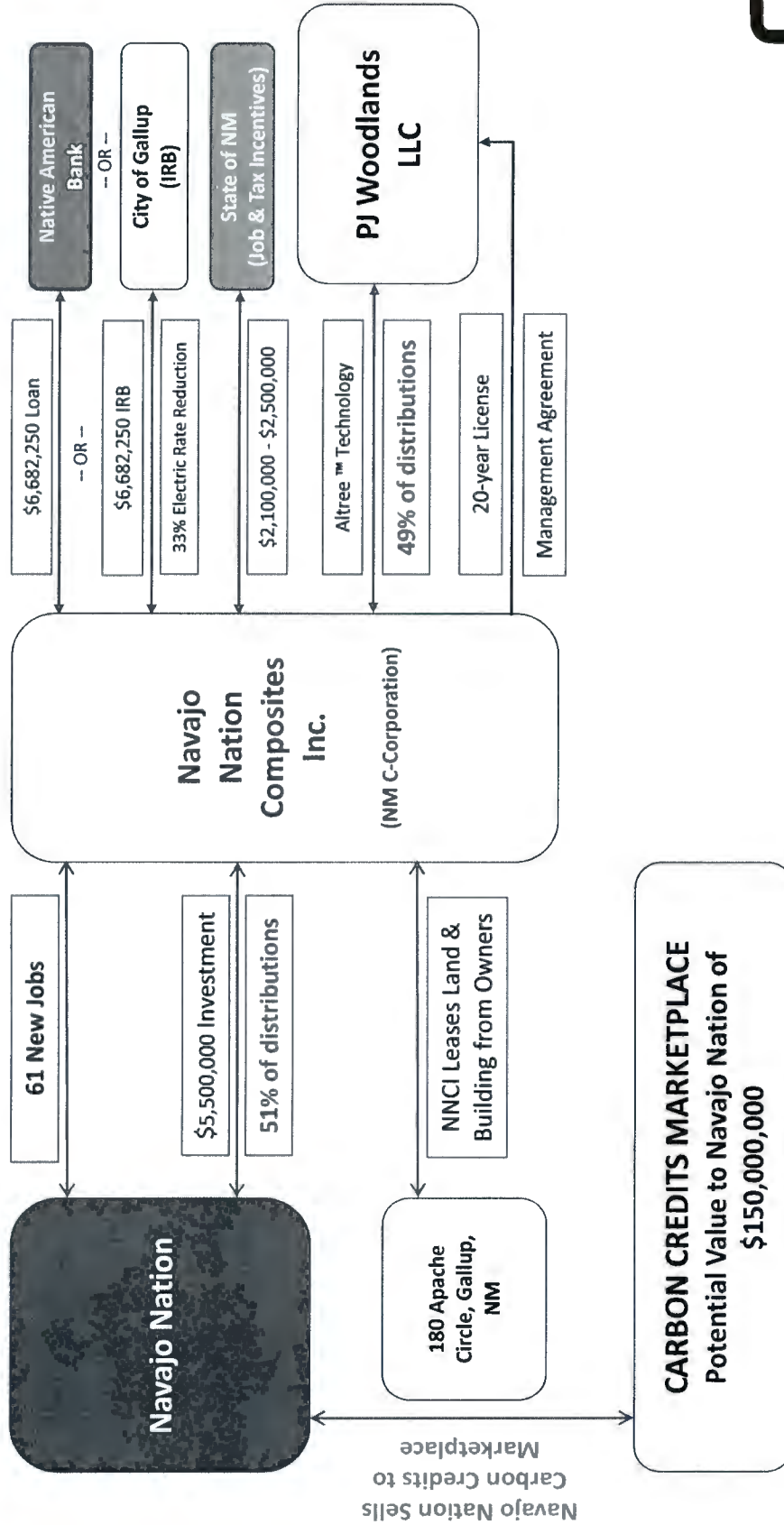
505.242.6749 f

altree.com

@AltreeUSA

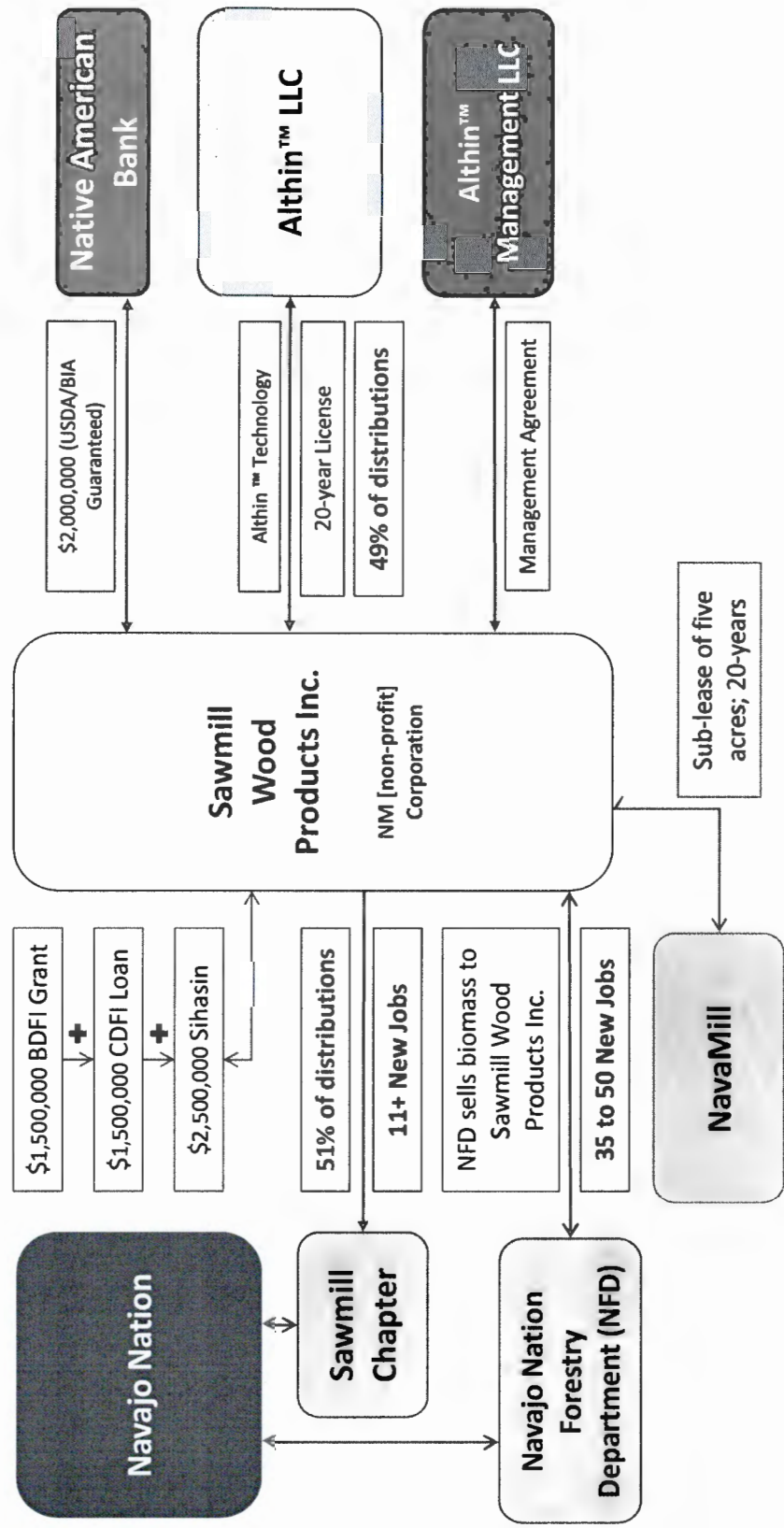


DEAL STRUCTURE – ALTREE™





DEAL STRUCTURE – ALTHIN™





Project Analysis Altree in Gallup, NM

NEW MEXICO *True*
ECONOMIC DEVELOPMENT

August 30, 2018



Project assumptions:

Job Creation: 42 positions (27 meeting high wage classification)
Estimated 75% New Mexico residents

Investment: \$7.9M Capital Investment
\$6.2M in equipment purchases

Facility: Acquire or lease existing facility at 180 Apache Circle, Gallup, NM

State and Local Incentives:

New Mexico Local Economic Development Act (LEDA) investment reimbursement

New Mexico Job Training Incentive Program (JTIP) wage reimbursement

New Mexico Tax Credits

Rural Jobs Tax Credit (RJTC) up to \$1,000 per job for 2 years

High Wage Jobs Tax Credit (HWJTC) 10% of wages for 4 years per job

Manufactures Investment Tax Credit (MITC) 5.125% Compensating Tax Rebate

McKinley County sponsored Industrial Revenue Bond (IRB)

75% real property tax abatement (land and building)

75% personal property tax abatement (equipment)

100% abatement on compensating tax

Project Operating Cost Savings:

New Mexico Corporate Income Tax - *Single Sales Factor apportionment* at 5.9% tax rate

McKinley County Non-residential Property Tax rate - .041755 assessed on Taxable Value equal to *one third of the total assessed value*.

New Mexico has *no inventory tax* in effect.

Altree in Gallup, New Mexico
Summary of Estimated Incentives

Cash & Refundable High Wage Jobs Tax Credit		Total
LEDA		TBD
JTIP	\$	361,713
HWJTC	\$	483,771
Total Cash & Refundable High Wage Jobs Tax Credit	\$	845,483
Tax Credits/Exemptions		Total
Rural Jobs Tax Credit	\$	60,000
IRB - Ad Valorem Real Property Tax Exemption (30 yr)	\$	271,380
IRB - Ad Valorem Personal Property Tax Exemption (30 yr)	\$	261,897
IRB - Gross Receipts & Compensating Tax Exemption	\$	321,484
Manufacturing Investment Tax Credit	\$	321,484
Total Tax Credits/Exemptions	\$	1,236,244
Total	\$	2,081,728

**Altree in Gallup, New Mexico
Incentive Estimate**

Type of Incentive: Job Training Incentive Program Benefits

Job Description	No. of Employees	Est. Average Hourly Wage	Est. Allowable Training Hours	Reimbursement Rate	Potential Benefit	Estimate of NM residency	Estimated Benefit
Extruder Engineer	3	\$31.25	1,040	70%	\$68,250	75%	\$51,188
Extruder Operator	8	\$22.00	1,040	70%	\$128,128	75%	\$96,096
Extruder Operator, Assistant	1	\$14.00	1,040	65%	\$9,464	75%	\$7,098
Operator - material handling	10	\$17.00	1,040	65%	\$114,920	75%	\$86,190
Logistics/Inventory Control Mgr.	1	\$24.00	1,040	70%	\$17,472	75%	\$13,104
Equipment Maintenance	1	\$20.00	1,040	70%	\$14,560	75%	\$10,920
Plant Manager	1	\$45.67	1,040	70%	\$33,248	75%	\$24,936
Sales & Marketing Staff	5	\$26.44	1,040	70%	\$96,242	75%	\$72,181

Subtotal Wage Reimbursement	30		\$482,283	\$361,713
-----------------------------	----	--	------------------	------------------

Description of Incentive:

JTIP funds classroom and on-the-job training for newly created jobs in expanding or relocating businesses for up to 6 months. The program reimburses between 50% and 75% of employee wages for up to six months, depending on the wage and skills required.

Eligible Uses:

JTIP funds three types of training:

- (1) Custom classroom training at New Mexico public educational institutions; or
- (2) Structured on-the-job training; or
- (3) A combination of on-the-job and classroom training

Eligible Company:

The company must be financially sound and must be creating new jobs as a result of expansion or relocation to the state. Agriculture, construction, extractive industries, gambling, health care and retail are some of the industry sectors that are not eligible.

Job eligibility:

- Full time (minimum of 32 hours/week)
- Permanent
- Directly related to the creation of the product or service, (one in 4 positions applied for may be outside product/service creation). Typical examples include marketing, sales, and general administration.
- Newly created

Trainee eligibility:

- New hire to company
- Resident of New Mexico during employment AND for at least one year at any time prior to employment in an eligible position
- Cannot have left high school in the three months prior to employment, unless they have graduated or completed a GED

Altree in Gallup, New Mexico
Incentive Estimate
Type of Incentive: High Wage Jobs Tax Credit

Qualified Job Description	Qualified Number of Employees	Hourly Rate	Estimated Annual Wages	Credit Per Eligible Job (Not to Exceed \$12,000)	Yearly Credit	Term of Credit (Years)	Total Credit
Extruder Engineer	3	\$31.25	\$65,000	\$6,500	\$19,500	4	\$78,000
Extruder Operator	8	\$22.00	\$45,760	\$4,576	\$36,608	4	\$146,432
Logistics/Inventory Control Mgr.	1	\$24.00	\$49,920	\$4,992	\$4,992	4	\$19,968
Equipment Maintenance	1	\$20.00	\$41,600	\$4,160	\$4,160	4	\$16,640
Plant Manager	1	\$45.67	\$94,994	\$9,499	\$9,499	4	\$37,997
Sales & Marketing Staff	5	\$26.44	\$54,995	\$5,500	\$27,498	4	\$109,990
Information Technologist	1		\$85,000	\$8,500	\$8,500	4	\$34,000
Human Resources Manager	1		\$65,000	\$6,500	\$6,500	4	\$26,000
Senior Accountant	1		\$65,000	\$6,500	\$6,500	4	\$26,000
Controller	1		\$110,000	\$11,000	\$11,000	4	\$44,000
CEO	1		\$360,000	\$12,000	\$12,000	4	\$48,000
COO	1		\$100,000	\$10,000	\$10,000	4	\$40,000
CMO	1		\$135,000	\$12,000	\$12,000	4	\$48,000
Executive	1		\$150,000	\$12,000	\$12,000	4	\$48,000
TOTAL:	27				\$161,257		\$645,028
					Meet Residency Requirement	75%	
					Estimated Benefit		\$ 483,771

Description of the Incentive:

A taxpayer who is an eligible employer may apply for and receive a tax credit for each new high-wage economic-base job. The credit amount equals 10% of the wages paid for each new economic-base job created. Qualified employers can take the credit for 4 years. The credit can be applied to the state portion of the gross receipts tax, compensating tax and withholding tax. Any excess credit will be refunded to the taxpayer. The credit shall not exceed \$12,000 per year, per job.

Qualified jobs:

- Pays at least \$40,000/year in a rural communities (less than 60,000 population) or at least \$60,000/year if within 10 miles of urban areas (greater than 60,000 population).

- Occupied for at least 48 weeks by the employee

Qualified employers:

- Made more than 50% of its sales to persons outside New Mexico during the most recent 12 months of the employer's modified combined tax liability reporting periods ending prior to claiming this credit
- Are eligible for the Job Training Incentive Program
- Are growing with employment greater than the previous year

Qualified employees:

- Must be a resident of New Mexico
- Cannot be a relative of the employer or own more than 50% of the company

Altree in Gallup, New Mexico
Incentive Estimate

Type of Incentive: Rural Jobs Tax Credit

Qualified Job Description	Qualified # of Employees	Credit Per Eligible Employee	Yearly Credit	Term of Credit (yrs)	Total Credit
All JTIP Qualified New Positions	30	\$1,000	\$30,000	2	\$60,000
TOTAL:	30		\$30,000		\$60,000

Description of the Incentive:

Eligible employers must be located in a rural area and be eligible for the JTIP program. Employers receive a credit of 6.25% of the first \$16,000 in wages. If the amount of credit exceeds the businesses tax liability, the excess may be carried forward for up to three years. Rural New Mexico is defined as any part of the state other than Los Alamos, Albuquerque, Rio Rancho, Las Cruces and Santa Fe – and a 10 mile zone around municipalities.

Aldree in Gallup, New Mexico

Incentive Estimate

Type of Incentive: Industrial Revenue Bond - Real Property (Buildings) Tax Exemption

Year Number	Building/Land Investment	Assessed Level	Property Tax Mill Rate	Percent of Property Taxes to be Exempt	Total Exemption
1st	\$1,300,000	0.3333	41.755	75%	\$13,569
2nd	\$1,300,000	0.3333	41.755	75%	\$13,569
3rd	\$1,300,000	0.3333	41.755	75%	\$13,569
4th	\$1,300,000	0.3333	41.755	75%	\$13,569
5th	\$1,300,000	0.3333	41.755	75%	\$13,569
6th	\$1,300,000	0.3333	41.755	75%	\$13,569
7th	\$1,300,000	0.3333	41.755	75%	\$13,569
8th	\$1,300,000	0.3333	41.755	75%	\$13,569
9th	\$1,300,000	0.3333	41.755	75%	\$13,569
10th	\$1,300,000	0.3333	41.755	75%	\$13,569
11th	\$1,300,000	0.3333	41.755	75%	\$13,569
12th	\$1,300,000	0.3333	41.755	75%	\$13,569
13th	\$1,300,000	0.3333	41.755	75%	\$13,569
14th	\$1,300,000	0.3333	41.755	75%	\$13,569
15th	\$1,300,000	0.3333	41.755	75%	\$13,569
16th	\$1,300,000	0.3333	41.755	75%	\$13,569
17th	\$1,300,000	0.3333	41.755	75%	\$13,569
18th	\$1,300,000	0.3333	41.755	75%	\$13,569
19th	\$1,300,000	0.3333	41.755	75%	\$13,569
20th	\$1,300,000	0.3333	41.755	75%	\$13,569
21st	\$1,300,000	0.3333	41.755	75%	\$13,569
22nd	\$1,300,000	0.3333	41.755	75%	\$13,569
23rd	\$1,300,000	0.3333	41.755	75%	\$13,569
24th	\$1,300,000	0.3333	41.755	75%	\$13,569
25th	\$1,300,000	0.3333	41.755	75%	\$13,569
26th	\$1,300,000	0.3333	41.755	75%	\$13,569
27th	\$1,300,000	0.3333	41.755	75%	\$13,569
28th	\$1,300,000	0.3333	41.755	75%	\$13,569
29th	\$1,300,000	0.3333	41.755	75%	\$13,569
30th	\$1,300,000	0.3333	41.755	75%	\$13,569
Nominal Value					\$271,380

Description of the Incentive:

The percent of taxes to be exempt will be negotiated with all local governments.

These bonds are utilized by companies as a tool to reduce their property and compensating taxes. A government entity must approve the issuance of the bonds, with the proceeds and repayment flowing through that entity. Businesses enter into a lease agreement with the bond issuer, eventually purchasing the property for a nominal fee at term. Specifics of the bond issuance, the term, and the percentage, are determined by the local government with the length from 20-30 years. The business is responsible for purchasing or selling the bonds.

State law allows for 100% exemption of ad valorem property taxes on equipment, buildings and land for up to 30 years. The term and percent exemption is at the discretion of the local governing bodies. Analysis assumes 30 year bond, 75% tax abatement. Client, in cooperation with the Community, may negotiate a partial payment or other contribution to the community in consideration for this tax abatement.

Altree in Gallup, New Mexico Incentive Estimate

Type of Incentive: Industrial Revenue Bond - Personal Property (Equipment) Tax Exemption

Year Number	Net Book Value of Equipment	Assessed Level	Property Tax Mill Rate	Percent of Property Taxes to be Exempt	Total Exemption
1st	\$6,272,850	0.3333	41.755	75%	\$65,474
2nd	\$5,376,729	0.3333	41.755	75%	\$56,121
3rd	\$4,480,607	0.3333	41.755	75%	\$46,767
4th	\$3,584,486	0.3333	41.755	75%	\$37,414
5th	\$2,688,364	0.3333	41.755	75%	\$28,060
6th	\$1,792,243	0.3333	41.755	75%	\$18,707
7th	\$896,121	0.3333	41.755	75%	\$8,353
NOMINAL VALUE					\$261,897

Description of the Incentive:

The percent of taxes to be exempt will be negotiated with all local governments.

These bonds are utilized by companies as a tool to reduce their property and compensating taxes. A government entity must approve the issuance of the bonds, with the proceeds and repayment flowing through that entity. Businesses enter into a lease agreement with the bond issuer, eventually purchasing the property for a nominal fee at term. Specifics of the bond issuance, the term, and the percentage, are determined by the local government with the length from 20-30 years. The business is responsible for purchasing or selling the bonds.

State law allows for 100% exemption of ad valorem property taxes on equipment, buildings and land for up to 30 years. The term and percent exemption is at the discretion of the local governing bodies. Analysis assumes 30 year bond, 100% tax abatement. Client, in cooperation with the Community, may negotiate a partial payment or other contribution to the community in consideration for this tax abatement.

New Mexico assesses property tax at 1/3 of the taxable value of equipment, buildings and land.

Property tax on equipment is calculated yearly on 1/7 net book value. Analysis assumes 7 year straight-line depreciation.

Aلتree in Gallup, New Mexico
Incentive Estimate

Type of Incentive: Industrial Revenue Bond - Gross Receipts Tax Exemption

Tangible Personal Property and Capital Equipment Purchases	Estimated Costs	Compensating Tax Rate	Percent of Compensating Taxes to be Exempt	Total Exemption
Furniture, Fixtures and Equipment	\$6,272,850	5.125%	100%	\$321,484
TOTAL	\$6,272,850			\$321,484

Description of the Incentive:

Equipment purchased under an IRB is exempt from gross receipts compensating tax.

These bonds are utilized by companies as a tool to reduce their property and compensating taxes. A government entity must approve the issuance of the bonds, with the proceeds and repayment flowing through that entity. Businesses enter into a lease agreement with the bond issuer, eventually purchasing the property for a nominal fee at term. Specifics of the bond issuance, the term, and the percentage, are determined by the local government with the length from 20-30 years. The business is responsible for purchasing or selling the bonds.

Altree in Gallup, New Mexico
Incentive Estimate

Type of Incentive: Manufacturers Investment Tax Credit

Tangible Personal Property and Capital Equipment Purchases	Estimated Costs	Compensating Tax Rate	Total Credit
Furniture, Fixtures and Equipment	\$6,272,850	5.125%	\$321,484
TOTAL			\$321,484

Description of the Incentive:

Manufacturers may take a tax credit of 5.125% of the value of qualified equipment and other property used in their operation. The credit can be applied against compensating, gross receipts or withholding tax up to 85% of the total. Any remaining available credit may be claimed in subsequent reporting periods. In addition, the company must add one new job for each credit up to \$30 million; and one new employee must be hired for each \$500,000 in equipment.

THE NAVAJO NATION



RUSSELL BEGAYE
JONATHAN NEZ V



Delegate Benjamin Bennett
Sawmill Chapter
P.O. Box 1786
Fort Defiance, AZ 86504

RE: SAWMILL WOOD PRODUCTS INC. REQUEST FOR FUNDING

Honorable Benjamin Bennett:

Thank you for your request on behalf of Sawmill Wood Products Inc. ("Sawmill Wood Products") for funding from the Division of Economic Development, Board Directed Investment Fund. The Division of Economic Development is familiar with your project and excited to see economic development taking foothold in the Sawmill Chapter.

We understand that the Sawmill Wood Products will be your anchor tenant in developing a wood products industry cluster. We understand that you are seeking total funding of \$5,500,000 from a combination of CDFI, BDIF and the Sihasin Fund grant monies. The funds will be used to purchase and install equipment to manufacture Althin™, a proprietary woody fiber used in the production of home heating pellets and for use in the wood plastics composite Altree™, which is being developed by Navajo Nation Composites Inc., a Navajo Nation controlled enterprise.

We are pleased to provide you with this contingent letter of commitment for \$1,500,000, or more, depending on the resolution of certain accounting matters related to the BDIF. Of course, this commitment is subject to Committee approval, which we will present to them in the immediate term. Should funds not be available we will work to get the project funds through the revised five-year plan and/or revenues generated from business licensing fees.

We wish you well with your new enterprise and thank you for approaching the Division of Economic Development Board Directed Investment Fund for financing.

Sincerely,
A handwritten signature in black ink, appearing to read "Sean McCabe".

Sean McCabe
Division Director
Navajo Nation Division of Economic Development

Division of Economic Development · Post Office Box 663 · Window Rock, Arizona · 86515
Phone (928) 871-6544 · Fax (928) 871-7381 · www.navajobusiness.com



November 14, 2018

Delegate Benjamin Bennett
Navajo Nation Council
Sawmill Chapter
P.O. Box 1786
Fort Defiance, AZ 86504

RE: SAWMILL WOOD PRODUCTS INC. REQUEST FOR FUNDING

Honorable Benjamin Bennett:

Thank you for your interest on behalf of Sawmill Wood Products Inc. ("Sawmill Wood Products") for funding from the Navajo Community Development Financial Institution (NCDFI). The NCDFI is familiar with your project and glad to see economic development taking foothold in the Sawmill Chapter.

We understand that Sawmill Wood Products will be your anchor tenant in developing wood products. We understand that you are seeking total funding of \$5,500,000 from a combination of an NCDFI loan, BDIF and the Sihasin Fund grant monies. The funds will be used to purchase and install equipment to manufacture Althin™, a proprietary woody fiber used in the production of home heating pellets and for use in the wood plastics composite Altree™, which is being developed by Navajo Nation Composites Inc., a Navajo Nation controlled enterprise.

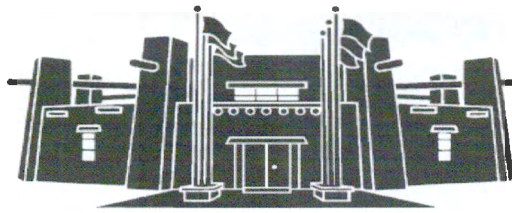
We are pleased to consider, with this contingent letter of commitment, \$500,000 or more, subject to approval by the NCDFI Board, which will be presented to them very soon.

We wish you well with your new enterprise and thank you for approaching the NCDFI for financing.

Respectfully,

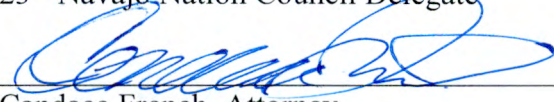
A handwritten signature in dark ink, appearing to read 'Thomas Gordon', with a stylized flourish at the end.

Thomas Gordon
Chief Executive Officer



MEMORANDUM

TO: Honorable Benjamin Bennett
23rd Navajo Nation Council Delegate

FROM: 
Candace French, Attorney
Office of Legislative Counsel

DATE: November 30, 2018

RE: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE AND NAABIK'IYATI COMMITTEES AND NAVAJO NATION COUNCIL; APPROVING A GRANT FUNDING REQUEST OF EIGHT MILLION DOLLARS (\$8,000,000.00) FROM THE SÍHASIN FUND AND APPROVING AND ADOPTING THE PROJECT SAWMILL ALTHIN AND NAVAJO NATION ALTREE EXPENDITURE PLAN

Per your request, attached is the above-reference proposed resolution and associated legislative summary sheet. Based on existing law, the resolution drafted is legally sufficient. However, as with all legislation, the proposed resolution is subject to review by the courts in the event of a challenge.

The Office of Legislative Counsel recommends the appropriate standing committee(s) reviews 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).

Please review the proposed resolution to ensure it is drafted to your satisfaction. If you approve, please sign as "Primary Sponsor" and submit it to the Office of Legislative Services where the proposed resolution will be given a tracking number and referred to the Office of the Speaker. If the proposed legislation is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like to make to the proposed resolution.

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0384-18_

SPONSOR: Benjamin Bennett

TITLE: An Action Relating To Resources And Development, Budget And Finance And NAABIK'IYATI' Committees And Navajo Nation Council; Approving A Grant Funding Request Of Eight Million Dollars (\$8,000,000.00) From The Sihasin Fund And Approving And Adopting The Project Sawmill Althin And Navajo Nation Altree Expenditure Plan

Date posted: November 30, 2018 at 5:58 PM

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

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

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

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

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

LEGISLATION NO.: 0384-18

SPONSOR: Honorable Benjamin Bennett

TITLE: An Action Relating To Resources And Development, Budget And Finance And NAABIK'IYATI' Committees And Navajo Nation Council; Approving A Grant Funding Request Of Eight Million Dollars (\$8,000,000.00) From The Sihasin Fund And Approving And Adopting The Project Sawmill Althin And Navajo Nation Altree Expenditure Plan

Posted: November 30, 2018 at 5:58pm

5 DAY Comment Period Ended: December 5, 2018

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing (2)	<ol style="list-style-type: none"> 1. Christine Benally 2. Brian Halona, CEO; Sosila, L.L.C.
Inconclusive Comment	<i>None</i>



**Legislative Secretary II
Office of Legislative Services**

12/7/18 4:50 PM
Date/Time

0384-18

Cornelia Begay <c.begay@navajo-nsn.gov>

Mon 12/3/2018 4:37 PM

To: comments <comments@navajo-nsn.gov>;

Cc: Manuel Rico <mrico@navajo-nsn.gov>;

I, Christine Benally oppose the following legislation being the fact that I live directly behind the proposed building in the Sawmill Subdivision. I do not want my family exposed to the hazardous particles that will eventually blow towards my house. This proposed being is too close to the Sawmill Subdivision and no one should be exposed to living so close to any industrial business. Therefore, I oppose this proposed business site location. I can be reached at 928-797-1774 on this matter.



12/5/2018

Committee Members:

The Navajo Nation Council, in its authorization of the Sihasin Fund did not give authority to the governing body of the Sihasin Fund to earmark prospective funding approvals. The proposal contained within Legislation 384-18 relies on yet to be determined documents, analyses, and legal and market due diligence. Authorization of Legislation 384-18 by the Navajo Nation Council establishes a significant precedent with future proposals authorized to be approved for Sihasin funding based upon yet to be disclosed documents.

The Sihasin Fund authority provides specific requirements to make application for funding from the Sihasin Fund. At a minimum, the Sihasin requires, a business plan, financial statements comprised of balance sheet, income statement and cash flow statements, evidence of site-control to land(s) to be leased, fund source and use statements describing source and statement of authorization(s) or commitment(s) of each fund contributing to the project, description of the members, officers, equity owner(s) of the Project and/or company. None of the incentive/tax credit contributing capital authorities has disclosed its commitment to the Project. Moreover, no commitments from potential buyers of the products are offering their commitment to purchase the Project's products. For example, Navajo Housing Authority as reported by the Proposal has not offered its commitment to purchase their products.

The Project's contributing equity owner, a 49% owner to the Project does not disclose or report any cash contribution to the Project. On the other hand, the Navajo Nation and other government incentives and credits are planned to make up the difference for the cost of the Project. Requirements of the Sihasin, the BIDF, Navajo CDFI stipulates the disclosure of "Owner's Equity" to a project.

The Project reports a potential value of \$150,000,000 Carbon Credits to the Navajo Nation. Is the potential \$150 million carbon credits annual credits or to the lifetime of the Project? With the Project's contributing owner, being a non-Navajo having developed the technology of their product finalized any agreement between the contributing owner and the Navajo Nation?

As a Navajo business man, who had applied with the Division of Economic Development for a business site lease, loan funding, and technical assistance, I find it appalling this proposal is given immediate attention, processing expediency and financial capital at the highest level of leadership regardless of not being on a 5 year plan for funding consideration. The Division of Economic Development where there have been absence of documents or of documents they've invented to be required would not consider my project for any review on their part, so they deemed it incomplete. No one from D.E.D., Ms. Elaine Young, Mr. Tony Perry, or Mrs. Crystal Deschinny wouldn't intervene on a Navajo businessman's behalf to offer their assistance or attention let alone a council delegate. As a Navajo businessman, if it were not for Eastern RBDO John Largo, I would have been left on my own to put my project together.

As a former Navajo Nation employee I signed an ethical certification form and have not seen one for the delegate requesting letter of commitments from Sihasin, NCDFI and BIDF. Nor have I seen that the entities of Navajo Nation Composites, Inc., Sawmill Wood Products, Inc., or Navajo Nation Composites LLC, Sawmill (Chapter) Wood Products LLC, or Sawmill Wood Products Althin, Navajo Nation Composites Altree, having registered with Navajo Tax Commission, Navajo Nation Business Regulatory, or having providing a sublease documentation being approved by Navajo Nation Real Estate Department or documentation of the primary lease. A supporting resolution from Sawmill Chapter has not been provided and priority status has not been issued to any of the mentioned entities from Business Regulatory.

As a Navajo business owner and registered Navajo voter, I have followed all the requirements and submitted all required supporting documents pertaining to my wood pellet business, met with RDC, OPVP, Navajo/BIA Forestry, Chapter Officials, Navajo Tax Commission, Navajo Business Regulatory and Navajo D.E.D. to get approval through the 164 review process. I feel this is a violation of my equal rights as a fully owned Navajo Business that obtained priority status from business regulatory and this non-Navajo company is being given the red carpet treatment in my opinion and this is not right. I have sought funding from BIDE as it was created to help the Navajo entrepreneur who would be at a disadvantage trying to start their business versus a non-Navajo business that seeks to obtain funding from BIDE. I feel that requirements set forth in the funds of Sihazin, BIDE, NCDFI, 164 review process and Business Leasing regulations have not been enforced for this non-Navajo business the way I have been following the rules and regulations. I do not agree with the double standard being presented in Legislation 384-18.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Halona', with a stylized, cursive script.

Brian Halona, CEO
SÓSILA, L.L.C.

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

LEGISLATION NO.: 0384-18

SPONSOR: Honorable Benjamin Bennett

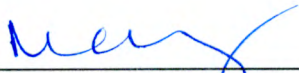
TITLE: An Action Relating To Resources And Development, Budget And Finance And NAABIK'IYATI' Committees And Navajo Nation Council; Approving A Grant Funding Request Of Eight Million Dollars (\$8,000,000.00) From The Sihasin Fund And Approving And Adopting The Project Sawmill Althin And Navajo Nation Altree Expenditure Plan

Posted: November 30, 2018 at 5:58pm

5 DAY Comment Period Ended: December 5, 2018

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing (3)	<ol style="list-style-type: none"> 1. Juanita Martinez 2. Wilson C. Stewart Jr. 3. Patrick Martinez
Inconclusive Comment	<i>None</i>



**Legislative Secretary II
Office of Legislative Services**

12/7/18 5:02pm

Date/Time

0384-18

juanita martinez <jjunemartinez@yahoo.com>

Thu 12/6/2018 9:43 AM

To: comments <comments@navajo-nsn.gov>;

My name is Juanita Martinez a community member of Sawmill, Arizona. I OBJECT to the proposed legislation #0384-18; the physical site of the proposed facility is in the middle of housing complex where families currently reside. The location poses a safety threat to the residents within the area. Although the plan states 51% revenue to be given to Sawmill community there are no community members represented nor are the board members identified. The revenue is not specific to a budget. There is no community Chapter resolution attached for review. Please consider our community which currently has no Chapter house, no Head Start facility (the current one is old); no infrastructure to areas or WhiteClay. There is no feasibility plan or study attached for review. All this was done by current Delegate without proper and correct information shared to community members, no public hearing including all partners.

Please reconsider this legislation in the best interest of our Dine Community members of Sawmill, Arizona,

Respectfully,

Juanita J. Martinez.

Comment on 0384-18

Wilson C. Stewart Jr <wcstewartjr@navajochapters.org>

Thu 12/6/2018 10:56 AM

To: comments <comments@navajo-nsn.gov>;

This legislation should not be considered as the elected Council Delegate it has come to my attention that the community residence near this site do not want it in there community. Secondly, the community members have researched this and there is no business plan for the Navamill. The owner and other party involved at the local level are current elected officials. This is a violation of their position.

Legislation 0384-14

Patrick Martinez <pjuanm_70@yahoo.com>

Thu 12/6/2018 11:41 AM

To comments <comments@navajo-nsn.gov>;

My name is Patrick Martinez from Sawmill community a member I am committing of NOT APPROVING legislation 0384-14 as this legislation is not appropriate for our community for reasons of disturbance to our Forestry, community and lively hood of residence and wildlife. We as a community have requested information on this act of business in our community prior at chapter meetings and from current councilman but we're not involved nor properly informed from the beginning as we see this as a shame. Our chapter is sanctioned with no luck in 15 years of becoming certified and the effects of no feasibility from companies named along with no public forum nor information shared publicly. This legislation will not benefit residents of the community of Sawmill as it states but others. As our community knows of no active board members from Sawmill and what business is taking place. There has been no report given to date from all businesses named in legislation as the site of business sets by a subdivision with elderly, children parents residing there. I ask for a reconsideration of not approving this legislation as a community member and a spokesperson as our children need a future here along as we all do thank you.

Sent from Yahoo Mail on Android

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

FOURTH YEAR 2018

COMMITTEE REPORT

Mr. Speaker,

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

Legislation # 0384-18: An Action Relating to Resources and Development Committee, Budget and Finance, and Naabik'Iyati Committees and Navajo Nation Council; Approving a Grant Funding Request of Eight Million Dollars (\$8,000,000.00) From the Sihasin Fund and Approving and Adopting the Project a Sawmill AlThin and Navajo Nation Al Tree Expenditure Plan. *Sponsor: Honorable Benjamin Bennett*

Has had it under consideration and reports a **DO NOT PASS** with no amendment;

And thereafter the legislation was referred to Budget and Finance Committee.

Respectfully submitted,



Alton Joe Shepherd, Presiding Chairperson
Resource and Development Committee of
the 23rd Navajo Nation Council

Date: December 6, 2018 - Special Meeting

Meeting Location: NNC Chambers, Window Rock, Arizona

MAIN MOTION:

M: Walter Phelps S: Leonard Pete Vote: 2-3-0

YEAS: Benjamin Bennett and Leonard Pete

NAYS: Davis Filfred, Walter Phelps and Chairman Alton Joe Shepherd (Chairman Shepherd voted to break tie vote.)

EXCUSED: Jonathan Perry

RESOURCES AND DEVELOPMENT COMMITTEE
Special Meeting

ROLL CALL
VOTE TALLY SHEET:

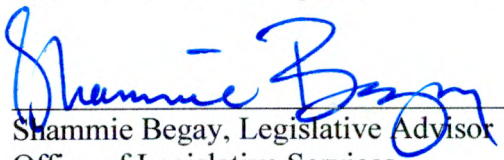
Legislation # 0384-18: An Action Relating to Resources and Development Committee, Budget and Finance, and Naabik'Iyati Committees and Navajo Nation Council; Approving a Grant Funding Request of Eight Million Dollars (\$8,000,000.00) From the Sihasin Fund and Approving and Adopting the Project a Sawmill AlThin and Navajo Nation Al Tree Expenditure Plan. *Sponsor: Honorable Benjamin Bennett*

MAIN MOTION: Walter Phelps S: Leonard Pete V: 2-3-0
YEAS: Benjamin Bennett and Leonard Pete
NAYS: Davis Filfred, Walter Phelps and Chairman Alton Joe Shepherd (Voted to break tie vote).
EXCUSED: Jonathan Perry

DATE: December 6, 2018
Meeting Location: NNC Chambers, Window Rock, Arizona



Honorable Alton Joe Shepherd, Presiding Chairman
Resources and Development Committee



Shammie Begay, Legislative Advisor
Office of Legislative Services

23rd NAVAJO NATION COUNCIL

Fourth Year 2018

Mr. Speaker:

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

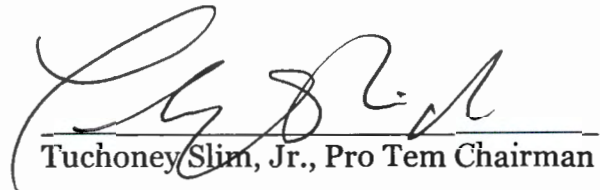
NAVAJO LEGISLATIVE BILL # 0384-18:

An Action Relating to Resources and Development, Budget and Finance and Naabikiyati Committees and Navajo Nation Council; Approving a Grant Funding Request of Eight Million Dollars (\$8,000,000) from the Sihasin Fund and Approving and Adopting the Project Sawmill Althin and Navajo Nation Altree Expenditure Plan *Sponsored by Benjamin L. Bennett and Tom T. Chee, Council Delegates*

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,


Tuchoney Slim, Jr., Pro Tem Chairman

Adopted: 
Legislative Advisor

Not Adopted: _____
Legislative Advisor

11 December 2018

The vote was **3** in favor **0** opposed yeas: *Jimmy Yellowhair, Seth A. Damon, Tom T. Chee*
Motion: *Jimmy Yellowhair*
Second: *Seth A. Damon*

BUDGET AND FINANCE COMMITTEE

11 December 2018

Special Meeting

Naatsis'aan Chapter, Naatsis'aan, Utah

VOTE TALLY SHEET:

Legislation No. 0384-18:

An Action Relating to Resources and Development, Budget and Finance and Naabikiyati Committees and Navajo Nation Council; Approving a Grant Funding Request of Eight Million Dollars (\$8,000,000) from the Sihasin Fund and Approving and Adopting the Project Sawmill Althin and Navajo Nation Altree Expenditure Plan *Sponsored by Benjamin L. Bennett and Tom T. Chee, Council Delegates*

Motion: Jimmy Yellowhair


Second: Seth A. Damon

Vote: 3-0, Chairman not voting

Vote Tally:

Seth A. Damon	yay	
Jimmy Yellowhair	yay	
Tom T. Chee	yay	
Lee Jack, Sr.		
Leonard Tsosie		
Tuchoney Slim, Jr.		

Absent: Leonard Tsosie, Lee Jack, Sr.



Tuchoney Slim, Jr., Pro Tem Chairman
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee

23rd NAVAJO NATION COUNCIL NAABIK'ÍYÁTI' COMMITTEE REPORT Fourth Year 2018

The **NAABIK'ÍYÁTI' COMMITTEE** to whom has been assigned:

NAVAJO LEGISLATIVE BILL #0384-18

An Action Relating to Resources and Development, Budget and Finance and Naabik'íyáti' Committees and Navajo Nation Council; Approving a Grant Funding Request of Eight Million Dollars (\$8,000,000.00) from the Síhasin Fund and Approving and Adopting the Project Sawmill Althin and Navajo Nation Altree Expenditure Plan

Sponsored by: Honorable Benjamin L. Bennett

Co-Sponsored by: Honorable Tom T. Chee

Has had it under consideration and reports the same **FAILED AND REFERRED TO THE NAVAJO NATION COUNCIL**

Respectfully Submitted,



*Honorable Lorenzo C. Bates, Chairman
NAABIK'ÍYÁTI' COMMITTEE*

27 DECEMBER 2018

MAIN MOTION:

Motioned by: Honorable Seth Damon

Seconded by: Honorable Benjamin L. Bennett

Vote: 07 in Favor, 08 Opposed (Chairman Bates Broke Tie)

NAVAJO NATION

RCS# 1175

Naa'bik'iyati Committee

12/27/2018

06:36:50 PM

Amd# to Amd#

FAILED

MOT Damon
SEC Bennett

Legislation 0384-18 Approving a
Grant Funding Request of Eight
Million Dollars from the...

Yea : 7

Nay : 8

Excused : 0

Not Voting : 9

Yea : 7

Begay, K
Bennett

Damon
Daniels

Jack
Kieyoomia

Yazzie

Nay : 8

Bates
BeGaye, N

Filfred
Shepherd

Smith
Tso

Tsosie
Yellowhair

Excused : 0

Not Voting : 9

Begay, NM
Brown
Chee

Crotty
Hale

Perry
Pete

Phelps
Slim