

THE NAVAJO NATION



JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT

May 30, 2020

Hon. Seth Damon
Office of the Speaker
Post Office Box 3390
Window Rock, AZ 86515

RE: CMY-40-20, *An Action Relating to Health, Education and Human Services and Naabik'iyati' Committees and Navajo Nation Council; Amending CAP-19-16, Titled, "Approving the Navajo Nation Permanent Trust Fund Income Five Year Expenditure Plan and Waiving 12 N.N.C. § 1162 (B) for a Limited Time Period"; reallocating funds in year 4 from office buildings to the To'hajiilee Development Plan*

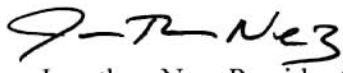
Dear Speaker Damon,

Pursuant to the authority vested in the Navajo Nation President, I am signing CMA-40-20 into law.

We appreciate the To'hajiilee Council Delegate advocating for economic development for the Chapter residents. To'hajiilee will benefit greatly from the business project and we hope this will spur others to continue the growth in the community. This is an initiative that we would like to see in all our communities as we have supported economic development in our Administration. We have heard from many of the Navajo People across the Nation that they would like access to certain amenities and we look forward to working with the Council to move in that direction.

On behalf of the To'hajiilee Chapter and the Navajo families, I am signign CMA-40-20, into law.

Sincerely,


Jonathan Nez, President
THE NAVAJO NATION


Myron Lizer, Vice President
THE NAVAJO NATION

RESOLUTION OF THE
NAVAJO NATION COUNCIL
24th NAVAJO NATION COUNCIL - SECOND YEAR, 2020

AN ACTION RELATING TO HEALTH, EDUCATION AND HUMAN SERVICES AND NAABIK'ÍYÁTI' COMMITTEES AND NAVAJO NATION COUNCIL; AMENDING CAP-19-16, TITLED, "APPROVING THE NAVAJO NATION PERMANENT FUND INCOME FIVE YEAR EXPENDITURE PLAN AND WAIVING 12 N.N.C. § 1162 (B) FOR A LIMITED TIME PERIOD"; REALLOCATING FUNDS IN YEAR 4 FROM OFFICE BUILDINGS TO THE TO'HAJIILEE DEVELOPMENT PLAN

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. 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 and to coordinate and review all fiscal, financial and investment activities of the Navajo Nation. 2 N.N.C. § 301 (B) (2) and (5).
- B. The Naabik'iyáti' 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 Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. § 102 (A).

SECTION TWO. FINDINGS

- A. The Navajo Nation Council approved Council Resolution CAP-19-16, attached as **Exhibit 1**, titled, "Approving the Navajo Nation Permanent Fund Income Five Year Expenditure Plan and Waiving 12 N.N.C. § 1162 (B) for a Limited Time Period" to use income from the Nation's Permanent Fund for projects throughout the Navajo Nation.
- B. The proposed amendment to Exhibit A of **Exhibit 1** is to reallocate \$4,000,000 from office buildings in year four to the To'hajiilee development project.
- C. The projected costs of the project and architectural schematics are attached as **Exhibit 2**. The projected cost of the project

is \$3,100,000. The additional \$900,000 reflects anticipated cost overruns.

- D. The Navajo Nation is in critical need of additional economic development projects. Redirecting the funds in year four from office buildings into the projects for To'hajiilee will facilitate economic development on the Navajo Nation.
- E. This project will have a positive impact in To'hajiilee, which is in need of access to groceries, gasoline, and basic household supplies.
- F. To'hajiilee Navajo Chapter has passed a resolution, attached as **Exhibit 3**, in support of the amendment to CAP-19-16.
- G. To'hajiilee is an optimal site for this project due to its geographic location in a designated Opportunity Zone. The Governor of New Mexico submitted 63 tracts to the United States Department of the Treasury to be designated as Opportunity Zones. The New Mexico Economic Development Department worked with local stakeholders via county governments to submit a detailed questionnaire on eligible tracts in their area. Local stakeholders included private enterprises, economic development organizations, business organizations, councils of government, property owners/developers, tribal entities, and community organizations among others.
- H. The Department of the Treasury designated 63 Opportunity Zones in New Mexico on May 18, 2018. Detailed information about Opportunity Zones can be found in **Exhibit 4**.

SECTION THREE. AMENDMENT TO CAP-19-16

Amend Exhibit A of **Exhibit 1** as follows:

In Exhibit A of CAP-19-16, which included in **Exhibit 1** of the current Resolution, reallocate \$4,000,000 from the Year 4 funding total of \$5,850,000 for office buildings to the To'hajiilee development project for a convenience store, gas station, and laundromat. The amendment to Exhibit A of **Exhibit 1** is reflected in **Exhibit 5**.

Section Four. APPROVAL

The Navajo Nation approves the amendment to CAP-19-16 as indicated in Section Three above.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the 24th 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 21 in Favor, and 02 Opposed, on this 15th day of May 2020.


Honorable Seth Damon, Speaker
24th Navajo Nation Council

May 29 2020
DATE


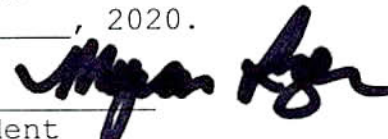
Motion: Honorable Edison J. Wauneka

Second: Honorable Pernell Halona

Speaker Seth Damon not voting

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I, hereby, sign into law the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(10), on this 30th day of MAY, 2020.

 
Jonathan Nez, President
Navajo Nation

2. I, hereby, veto the foregoing legislation, pursuant to 2 N.N.C. § 1005 (C)(11), on this _____ day of _____, 2020 for the reason(s) expressed in the attached letter to the Speaker.

Jonathan Nez, President
Navajo Nation

RESOLUTION OF THE
NAVAJO NATION COUNCIL

23RD NAVAJO NATION COUNCIL -- Second Year, 2016

AN ACTION

RELATING TO BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES, AND THE NAVAJO NATION COUNCIL; APPROVING THE NAVAJO NATION PERMANENT FUND INCOME FIVE YEAR EXPENDITURE PLAN AND WAIVING 12 N.N.C. \$1162(B) FOR A LIMITED TIME PERIOD

BE IT ENACTED.

Section One. Authority

- A. The Navajo Nation Council is the governing body of the Navajo Nation, pursuant to 2 N.N.C. § 102 (A).
- B. The Naabik'íyáti' Committee of the Navajo Nation Council, pursuant to 2 N.N.C. § 164(A)(9), reviews proposed legislation which requires final action by the Navajo Nation Council.
- C. The Budget and Finance Committee is empowered to review and recommend to the Navajo Nation Council the budgeting, appropriation, investment, and management of all funds. 2 N.N.C. § 300(B)(2).
- D. Pursuant to 2 N.N.C. § 300(C)(3), the Budget and Finance Committee of the Navajo Nation Council shall exercise oversight authority, including but not limited to, budget, finance, investment, bonds, contracting, insurance, audits, accounting, taxes, loans, chapter budget and finance for the purpose of recommending to the Navajo Nation Council the adoption of resolution 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.

Section Two. Findings

- A. The Navajo Nation Permanent fund, established in 1985, made available certain funds after a 20 year period and such funds have been available for use since 2005;

however, the fund income of the Navajo Nation Permanent fund continues to be reinvested in the Permanent Fund.

- B. The Navajo Nation Permanent Fund was established for the purpose of creating reserves for future generations after finding that the Navajo Nation's General Reserve Fund had been declining. See CJY-53-85, Whereas Clause Two and Six.
- C. The Navajo Nation Permanent Fund defines fund income as consisting of all earnings generated by the principal of the Fund. 12 N.N.C. §903(B).
- D. The Navajo Nation Permanent Fund sets out the procedures for expenditure of fund income by stating "[n]o Fund income shall be expended, except as set forth in §§903 and 909 of this Chapter, for a period of 20 years from date of the first Navajo Nation contribution to the Fund. Thereafter, ninety-five percent (95%) of the Fund income may be expended in accordance with a plan for its use covering at least a five-year period adopted by resolution of the Navajo Nation Council provided that the expenditure of income in any fiscal year shall not exceed the income earned during that year. The remaining five percent (5%) of the Fund income shall be reinvested in the Permanent Fund." 12 N.N.C. §905.
- E. As stated above, the permanent fund income has been available for use since 2005 and a prospective plan for the use of the permanent fund income covering a 5-year period, attached as Exhibit A, includes major waterline projects throughout the Navajo Nation and economic development projects in regional centers across the Navajo Nation and is generally described as:
 - 1. Navajo Nation Waterline Projects, Total: \$68,250,000, detailed in Exhibit B;
 - 2. Regional Economic Development Projects, Total: \$81,750,000, detailed in Exhibit C;
- F. The Navajo Nation Local Governance Trust Fund is established with an appropriation that "Beginning in Fiscal Year 2007, the Fund shall annually receive fifty-percent (50%) of the income available from the Navajo Nation

Permanent Fund pursuant to 12 N.N.C. §905; However to accomplish the essential Navajo Nation waterline and regional economic development projects it is necessary to lessen the appropriation to the Local Governance Trust Fund for the five year period of the expenditure plan. See 12 N.N.C. §1162 regarding annual appropriation and Exhibit A for Fund appropriation over the five year period.

- G. The Navajo Nation finds it in the best interest of the Nation to approve the Permanent Fund Income Five Year Expenditure Plan.

Section Three. Waiving 12 N.N.C. §1162(B)

The Navajo Nation hereby waives 12 N.N.C. §1162(B) for the period of the Permanent Income Five Year Expenditure Plan and approves the reduced annual appropriation to the Navajo Nation Local Governance Trust Fund to Confirm with the Permanent Income Five Year Expenditure Plan.

Section Four. Recommending and Approving

The Navajo Nation hereby recommends and approves the expenditure of the permanent fund income pursuant to the Permanent Income Five Year Expenditure Plan described as:

A. Navajo Nation Waterline Projects, Total: \$68,250,000;

B. Regional Economic Development Projects, Total:
\$81,750,000

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 18 in favor and 4 opposed, this 19th day of April 2016.



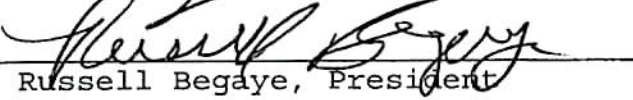
LoRenzo Bates, Speaker
Navajo Nation Council

April 27, 2016
Date

Motion: Honorable Jonathan Perry
Second: Honorable Amber Kanazbah Crotty

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 7th day of May 2016.



Russell Begaye, President
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. §1005 (C) (11), this _____ day of _____ 2016 for the reason(s) expressed in the attached letter to the Speaker.

Russell Begaye, President
Navajo Nation

3. I hereby exercise line item veto pursuant to the 2010 certified Initiative, over the supplemental appropriations approved herein by the Navajo Nation Council; on this _____ day of _____, 2016.

Russell Begaye, President
Navajo Nation

PTF – 5 Year Plan = \$150m Over 5 Years

Exhibit A New Modification	\$30m	\$30.939m	\$30.5m	\$30.5m	\$30.5m
	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year
\$150 m	Navajo Nation Waterline Projects: \$4.161m	Navajo Nation Waterline Projects: \$12.639m	Navajo Nation Waterline Projects: \$15.75m	Navajo Nation Waterline Projects: \$16.45m	Navajo Nation Waterline Projects: \$19.25m
\$68.25m	Ganado Shopping Center: \$9.2m	NNGE Shiprock Hotel-Restaurant: \$5.5m	NNGE Shiprock Hotel-Restaurant: \$2.8m	Office Buildings: \$5.85m	Central Agency Economic Development Projects: \$6.25m
\$81.75m	Nahatadzil Shopping Center: \$2m	Dennehotso Retail Center: \$2.8m	Eastern Agency Economic Development Projects: \$6.95m	Indian Wells Economic Development: \$3.7m	Wheatfields Agriculture Project: \$2m
	Shonto C-Store: \$1m	Many Farms Agricultural Project: \$3m	Shonto Retail & Hotel: \$5m	Newcomb NNSCI: \$4.5m	Northern Agency Agricultural Project: \$1.5m
	Excess monies shall go to general funds	Shonto Retail & Hotel: \$1m	Excess monies shall go to general funds	Excess monies shall go to general funds	Many Farms Agricultural Project: \$1.5m
		Northern Agency Agriculture Project: \$3m			Excess monies shall go to general funds
		Wheatfields Agriculture Project: \$3m			
		Excess monies shall go to general funds			

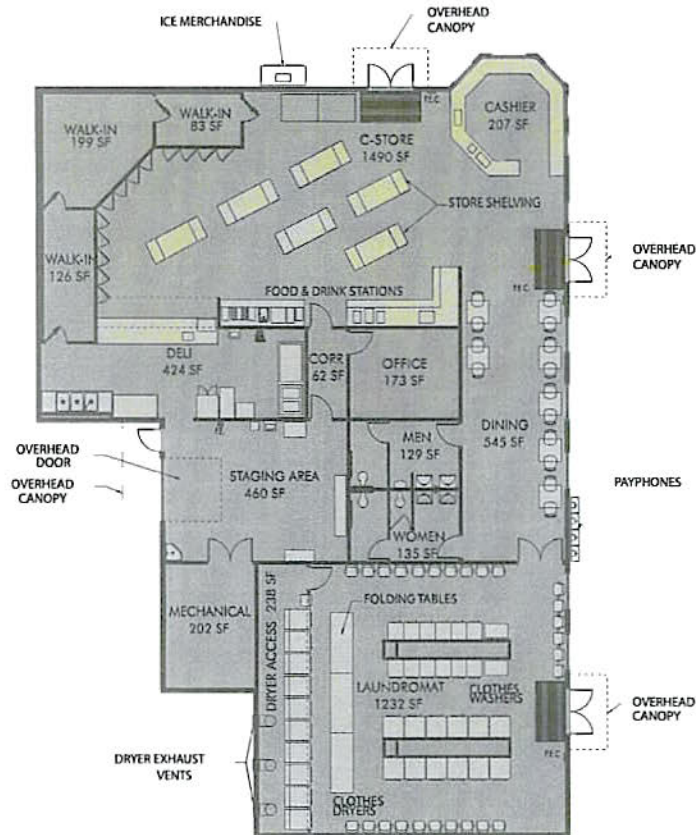
Convenience Store/Gas Station

Description: 4,800 sf convenience store with 6 gas pumps and Launromat on 10+ acre site (not fully developed).

4,800 SF

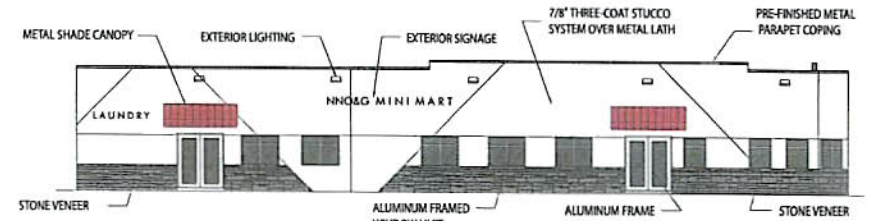
DESCRIPTION	QUANTITY	UNIT	\$/UNIT	TOTAL	COMMENTS
DIRECT CONSTRUCTION COSTS					
Off Site Sanitary Sewer Line	1	EA	568,010	568,010	4,264SF
Off Site Access Roads Improvement	1	EA	-	0	
Off Site Borrow Import	1	EA	456,400	456,400	Import & Place
Site Development	1	EA	654,230	654,230	Paving & Concrete
Store Construction	1	EA	936,837	936,837	4,800SF
SUBTOTAL DIRECT CONSTRUCTION (4,800	SF	545	\$ 2,615,476	
INDIRECT COSTS					
General Conditions	6	MO	32,667	196,000	
Insurance	1	EA	57,540	57,540	
Payment & Perform. Bond (GC)	1	EA	52,310	52,310	
Fee	1	EA	196,803	196,803	
GC Pre-Construction Costs	1	EA	-	0	
Construction Contingency	1	EA	-	0	
SUBTOTAL INDIRECT COSTS	4,800		\$ 104.72	\$ 502,653	
TOTAL CONSTRUCTION COST	4,800	SF	\$ 649.61	\$ 3,118,129	
PROJECTED DEVELOPMENT SOFT COST					
Permits, Testing & Inspections			1	15,000	
Design & Related Professional Services			1	0	
Low Voltage Systems			1	0	By Owner
FF&E Store			1	0	By Owner
FF&E Admin and Installation			1	0	By Owner
Signage			1	0	By Owner
Financing Costs			1	0	By Owner
Other Project Costs			1	0	
Pre-opening Costs			1	0	By Owner
Development Contingency	3,133,129	\$	0	0	
SUBTOTAL PROJECTED SOFT COST		\$		15,000	
TOTAL DIRECT CONSTRUCTION COST				3,118,129	
TOTAL PROJECTED PROJECT COSTS				3,133,129	

CONVENIENCE STORE AND LAUNDROMAT

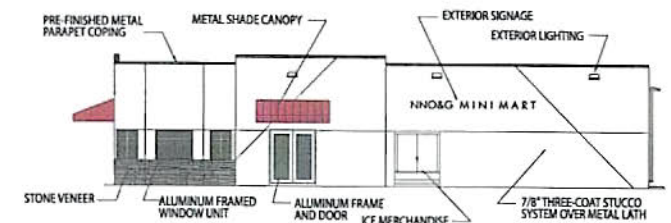


OPTION A - LAUNDROMAT

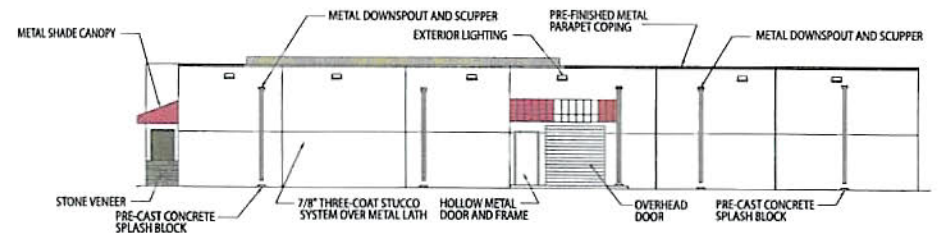
SCALE: 1/16" = 1'0"



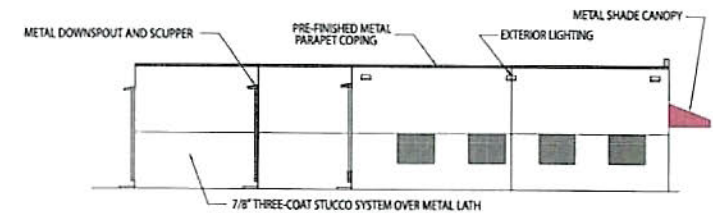
EAST ELEVATION



NORTH ELEVATION



WEST ELEVATION

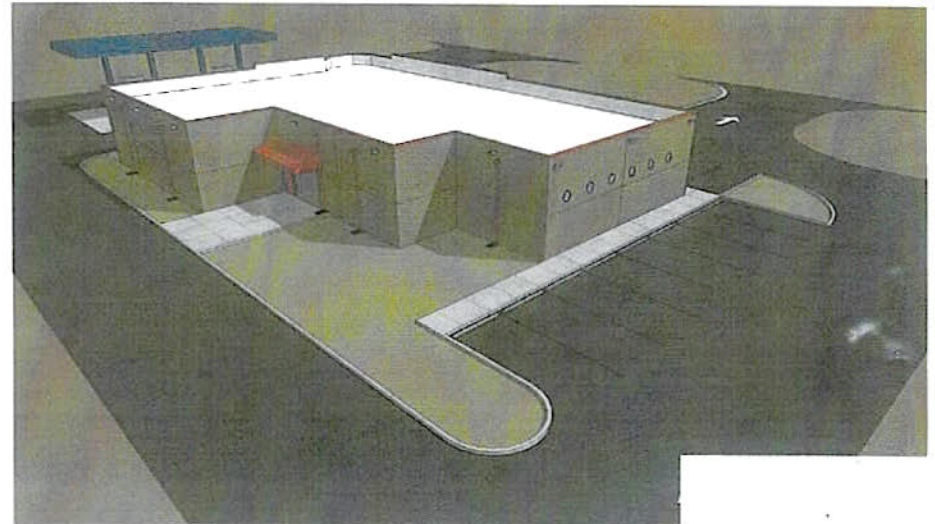


SOUTH ELEVATION

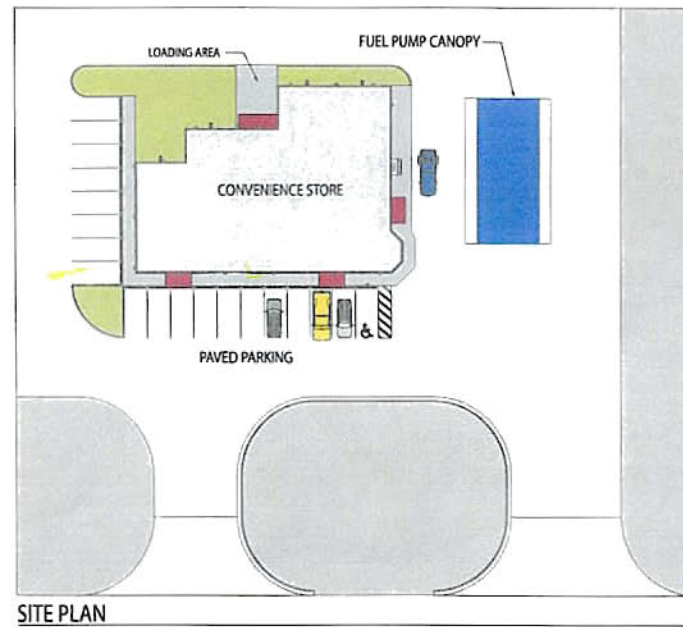
CONVENIENCE STORE AND LAUNDROMAT



FRONT PERSPECTIVE



REAR PERSPECTIVE



SITE PLAN

TO'HAIJILEE TRAVEL CENTER CONVENIENCE STORE DEVELOPMENT PLAN

I. Strategy and Structure of the To'hajiilee Travel Center Development Plan

The Navajo Nation Eastern Regional Business Development Office (ERBDO) in collaboration with the To'hajiilee Chapter and a Navajo Business Tenant will develop the To'hajiilee Travel Center, a 4,000 square-foot gasoline convenience store in close proximity to the To'hajiilee Chapter Indian Health Service Clinic in To'hajiilee, New Mexico.

The primary objective is to capitalize on the business potential of retail gasoline convenience store development through an innovative public-private partnership, including a combination of Navajo Nation equity funding, major national-branded gasoline fuel distributor and fast food restaurant franchise investment, and Navajo entrepreneur project financing.

The Navajo Nation (ERBDO) will lease the convenience store site to a local Navajo-owned small business tenant, who will complete the facility construction and arrange a retail motor fuel supplier agreement with a major national-branded gasoline fuel distributorship and national fast food franchise. This strategic partnership represents the future growth strategy for retail motor fuel distribution throughout the Navajo Nation.

A. Navajo Nation Capital Investment

The Navajo Nation is proposing a direct investment of \$3,100,000 in the convenience store development allocated to the architectural and engineering, building construction, fueling system, in-store and fast food restaurant equipment, and working capital costs of the store.

Once the c-store is completed, the project site will be leased to a local Navajo entrepreneur, who will serve as Owner/Manager of the new store. The Navajo entrepreneur will secure a gasoline fuel distributor and fast food restaurant franchise and establish the retail supply chain for the new store.

An economic return for this project would be the creation of temporary construction jobs, and once completed, up to 25 full -time jobs. An estimated 100 temporary jobs will be created during construction of the C-store, and once completed; the project would create 25 full-time jobs for local Navajo community members working to operate the C-store. Twenty-five full-time jobs are considered a major economic return because of the current high unemployment rate in the local community.

B. Navajo Entrepreneur Financing

The major competitive advantage of the planned development is the proposed strategic partnership with a national branded fuel distributorship with an established dealer network but also owner and operator of company convenience store outlets.

Such a distributor with an extensive amount of experience and expertise in operating retail gasoline convenience stores will share this expertise with the Navajo small business management which can only result in maximizing bottom line profits for the collaborative partnership.

As a member of a successful and highly effective national branded fuel dealer network and a fast food franchise system, the Navajo business tenant will receive convenience store and fast food restaurant operational management assistance and training. The distributorship will have an extensive program for developing and maintaining member dealer facilities and offer these technical and support services to its network dealers and franchises.

The operations strategy is to partner with an experienced gasoline fuel distributor and convenience store operator in high potential market to share the development and start-up risk of new developments. The operations strategy is based on achieving operating efficiencies and operational economies of scale.

C. To'hajiilee Travel Center Project Budget

The To'hajiilee Travel Center Development Project Budget is as follows:

To'hajiilee Travel Center Development Project Budget

PROJECT BUDGET CATEGORIES	TO'HAJILEE TRAVEL CENTER (4,000 SQ FT) PROJECT BUDGET
Building & Site Development	\$ 1,047,174
Off-Site & Infrastructure Development	\$ 951,217
Architectural & Engineering	\$ 165,292
Fueling System	\$ 658,993
C-Store & Fast Food Restaurant Equipment	\$ 166,768
Working Capital (Start-Up Costs &	\$ 110,5556

Inventories)	
TOTAL PROJECT BUDGET	\$ 3,100,000

The Navajo Nation Eastern Regional Business Development Office is proposing a Total Project Budget including the Building & Site Development (\$1,047,174), Off-Site & Infrastructure Development (\$951,217), A&E (\$165,292), Fueling System (\$658,993), C-Store & Fast Food Restaurant Equipment (\$166,768), and Working Capital (Start-Up Costs & Inventories, \$110,556) for a total amount of **\$3,100,000**.

II. Financial and Capital Structure of the To'hajiilee Travel Center Business

The following section provides a financial assessment of the business investment, operations and financing of the planned convenience store development. The focus is on the key financial relationships and indicators that are important to the evaluation of the financial strength of the planned retail development and to the assessment of the proposed convenience store development project to acquire additional funds for future growth and expansion.

The findings of this study serve as both a Convenience Store Development Investment Plan recommendation and as a summary of the options for management and financing of the proposed To'hajiilee Travel Center development in To'hajiilee, New Mexico.

It is concluded that a new convenience store at this specific location would be a highly attractive investment for the Navajo Nation ERBDO, working with a Navajo small business (Owner/Manager), and the To'hajiilee Chapter community.

A. Financial Structure of the To'hajiilee Travel Center Business

Profitability and cash flow performance are the key measures upon which the financial structure of the planned development is based. Access to cost effective capital for expansion and growth and operating economies of scale will result in Net Operating Income (NOI) improvements and a higher overall Rate of Return (ROI).

The strategic partnership based on the management expertise of a vertically-integrated fuel distributorship combined with the convenience store owner/manager experience of the Navajo entrepreneur will lead to a higher Return on Investment (ROI) through continued improvement in the performance of the convenience store business as measured by year over year increases in Net Operating Income (NOI).

It is management's objective to generate sufficient working capital and liquidity in order to generate sufficient retained cash flow from operations to implement the business strategy and meet the current obligations.

Achieving planned operating efficiencies and economies of scale will enable the business to generate adequate cash flow from operations thereby: (1) increase funds available for operations, future business opportunities, and other purposes; (2) increase the enterprises' flexibility in planning for, or reacting to, changes in the business and the industry in which it operates; (3) increase the enterprises' ability to borrow additional funds, or to raise funds, if needed, for working capital, capital expenditures, new development or other purposes; and (4) to reduce the enterprises' vulnerability to general adverse economic and industry conditions.

The To'hajiilee Travel Center is being capitalized on a solid foundation. Access to cost effective capital, diversification of the business model, and operating economies of scale will result in a higher overall Rate of Return (ROI) as shown below in the Summary of Operating Results.

A new national branded retail gasoline convenience store business opening in 2020 would be expected to produce performance results as follows:

To'hajiilee Travel Center Summary of Operating Performance

	TOTAL REVENUES	GROSS PROFITS	EBITDA	NET PROFITS	NET CASH FLOW
Year 1	\$ 2,608,555	\$ 542,708	\$ 401,696	\$ 121,183	\$ 245,183
Year 2	\$ 2,686,812	\$ 558,990	\$ 417,978	\$ 132,769	\$ 256,759
Year 3	\$ 2,767,416	\$ 575,759	\$ 434,747	\$ 144,702	\$ 268,702
Year 4	\$ 2,850,438	\$ 593,031	\$ 448,097	\$ 153,071	\$ 277,071
Year 5	\$ 2,935,951	\$ 610,821	\$ 465,887	\$ 165,730	\$ 289,730

The Pro Forma Operating Statements demonstrate that the To'hajiilee Travel Center has the potential to generate Total Annual Sales Revenues of \$2,608,555, Net Operating Income of \$401,696, a Net Profit of \$121,183 , and Net Cash Flow of \$245,183 in the First Year of Operation.

The Cash Flow Projections demonstrate that the business ending cash balance will increase from \$245,183 at the end of the First Year, to \$289,730 at the end of the Fifth Year. Cumulative Cash Flow by the end of Year 5 would total \$1,337,455, over one-third of the total invested capital.

The following section examines total development costs, financial assumptions, operational costs, and the net operating income associated with the development of the To'hajiilee Travel Center.

To'hajiilee Travel Center
Pro Forma Income Statement

PRODUCT MIX	YEAR 1	YEAR 2	YEAR 3
MOTOR FUEL SALES	\$ 1,863,000	\$ 1,918,890	\$ 1,976,457
COST OF SALES	\$ 1,609,632	\$ 1,631,056	\$ 1,679,988
MF GROSS PROFIT	\$ 279,450	\$ 287,834	\$ 296,469
CONVENIENCE STORE SALES	\$ 642,720	\$ 662,002	\$ 681,862
COST OF SALES	\$ 437,050	\$ 450,161	\$ 463,666
CS GROSS PROFIT	\$ 205,670	\$ 211,841	\$ 218,196
FAST FOOD SALES	\$ 102,835	\$ 105,920	\$ 109,098
COST OF SALES	\$ 45,247	\$ 46,605	\$ 48,003
FF GROSS PROFIT	\$ 57,588	\$ 59,315	\$ 61,095
TOTAL REVENUES	\$ 2,608,555	\$ 2,686,812	\$ 2,767,416
TOTAL COST OF SALES	\$ 2,065,847	\$ 2,127,822	\$ 2,191,657
TOTAL GROSS PROFIT	\$ 542,708	\$ 558,990	\$ 575,759

OPERATING EXPENSES	\$ 141,012	\$ 141,012	\$ 141,012
EBITDA	\$ 401,696	\$ 417,978	\$ 434,747
DEPRECIATION	\$ 124,000	\$ 124,000	\$ 124,000
NN TAXES 6 %	\$ 156,513	\$ 161,209	\$ 166,045
NET PROFIT	\$ 121,183	\$ 132,769	\$ 144,702

To'hajiilee Travel Center
Pro Forma Income Statement

PRODUCT MIX	YEAR 4	YEAR 5
MOTOR FUEL SALES	\$ 2,035,751	\$ 2,096,824
COST OF SALES	\$ 1,730,388	\$ 1,782,300
MF GROSS PROFIT	\$ 305,363	\$ 314,524
CONVENIENCE STORE SALES	\$ 702,318	\$ 723,388
COST OF SALES	\$ 477,576	\$ 491,904
CS GROSS PROFIT	\$ 224,742	\$ 231,494

FAST FOOD SALES	\$ 112,371	\$ 115,742
COST OF SALES	\$ 49,443	\$ 50,926
FF GROSS PROFIT	\$ 62,928	\$ 64,816
TOTAL REVENUES	\$ 2,850,438	\$ 2,935,951
TOTAL COST OF SALES	\$ 2,257,407	\$ 2,325,130
TOTAL GROSS PROFIT	\$ 593,031	\$ 610,821
OPERATING EXPENSES	\$ 144,934	\$ 144,934
EBITDA	\$ 448,097	\$ 465,887
DEPRECIATION	\$ 124,000	\$ 124,000
NN TAXES 6 %	\$ 171,026	\$ 176,157
NET PROFIT	\$ 153,071	\$ 165,730

1. Pro Forma Cash Flow Projection

The Pro Forma Cash Flow Statements demonstrate that the business ending cash balance will increase from \$245,183 at the end of the first year, to \$1,337,455 cumulative net cash flow at the end of the fifth year. There is adequate internally generated cash flow for business growth, indicating less financial risk, improved liquidity, and faster rate of return.

To'hajiilee Travel Center

Pro Forma Cash Flow Projection

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NET INCOME	\$ 121,183	\$ 132,769	\$ 144,702	\$ 153,071	\$ 165,730
DEPRECIATION	\$ 124,000	\$ 124,000	\$ 124,000	\$ 124,000	\$ 124,000
NET CASHFLOW	\$ 245,183	\$ 256,769	\$ 268,702	\$ 277,071	\$ 289,730
BEGINNING CASH FLOW		\$ 245,183	\$ 501,952	\$ 770,654	\$ 1,047,725
CUMULATIVE NET CASHFLOW	\$ 245,183	\$ 501,952	\$ 770,654	\$ 1,047,725	\$ 1,337,455

TO'HAIJILEE NAVAJO CHAPTER

Canoncito Band of Navajos

PO Box 3398 To'Hajiilee, New Mexico 87026
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Mark Begay, Chapter President
Jacqueline Platero, Chapter Vice-President
Jordan Etcitty, Chapter Secretary/Treasurer
Evangeline Willie, Land Board
Jamie Henio, Council Delegate
Sherrilyn Apache, Community Service Coordinator
Blair Platero, Accounts Maintenance Specialist

EXHIBIT

3

RESOLUTION: TOH-19-08-128

RESOLUTION OF THE TO'HAIJILEE NAVAJO CHAPTER SUPPORTING AND APPROVING TO REQUEST FROM THE NAVAJO NATION FUNDS IN THE AMOUNT OF \$5.8 MILLION FOR THE PLAN, DESIGN, AND CONSTRUCTION OF A LOCAL COMMUNITY CONVENIENCE STORE.

WHEREAS:

1. The To'Hajiilee Navajo Chapter is a certified government, pursuant to 26 N.N.C., Section 3 (A) of the Navajo Nation Government, as listed as 11 N.N.C., Part 1, section 10, and delegated government authority with respect to local matters consistent with Navajo Law, including customs, traditions and fiscal matter; and
2. The To'Hajiilee Navajo Chapter is empowered, pursuant to 26 N.N.C., Section 1 (B) is vested with authority to review all matters affecting the community and to make favorable decision when necessary and make recommendation to Navajo Nation and other in the best interest of the community membership for appropriate actions, and
3. To'Hajiilee Navajo Chapter has recognized the need for a local convenient store with groceries, gasoline, and basic household needs, and
4. To'Hajiilee Navajo Chapter membership drive 40 miles to Albuquerque to get basic household items.

NOW THEREFORE BE IT RESOLVED THAT:

1. To'Hajiilee Navajo Chapter hereby supports and approves the request from Navajo Nation funds in the amount of \$5.8 million for the plan, design, and construction of a local community convenience store.

C E R T I F I C A T I O N

We hereby certify that this forgoing resolution was duly considered by the To'Hajiilee Chapter Membership at a duly called meeting at which a quorum was present and that an approval was passed with a vote of 22 IN-FAVOR, 0 OPPOSED and 3 ABSTENTION this 20th day of AUGUST 2019, Motion by JAMES MARIANO and Seconded by BENSON APACHITO.



Mark Begay
Chapter President



Jacqueline Platero
Chapter Vice-President



Jordan Etcitty
Chapter Secretary/Treasurer

RESOLUTION: TOH-19-08-128

Page 1 of 1



Opportunity Zones

A new way to finance projects in underserved areas

You can view all the designated Opportunity Zones on our [Story Map](#).

Printable PDF Opportunity Zone Maps:

- [Statewide](#)
- [Central Region](#)
- [Doña Ana County](#)
- [Santa Fe County](#)

Overview, Background and Description

Public Law 115-97, also known as the Tax Cuts and Jobs Act of 2017, provides for the governor of each state to nominate certain census tracts as "Opportunity Zones". Designation as an Opportunity Zone allows for the creation of a new class of investment vehicle with tax advantages authorized to aggregate and deploy private investment located in Opportunity Zones. The purpose of these tax advantages is to attract capital investment into economically distressed areas.

Second round of proposed guidance published by the IRS.

Nomination

On April 19, 2018, the Governor's office submitted 63 tracts to the Department of the Treasury to be designated as Opportunity Zones. The New Mexico Economic Development Department worked with local stakeholders via county governments to submit a detailed questionnaire on eligible tracts in their area. Local stakeholders included private enterprise, economic development organizations, business organizations, councils of government, property owners/developers, tribal entities, and community organizations among others. New Mexico had 249 eligible tracts of which 128 were submitted for consideration. In turn, New Mexico nominated to the Treasury its full allotment of 63 tracts.

Designation

On Friday, May 18, 2018, the Department of the Treasury designated 63 Opportunity Zones in New Mexico. New Mexico's Opportunity Zones are located in rural, tribal and urban communities in 22 counties. Qualified Opportunity Zones retain this designation for 10 years.

Tax Incentives

The Opportunity Zones program offers three tax incentives for investing in low-income communities through a qualified Opportunity Fund*:

Temporary Deferral	Step-Up in Basis	Permanent Exclusion
A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.	A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.	A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

* A qualified Opportunity Fund is a privately managed investment vehicle organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (the vehicle must hold at least 90 percent of its assets in such property). Low-income census tracts are defined in Internal Revenue Code Section 45D (e). Qualified opportunity zone property includes any qualified opportunity zone business stock, any qualified opportunity zone partnership interest, and any qualified opportunity zone business property. Only taxpayers who roll over capital gains of non-zone assets before December 31, 2026, will be able to take advantage of the special treatment under the provision.

Next Steps

The IRS is currently working on guidance under IRC 1400Z-2 (including the certification of Qualified Opportunity Funds and eligible investments in Qualified Opportunity Zones)—these rules are expected to be released in the near future. Now that Opportunity Zones have been designated, suggested next steps for local stakeholders include:

1. Facilitate the Formation of OZ Funds (2018)

- Raise awareness about the program among local banks, financial institutions, developers/property owners, investors, and business networks to encourage the establishment of Opportunity Zones in your local region.

2. Facilitate Investment (on-going)

- Raise awareness about the program with local entrepreneurs and high-growth companies that may be eligible for investment from Opportunity Zones.
- Work with universities, startup incubators and accelerators, and other ecosystem partners to ready your home region to take advantage of the program.

- Work with local planners and developers to determine how this new financing model can integrate with existing or anticipated development or infrastructure plans.
- Liaise actively with local, regional, and national funds to make sure they are aware of eligible investment opportunities in your region.
- Integrate Opportunity Zone designated tracts into local, regional and state economic development marketing and outreach efforts.

Webinars:

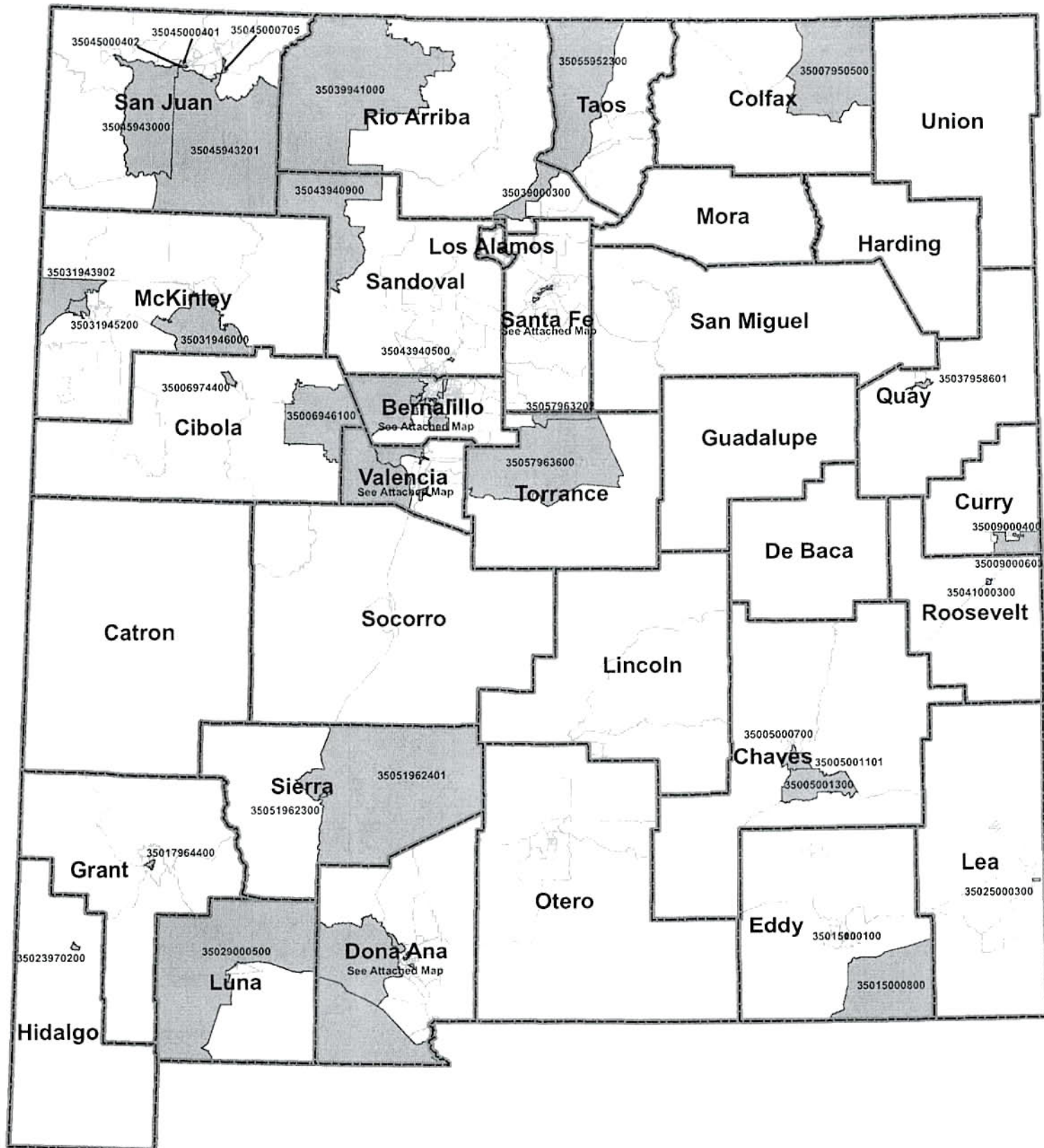
Opportunity Zones, Now What? Drilling down into the details

[Watch the recording](#)

Opportunity Zones: Understanding the Process

[Watch the recording](#)




Download the **Opportunity Zones Q&A**

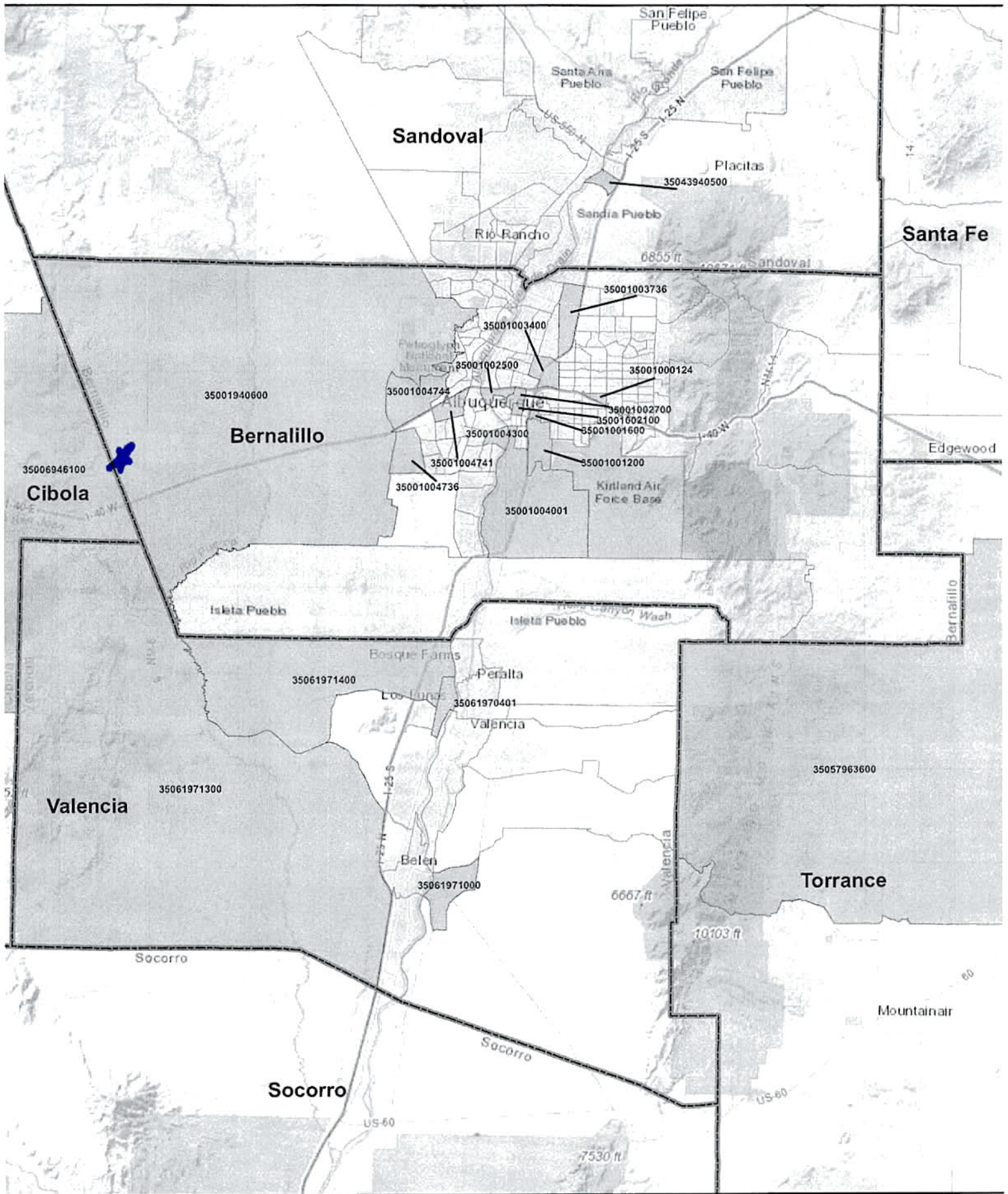


Interactive Map Available at: <https://www.cdfifund.gov/pages/opportunity-zones.aspx>

New Mexico Opportunity Zones

Legend

-  County Boundary
-  Designated Opportunity Zones
-  Census Tracts



Interactive Map Available at: <https://www.cdfifund.gov/pages/opportunity-zones.aspx>

New Mexico Opportunity Zones Central Region

Legend

- County Boundary
- Designated Opportunity Zones
- Census Tracts

4/24/18

PTF – 5 Year Plan = \$150m Over 5 Years

Exhibit A
AS REVISED

	\$30M	\$30.939M	\$30.5M	\$30.5M	\$30.5M
	1st Year	2nd Year	3rd Year	4th Year	5th year
\$150M	Navajo Nation Waterline Projects \$4.161m	Navajo Nation Waterline Projects: \$12.639m	Navajo Nation Waterline Projects: \$15.75m	Navajo Nation Waterline Projects: \$16.45m	Navajo Nation Waterline Projects: \$19.25m
\$68.25m	Ganado Shopping Center: \$9.2m	NNGE Shiprock Hotel-Restaurant: \$5.5m	NNGE Shiprock Hotel-Restaurant: \$2.8m	Office Buildings \$5.85 \$1.85	Central Agency Economic Development Projects: \$6.25m
\$81.75m	Nahatadzil Shopping Center: \$2m	Dennehotso Retail Center: \$2.8m	Eastern Agency Economic Development Project \$6.95m	To'hajiilee Development Plan \$4.0m	Wheatfields Agriculture Project: \$2m
	Shonto C-Store: \$2m	Many Farms Agricultural Project: \$3m	Shonto Retail & Hotel: \$5m	Indian Wells Economic Development: \$3.7m	Northern Agency Agriculture Project: \$1.5m
	Excess Monies shall go to general funds	Shonto Retail & Hotel: \$1m	Excess monies shall go to general funds	Newcomb NNSCI \$4.5m	Many Farms Agriculture Project: \$1.5m
		Northern Agency Agriculture Project: \$3m		Excess monies shall go to general funds	Excess monies shall go to general funds
		Wheatfields Agriculture Project: \$3m			
		Excess monies shall go to general funds			

**24th Navajo Nation Council
Special Session
Teleconference**

ACTION: Legislation 0030-20

MOTION: Edison J. Wauneka

SECOND: Pernell Halona

	Yea	Nay
1. Elmer P. Begay	✓	
2. Kee Allen Begay, Jr.	✓	
3. Paul Begay	✓	
4. Nathaniel Brown	✓	
5. Eugenia Charles-Newton	✓	
6. Amber Kanazbah Crotty	✓	
7. Herman M. Daniels	✓	
8. Seth Damon		
9. Mark A. Freeland	✓	
10. Pernell Halona	✓	
11. Jamie Henio	✓	
12. Vince R. James	✓	
13. Rickie Nez	✓	
14. Carl R. Slater		✓
15. Raymond Smith, Jr.	✓	
16. Wilson C. Stewart, Jr.	✓	
17. Daniel E. Tso	✓	
18. Charlaine Tso		✓
19. Eugene Tso	✓	
20. Otto Tso	✓	
21. Thomas Walker, Jr.	✓	
22. Edison J. Wauneka	✓	
23. Edmund Yazzie	✓	
24. Jimmy Yellowhair	✓	
TOTAL:	21	2

CERTIFICATION:


Honorable Speaker Seth Damon

5.15.2020
Date