

RESOLUTION OF THE  
BUDGET AND FINANCE COMMITTEE  
OF THE NAVAJO NATION COUNCIL

23<sup>RD</sup> NAVAJO NATION COUNCIL - First Year, 2015

AN ACTION

RELATING TO BUDGET AND FINANCE COMMITTEE; APPROVING THE ADDITION OF A  
SECOND FIXED INCOME MANAGER FOR THE NAVAJO NATION'S RETIREMENT PLAN

BE IT ENACTED:

Section One. Findings.

- A. Pursuant to 2 N.N.C. § 300(C) 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 following purposes: 1) To coordinate, oversee, regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation.
- B. Pursuant to Budget and Finance Committee Resolution, BFJA-01-08 (amending BFJY-144-03), the Navajo Nation Investment Committee is delegated with the authority for adoption of and modification to the investment policies and sub-policies for all Navajo Nation financial resources.
- C. The Office of the Controller has coordinated with the Navajo Nation's designated investment consultant, RVK, Inc., in recommending to the Navajo Nation Investment Committee the inclusion of Doubleline Capital LP as a second manager for the Navajo Nation's Retirement Plan to reduce manager concentration and improve diversification of the fixed income allocation structure.

D. The Office of the Controller, in coordination with RVK, Inc., interviewed three (3) fixed income managers and recommends to the Navajo Nation Investment Committee the inclusion of Doubleline Capital LP as a second manager for the Navajo Nation's Retirement Plan.

E. The Navajo Nation Investment Committee by Resolution NNICF-01-14 recommends to the Budget and Finance Committee the inclusion of Doubleline Capital LP as a second manager for the Navajo Nation's Retirement Plan. See NNICF-01-14 attached as Exhibit A.

## Section Two. Approval

The Budget and Finance Committee hereby approves the recommendation of the Navajo Nation Investment Committee the inclusion of Doubleline Capital LP as a second manager for the Navajo Nation's Retirement Plan.

## CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Budget and Finance Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 4 in favor, 0 opposed, this 3<sup>rd</sup> day of March, 2015.

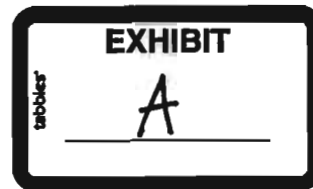


Jonathan Nez, Chairperson

Budget and Finance Committee

Motion: Lee Jack, Sr.

Second: Tom T. Chee



NNICF-01-14

**RESOLUTION OF  
THE NAVAJO NATION INVESTMENT COMMITTEE**

**Approving and Recommending to the Budget and Finance Committee Approval of an Additional Fixed  
Income Manager Held in the Navajo Nation Retirement Plan**

**WHEREAS:**

1. Pursuant to Budget and Finance Committee Resolution BFJY-114-03 as amended by Budget and Finance Committee Resolution No. BFJA-01-08 which involved adopting investment policies and sub-policies for all Navajo Nation financial resources, the Navajo Nation Investment Committee was continued with delegated authority to approve and recommend investments for adoption to the Budget and Finance Committee; and

2. Pursuant to the delegated authority, the Office of the Controller has coordinated with the Navajo Nation's designated investment consultant, R.V. Kuhns & Associates, Inc. a recommendation to consider the addition of a second fixed income manager to the Navajo Nation Retirement Plan to reduce manager concentration and to improve diversification for the fixed income allocation structure; and

3. The Office of the Controller in coordination with R.V. Kuhns & Associates, Inc. has interviewed three (3) fixed income managers and recommends adding DoubleLine to the Retirement Plan's fixed income allocation structure, for a total of 50% allocation in the fixed income portfolio to further diversify the portfolio as well as reduce manager concentration; and

4. The Navajo Nation Investment Committee has reviewed the RVK recommendation memo addressing the Retirement Plan's fixed income allocation structure hereto as Exhibits A and recommends the same for approval by the Budget and Finance Committee of the Navajo Nation Council.

**NOW THEREFORE BE IT RESOLVED THAT:**

The Navajo Nation Investment Committee hereby approves and recommends to the Budget and Finance Committee of the Navajo Nation Council approval to implement DoubleLine into the Retirement Plan's fixed income allocation structure for a 50% allocation of fixed income assets held in the Retirement Plan to further diversify the portfolio and reduce manager concentration.

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Investment Committee, at a duly called meeting at Window Rock, AZ, at which a quorum was present and that same was passed by a vote of 4 in favor and 0 opposed, this 25<sup>th</sup> day of February, 2014.

Mark Grant  
Presiding Chairman  
Navajo Nation Investment Committee

Motion: Nelson BeGaye  
Second: Elizabeth Begay  
Vote: 4-0

MEMORANDUM

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**To:** The Navajo Nation - Investment Committee  
**From:** R.V. Kuhns & Associates, Inc. ("RVK")  
**Subject:** Core Fixed Income Manager Interviews  
**Date:** February 12, 2014

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**Introduction**

As a follow-up to RVK and Navajo Nation's previous discussions regarding further diversification of the Navajo Nation Retirement Plan's ("the Plan") fixed income composite, this memo is meant to introduce the three managers that have been selected to present to the Navajo Nation Investment Committee, as well as provide the rationale for recommending these managers for consideration. The objective of the interview process is to identify a manager which best complements the Plan's current fixed income structure, which currently consists of a single manager, Aberdeen. To facilitate effective comparisons between the managers, RVK has prepared a competitive manager search (included in the appendix materials) which includes RVK's high conviction "best idea" managers and provides additional details and characteristics of each of the managers.

**Upon review of the manager search, RVK, in consultation with its Investment Manager Research Department, has identified the below managers as well-suited candidates for the mandate, and has invited for interview on February 12<sup>th</sup> in Los Angeles at Orrick Offices:**

- **DoubleLine**
- **Wells Capital Management**
- **MacKay Shields**

Below, this memo illustrates potential fixed income structure options for consideration, as well as offers additional information regarding each of the recommended managers' investment philosophy and process.

**Background**

The idea of diversifying the Plan's fixed income structure was initially introduced by RVK as a potential work plan item during the annual meeting in November 2013. In a continuation of the initial discussion, the idea of diversifying the Plan's fixed income structure was discussed in greater detail at the December 2013 RPAC meeting. The primary drivers of this recommendation are to reduce manager concentration risk, as Aberdeen currently consists of approximately 21% of the Plan's total assets, as well as improve the risk and return characteristics of the fixed income structure.

From a structural perspective, the addition of second manager provides diversification by reducing the overall fixed income portfolio's volatility, and also increases the potential to excess return. Given the significant fee reduction from utilizing separate accounts, RVK recommends

utilizing each manager's separate account option over a mutual fund vehicle. Due to the size of the overall allocation and each manager's minimum balance requirements to maintain a separate account, the initial structure recommendation of splitting the allocation 50/50 was not possible for all of the three potential managers. The structure options are optimized to the extent possible to meet the managers' minimum balance; and as a result will not be an even 50/50 split between Aberdeen and each of the potential managers. However, as the plan becomes more fully funded and assets grow, the allocation size is likely to allow an even split between Aberdeen and a second manager.

Each of the below potential structure options provide a reduction in annualized volatility and downside risk protection with an improvement in excess return versus the benchmark on a retrospective basis. Additionally, employing a second manager to the structure helps to mitigate manager concentration risk in the event that a significant risk surfaces that would trigger movement away from one manager.

	5 Years				10 Years			
	Return	Standard Deviation	Downside Volatility	Tracking Error	Return	Standard Deviation	Downside Volatility	Tracking Error
<b>Current Structure</b>	7.01	3.22	1.50	1.38	4.54	3.65	2.34	2.09
<b>50% Aberdeen / 50% DoubleLine</b>	8.05	3.21	1.47	1.28	5.80	3.40	1.89	1.52
<b>50% Aberdeen / 50% MacKay Shields</b>	6.91	3.08	1.44	1.05	5.29	3.39	1.96	1.29
<b>40% Aberdeen / 60% WellsCap</b>	7.14	3.06	1.45	0.96	5.50	4.44	2.00	1.22
<i>Barclays US Agg Bond Index</i>	4.44	2.86	1.55	n/a	4.55	3.36	1.81	n/a

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Current Structure</b>		<b>6.54</b>	<b>7.92</b>	<b>8.94</b>	<b>13.69</b>	<b>10.55</b>	<b>6.29</b>	<b>4.76</b>	<b>2.66</b>	<b>4.98</b>	<b>4.54</b>
Barclays US Agg Bond Index		4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10
Difference	0.55	2.33	0.08	2.40	7.76	5.31	0.32	0.43	0.23	0.64	0.44
<b>50% Aberdeen / 50% DoubleLine</b>		<b>7.78</b>	<b>10.06</b>	<b>10.59</b>	<b>13.35</b>	<b>11.25</b>	<b>6.85</b>	<b>4.95</b>	<b>2.72</b>	<b>5.28</b>	<b>5.99</b>
Barclays US Agg Bond Index		4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10
Difference	1.07	3.57	2.22	4.05	7.42	6.01	0.00	0.62	0.29	0.94	1.89
<b>50% Aberdeen / 50% MacKay Shields</b>		<b>7.20</b>	<b>8.16</b>	<b>8.88</b>	<b>11.91</b>	<b>10.15</b>	<b>6.76</b>	<b>4.88</b>	<b>2.96</b>	<b>5.06</b>	<b>5.16</b>
Barclays US Agg Bond Index		4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10
Difference	0.88	2.99	0.32	2.34	5.98	4.91	0.00	0.55	0.53	0.72	1.06
<b>40% Aberdeen / 60% WellsCap</b>		<b>7.08</b>	<b>8.79</b>	<b>8.62</b>	<b>13.09</b>	<b>10.55</b>	<b>6.96</b>	<b>4.95</b>	<b>2.93</b>	<b>5.26</b>	<b>5.33</b>
Barclays US Agg Bond Index		4.21	7.84	6.54	5.93	5.24	6.97	4.33	2.43	4.34	4.10
Difference	0.68	2.87	0.95	2.08	7.16	5.31	0.00	0.62	0.50	0.92	1.23

### Individual Manager Characteristics

The below table includes a summary of each manager's characteristics and performance. Additional details can be found in the attached manager search.

Manager	Total Fixed Income AUM (\$ M)	Expense Ratio	Effective Duration	5 Year Return	5 Year Rank	10 Year Return	10 Year Rank	10 Year Tracking Error	10 Year Information Ratio
DoubleLine	\$39,585	40bps	4.6	8.7%	40	6.6%	16	1.3	1.6
MacKay Shields	\$70,075	30bps	5.3	6.5%	76	5.7%	44	0.9	1.3
Wells Capital	\$259,910	33bps	5.5	6.8%	71	5.8%	39	0.8	1.5
Aberdeen	\$69,442	30bps	5.0	6.4%	79	5.7%	44	1.9	0.6
<i>Barclays US Agg Bond Index</i>	<i>n/a</i>	<i>n/a</i>	<i>5.6</i>	<i>4.4%</i>	<i>99</i>	<i>4.5%</i>	<i>93</i>	<i>n/a</i>	<i>n/a</i>

### Firm Overview / Investment Philosophy

**DoubleLine** is a smaller fixed income focused firm that began in 2009 after the departure of the current CIO/PM from TCW Asset Management. The composition of the team today represents a majority of those who were on the fixed income team at TCW. While the organization in its current form is relatively new, its institutional reputation is strong in that it continues to attract sizeable inflows (~\$700 million per month) to its fixed income strategies. The firm's investment philosophy is to deliver superior risk adjusted returns, and is comprised of 12 portfolio managers and 19 analysts with an average experience of 23 years and 12 years, respectively.

The firm invests using both top-down and bottom-up processes to build portfolios, and looks for investments offering asymmetric, positively skewed risk/reward profile. Sector allocations are determined based on long-term secular trends, intermediate-term economic and business cycles, and short-term market valuation. The strategy utilizes relatively aggressive sector weightings to manage portfolio volatility risk, and tries to minimize the use of derivatives.

Percentage Employee Owned: 79%

**Mackay Shields** is a mid-sized (\$80.3 billion) institutional investment firm owned by New York Life that specializes solely in fixed income investment, particularly credit securities. Their strategy emphasizes a bottom-up credit research process as well as sector rotation attributes. The duration and curve positioning are limited sources of strategy alpha. The investment professionals are well tenured both at the industry and firm level, with an average 37 years and 14 years in those respective categories.

The top-down macroeconomic element of the strategy is used to initially determine the portfolio risk profile and factors exposures used by senior management to develop a model portfolio. The model portfolio and the underlying guidelines are used by the analysts to research security ideas for presentation to the Credit committee for approval. The research process uses a relative value framework looking to maximize return per unit of risk. Sector rotation is heavily influenced by current security valuations and their business cycle outlook. Mortgages will not be a large source of alpha as the firm focuses primarily on credit research when selection positions for the portfolio.

Percentage Employee Owned: 0%

**Wells Capital Management (Montgomery Team)** is a fixed income manager located in Walnut Creek, CA that operates as an autonomous investment management group within the larger Wells Fargo organization. The strategy focuses on generating high information ratio and consistency of returns by focusing on liquid, investment grade issues. Their organizational focus is managing core fixed income assets (\$18 billion of \$22 billion AUM) with tight guidelines around the benchmark in terms of duration risk and non-benchmark related exposures. The team is led by co-portfolio managers with 18 supporting analyst/traders. There is contact only with the CIO of Wells Capital on a quarterly basis.

It is solely bottom up security selection that drives excess return for the strategy. The investment process has four steps: bottom up security analysis; assessment by co-PM of the analysis to determine risk targets, sector ranges, and portfolio position; implementation by analysts/traders in selecting securities within the guidelines established; and portfolio construction allocates bonds across portfolio and monitors attribution.

Percentage Employee Owned: 0%

### **Recommendation**

RVK recommends the Investment Committee consider the addition of a second manager for the Navajo Nation Retirement Plan to reduce manager concentration and to improve diversification of the fixed income allocation structure. The addition of a second complementary with a different investment approach to Aberdeen is expected to improve risk and return characteristics (downside volatility, tracking error, performance consistency, information ratio, etc.) of the allocation structure. Each of the manager finalists provide the necessary quantitative and qualitative attributes to positively contribute to the objective of improving long-term results and fixed income allocation diversification.



# THE NAVAJO NATION

Office of the Controller \* P. O. Box 3150 \* Window Rock, Arizona \* 86515


Ben Shelly  
PRESIDENT

Rex Lee Jim  
VICE PRESIDENT

## MEMORANDUM

TO: SAS Reviewers

FROM:

  
Mark Grant, Controller  
Navajo Nation Office of the Controller

DATE: September 8, 2014

SUBJECT: SAS # 002650

Attached for your review is the Investment Management Agreement between the Navajo Nation and Double Line, Addendum to the Investment Management Agreement, the Advisory Fee Waiver Agreement, and SAS document # 001434, which entails the Investment Committee Resolution NNICF-01-14 and Exhibit A - a Recommendation Memo from R.V. Kuhns & Associates, the Nation's designated Investment Advisor.

Investment Committee resolution NNICF-01-14 has already been through the SAS process. SAS # 002650 primarily concerns the Investment Management Agreement and is supplemental to SAS #001434. If you have any question please contact Justin Curley at [jucurley@nnooc.org](mailto:jucurley@nnooc.org) or at extension 6023, thank you.



Document No. 002650Date Issued 09/08/2014**EXECUTIVE OFFICIAL REVIEW**Title of Document: Double Line Contract Agreement Contact Name: JOHNNY, NICOLE KABAProgram/Division: OFFICE OF THE CONTROLLEREmail: njohnny@nnooc.org Phone Number: xt. 6023☐ **Business Site Lease** Sufficient    Insufficient

- |   |             |                          |                          |
|---|-------------|--------------------------|--------------------------|
| 1. Division: _____  | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Controller: _____  | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| (only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review) |             |                          |                          |
| 3. Office of the Attorney General: _____  | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

- |  |             |                          |                          |
|--|-------------|--------------------------|--------------------------|
| 1. Division: _____                       | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Attorney General: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

- |   |             |                          |                          |
|---|-------------|--------------------------|--------------------------|
| 1. Office of Management and Budget: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Controller: _____        | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Office of the Attorney General: _____  | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Navajo Housing Authority Request for Release of Funds**

- |  |             |                          |                          |
|--|-------------|--------------------------|--------------------------|
| 1. NNEPA: _____                          | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Attorney General: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Lease Purchase Agreements**

- |  |             |                          |                          |
|--|-------------|--------------------------|--------------------------|
| 1. Office of the Controller: _____       | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| (recommendation only)                    |             |                          |                          |
| 2. Office of the Attorney General: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Grant Applications**

- |   |             |                          |                          |
|---|-------------|--------------------------|--------------------------|
| 1. Office of Management and Budget: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Controller: _____        | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Office of the Attorney General: _____  | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

- |  |             |                          |                          |
|--|-------------|--------------------------|--------------------------|
| 1. Division: _____                       | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Attorney General: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Relinquishment of Navajo Membership**

- |  |             |                          |                          |
|--|-------------|--------------------------|--------------------------|
| 1. Land Department: _____                | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Elections: _____                      | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Office of the Attorney General: _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ Land Withdrawal or Relinquishment for Commercial Purposes

Sufficient Insufficient

1 Division: \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 Office of the Attorney General: \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☐ Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases

1 NLD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 F&W \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
3 HPD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
4 Minerals \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
5 NNEPA \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
6 DNR \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
7 DOJ \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☐ Rights of Way

1 NLD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 F&W \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
3 HPD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
4 Minerals \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
5 NNEPA \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
6 Office of the Attorney General: \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
7 OPVP \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☐ Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease

1 Minerals \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 OPVP \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
3 NLD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☐ Assignment of Mineral Lease

1 Minerals \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 DNR \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
3 DOJ \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☐ ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)

1 NLD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
2 F&W \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
3 HPD \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
4 Minerals \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
5 NNEPA \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
6 DNR \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
7 DOJ \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐  
8 OPVP \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

☒ OTHER: Double Line Contract Agreement

1 Sponsor M. Vengia Date: 7-8-2014 ☒ ☐  
2 OOC Mark Hat Date: 7-8-2014 ☒ ☐  
3 DOJ David B. B... Date: 9-24-14 ☒ ☐  
4 OPVP ... Date: 9-24-14 ☒ ☐  
5 \_\_\_\_\_ Date: \_\_\_\_\_ ☐ ☐

COPY



NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT  
REVIEW  
REQUEST  
FORM



☐ RESUBMITTAL

DOJ
09-09-14 @ 9:45 am
DATE / TIME
<input type="checkbox"/> 7 Day Deadline
DOC #: 002650
SAS #:
UNIT: OAG

\*\*\* FOR NNDJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. \*\*\*

CLIENT TO COMPLETE			
DATE OF REQUEST: 9/9/14	ENTITY/DIVISION: Executive		
CONTACT NAME: Justin Curley	DEPARTMENT: Controller's Office		
PHONE NUMBER: X6023	E-MAIL: jcurley@nndoc.org		
TITLE OF DOCUMENT: SAS # 002650			
DOJ SECRETARY TO COMPLETE			
DATE/TIME IN UNIT: 9/9/14 10 am	REVIEWING ATTORNEY/ADVOCATE: [Signature]		
DATE/TIME OUT OF UNIT:			
DOJ ATTORNEY / ADVOCATE COMMENTS			
Reviewed by Kristen Lowell/KKR			
REVIEWED BY: (PRINT)	DATE / TIME	SURNAMED BY: (PRINT)	DATE / TIME
		Diana [Signature]	9.24.14
DOJ Secretary Called: Nicole Johnny		for Document Pick Up on 9-29-14 at 10:44 am By: cu	
PICKED UP BY: (PRINT)		DATE / TIME:	

**INVESTMENT MANAGEMENT AGREEMENT  
FOR NON-ERISA ACCOUNTS**

This AGREEMENT ("Agreement") is entered into as of SEPTEMBER 2 2014 between the NAVAJO NATION (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah), a federally recognized Indian tribe (the "Client" or "Nation"), and DOUBLELINE CAPITAL LP, a Delaware limited partnership ("Manager").

Client and Manager hereby agree as follows:

**RECITALS**

A. Client desires to appoint Manager as an investment manager with respect to the assets described herein; and

B. Manager is willing to accept its appointment as investment manager in accordance with the terms of this Agreement.

**1. INVESTED ASSETS**

Manager agrees to provide investment management services with respect to assets placed with Manager by Client from time to time. Such assets, as changed by contributions, investment, reinvestment, additions, disbursements of expenses and withdrawals, are referred to in this Agreement as the "Invested Assets." Additional contributions to the Invested Assets may be made with the consent of the Manager. Withdrawals may be made at any time upon ten days advance written notice to the Manager.

**2. AUTHORITY OF MANAGER**

a. Investment Authority. Client hereby appoints Manager to manage and direct the investment of the Invested Assets, and Manager hereby accepts this appointment, on the terms and conditions set forth in this Agreement. Subject to compliance with the investment guidelines and restrictions established by Client and annexed hereto as Schedule 1, (and any subsequent modifications and amendments agreed in writing between Client and the Manager), the Client hereby grants Manager, as its agent, full power and authority to purchase, sell, exchange, convert, enter into trades or otherwise effect transactions for Client's account in financial assets of the type described in Schedule 1. Client grants the Manager absolute unrestricted discretion and authority without consultation with the Client (i) to make all investment decisions with respect to the Invested Assets, including the discretion to acquire (by purchase, exchange, subscription, entry into agreements or otherwise), to hold and to dispose (by sale, exchange or otherwise), and (ii) to enter into such agreements and make such representations (including representations (A) to facilitate the purchase of any securities pursuant to an exemption from registration under the Securities Act of 1933 (as amended, the "Securities Act"), including as to the status of the Client or as to the Client's intent with respect to any securities and (B) in connection with the purchase of Unregistered Securities (as defined in

Schedule 1), that such Unregistered Securities are not being purchased with a view to a distribution (or language to a similar effect) and that such Unregistered Securities will be resold only in a registered sale under the Securities Act or in a transaction exempt from such registration) as may be necessary or reasonable in connection with the performance by Manager of its duties hereunder.

b. Power of Attorney. To enable Manager to exercise fully its discretion in managing the Invested Assets, Client hereby grants to the Manager a limited power of attorney and constitutes and appoints Manager as Client's agent and attorney-in-fact with full power and authority for Client and on Client's behalf to permit the Manager to buy, sell and otherwise deal in financial assets, securities and contracts relating to the same. Client further grants to Manager as Client's agent and attorney-in-fact power and authority to do and perform every act necessary and proper to be done in the exercise of the foregoing powers as fully as Client might or could do if personally present. This limited power of attorney is coupled with an interest and shall terminate only on termination of this Agreement.

c. Voting. Manager shall be authorized the exclusive right to vote on behalf of Client any proxies relating to the Invested Assets, provided, however, that Manager shall use its reasonable efforts to comply with any written instructions received on a timely basis from Client as to the handling of proxies.

d. Independent Contractor. Except as expressly authorized herein, Manager shall for all purposes be deemed to be an independent contractor and shall have no authority to act for or to represent Client in any way or otherwise to be an agent of Client except for the limited purposes set forth in paragraph (b) above.

e. Cash and Cash Equivalents. Manager, in its sole discretion, may keep such portion of the Invested Assets in cash or in cash equivalents as Manager may from time to time deem to be consistent with the purposes of its authority over the Invested Assets.

### **3. INVESTMENT OF INVESTED ASSETS**

a. Permitted Investments. Manager shall invest the Invested Assets in accordance with the schedule of permitted investments annexed to this Agreement as Schedule 1 (the "Permitted Investments").

b. Investment Restrictions. Manager shall comply with the restrictions on investment of the Invested Assets set forth on Schedule 1. Manager shall not be responsible for any action or inaction which is inconsistent with any amendments or modifications of the investment restrictions until it has agreed in writing to such amendment or modification.

### **4. CUSTODY; FEES**

a. Custodian. The Invested Assets shall be held in the name of Client by a custodian to be selected by Client ("Custodian") which will act as sole custodian of an account set up solely for the Invested Assets (the "Account"). The Custodian shall have the

responsibility for the safekeeping of the Invested Assets. All transactions shall be consummated by payment or delivery by Custodian. Manager shall at no time have custody or physical control of the Invested Assets nor shall it be liable for any act or omission of Custodian. Manager's instructions to the Custodian shall be (i) in writing, (ii) oral and confirmed in writing as soon as practicable, or (iii) by electronic transmission to Custodian. Client will cause Custodian to provide Manager with such periodic reports as Manager shall reasonably request, including those necessary to make Manager's reports to Client under this Agreement. Manager shall endeavor to provide the Custodian information about transactions in the Invested Assets on the day such transactions occur or, if same day notice is not commercially practicable, on the immediately following business day.

b. Fees. Client elects to pay Manager for its services as follows (check applicable box):

Management fees will be billed directly to Client (and not deducted from the Account), and Client agrees to pay all management fees within 30 days of Client's receipt of an invoice from Manager. Manager will send Client at the same time a bill showing the amount of the management fee due, the value of this Account, and how the fee was calculated. Fees shall be sent to the attention of the Manager's Controller at the Manager's address or through wire transfer.

## **5. RESPONSIBILITIES OF MANAGER.**

Manager's rights, powers, and duties under this Agreement shall be limited to those specifically set forth in this Agreement, and shall extend only to the Invested Assets. In this regard, Manager shall not have any responsibility for the manner in which the Client's assets considered in the aggregate shall be invested, including for the overall diversification of Client's investments. Manager shall not be responsible for compliance with any investment restrictions or limitations that arise due to the nature of Client except for such limitations and restrictions as are explicitly set forth in this Agreement or the Schedules hereto, as amended or supplemented by Client and Manager from time to time in accordance with the terms hereof. Manager will not deal with the Invested Assets in its own interest or for its own account. Manager shall exercise its rights and powers and shall discharge its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise with a like character and with like aims. Unless Manager has failed to act in accordance with the foregoing standard or has otherwise caused any injury to Client as a result of Manager having violated the provisions of applicable U.S. federal or state law or regulations, Manager shall not be subject to any liability to Client, or to any other firm, organization, or person, natural or legal, for any act or omission of itself or any other firm, organization, or person, whether natural or legal, which occurred or was omitted in the course of, or connected with, the performance of Manager's obligations under this Agreement. Nothing expressed in this Agreement, however, shall in any way constitute a waiver or limitation of any right of any person under the federal or state securities laws. The Client and any professional tax adviser of the Client are solely responsible for the management of the Client's affairs for tax purposes. The Manager accepts no responsibility for any tax consequences of anything done within the scope of its authority.

## **6. RECORDS AND REPORTS**

a. Records. Manager shall maintain proper and complete records relating to the furnishing of investment management services under this Agreement for such period of time as may be required under applicable law, including records with respect to the acquisition, holding and disposition of securities for Client. All records maintained pursuant to this Agreement shall be the property of Client and shall be subject to examination by Client and by persons authorized by it during reasonable business hours upon reasonable notice. Except as expressly authorized in this Agreement or as required by applicable law, regulation or court order or as directed by Client in writing, Manager shall keep confidential the records and other information pertaining to Client or the Invested Assets obtained by reason of this Agreement. Upon termination of this Agreement, Manager shall promptly, upon demand, return to Client all such records, except that Manager may retain copies for its records as may be required by applicable law and regulation and by its internal compliance obligations, subject to the confidentiality requirements set forth in the preceding sentence.

b. Reports. Manager shall, if so requested by the Custodian with reasonable notice, furnish as soon as practicable after the last business day of every calendar month the most current available information as to the value of identified Invested Assets for which such information is not otherwise available to Custodian. Manager shall, each month, promptly reconcile information furnished to it by the Custodian as to the identity and net asset value of the Invested Assets. Manager shall promptly report the results of such reconciliation to the Custodian. In addition to such month-end reconciliation, Manager shall provide to Client, within twenty business days after the end of each calendar quarter, an itemized list of the Invested Assets with net asset values together with a summary of investment activity and results. Client authorizes Manager to deliver any and all communications, including but not limited to regulatory disclosures and client requested reports to Client via electronic means, which generally shall be via email. Client acknowledges that it has the capability to receive and open such electronic files.

c. Reports on Request. Manager shall provide to Client promptly upon request any information available in the records maintained by Manager relating to the Invested Assets in such form as Client shall reasonably request.

## **7. BROKER-DEALERS AND OTHER EXECUTION PARTIES**

a. Selection.

(i) Manager shall place all orders for the purchase and sale of securities on behalf of Client with brokers, dealers, banks, futures commission merchants or other execution parties (hereafter, collectively, "Execution Parties") selected by Manager, but not with a person affiliated with Manager, as such term is defined in the Investment Company Act of 1940, as amended (hereafter an "Affiliate"). In placing such orders, Manager will give primary consideration to obtaining the most favorable price and efficient execution. However, Manager shall not be obligated to solicit competitive bids or offers for each transaction or to seek the

lowest available commission cost. In evaluating the terms available for executing particular transactions for Client and in selecting Execution Parties to execute such transactions, Manager may consider, in addition to commission cost and execution capabilities, the financial stability and reputation of such Execution Parties and the brokerage and research services (as those terms are defined in section 28(e) of the Securities Exchange Act of 1934, as amended) provided by Execution Parties that may benefit clients of Manager. Manager is authorized to pay an Execution Party that provides such brokerage and research services a commission for executing a transaction which is in excess of the amount of commission another execution venue would have charged for effecting that transaction, if Manager determines that such commission is reasonable in relation to the value of the brokerage and research services provided by such Execution Party in discharging responsibilities with respect to the Invested Assets, or Manager's overall responsibilities with respect to its clients, including the Invested Assets, as to which Manager exercises investment discretion, notwithstanding that the Invested Assets may not be the direct or exclusive beneficiary of any such services or that another Execution Party may be willing to charge a lower commission on the particular transaction.

(ii) Client may limit Manager's discretionary authority with respect to selection of Execution Parties for sales and purchase orders of Invested Assets. Where Client directs Manager to use a particular Execution Party to execute portfolio transactions for the Account, Client acknowledges that it may not be practicable for Manager to freely negotiate commission rates or spreads. Client also acknowledges that transactions for a client that directs brokerage may not be batched for execution purposes with orders for the securities or instruments for other accounts managed by Manager which may result in higher commissions, greater spreads or less favorable net prices than would be the case if Manager were empowered to select Execution Parties to execute transactions for the Account.

b. Aggregating Orders. Client agrees that Manager may, but is not in any instance required to, aggregate sales and purchase orders of Invested Assets with similar orders being made simultaneously for other accounts managed by Manager, if in Manager's reasonable judgment such aggregation shall result in an overall economic benefit to the Invested Assets, taking into consideration the advantageous selling or purchase price, brokerage commissions and other expenses. Client acknowledges that the determination of such economic benefit to Client by Manager represents Manager's evaluation that Client is benefited by relatively better purchase or sales prices, lower commission expenses and beneficial timing of transactions or a combination of these and other factors. In any single transaction in which purchases and or sales of securities of any issuer for the account of Client are aggregated with other accounts managed by Manager, the actual prices applicable to the transaction will be averaged among the accounts for which the transaction is effected, including the account of Client.

c. Trade Confirmations. Client authorizes and directs Manager to instruct all brokers and dealers executing orders for Client to forward confirmations of those transactions to Custodian and Manager. Client understands that these brokers and dealers are also obligated to forward transaction confirmations directly to Client except where Client instructs otherwise and certain conditions are met. Client authorizes and directs Manager to instruct brokers and dealers for the Account as follows (check applicable box):



- ☐ Client wishes to receive transaction confirmations.
- ☐ Client does not wish to receive transaction confirmations. To Client's knowledge, Custodian is not (and does not hold itself out as) a broker, dealer or investment adviser, Custodian has played no role in Client's selection of Manager or of any broker-dealer designated by Client to execute transactions for the Account.

## 8. FEES AND EXPENSES

a. Fees of Manager. In consideration of the services performed by Manager under this Agreement, Client agrees to pay Manager a fee determined in accordance with Schedule 2 annexed hereto.

b. Expenses. Manager shall furnish at its own expense all office facilities, equipment and supplies, and shall perform at its own expense all routine and recurring functions necessary to render the services required under this Agreement including administrative, bookkeeping and accounting, clerical, statistical, and correspondence functions. Client shall pay directly, or, if Manager makes payment, reimburse Manager for, out of pocket expenses payable to third parties attributable to the Invested Assets including (i) legal, accounting, custodial, appraisal, auditing and other professional fees; (ii) brokerage commissions, issue and transfer taxes and other costs of transactions relating to the Invested Assets to which Client is a party, including any portion of such commissions attributable to research and brokerage services; and (iii) taxes, if any, payable by Client.

## 9. NON-EXCLUSIVE SERVICES

Manager is free to act for its own account and to provide to others services similar to those to be provided to Client hereunder. Client acknowledges that Manager and its members, principals, officers, employees and agents, and Manager's other clients, may at any time have, acquire, increase, decrease or dispose of positions in the same investments which are at the time being held, acquired for or disposed of under this Agreement for Client. Client agrees that Manager may give advice and take action in the performance of its duties with respect to any of its other clients which may differ considerably from advice given or the timing or nature of action taken with respect to the Invested Assets.

## 10. AUTHORIZED PERSONS

Client and Manager shall furnish each other from time to time at the request of the other evidence of the authority of persons who are authorized to act hereunder on behalf of Manager and Client, respectively. Manager is authorized to comply with any instructions from Client or from a duly authorized representative of Client whose authority to act on Client's behalf has been confirmed to Manager in writing by Client and shall not be liable for so acting in Client's behalf. All oral instructions shall be promptly confirmed in writing.

## 11. REPRESENTATIONS

a. Manager hereby confirms to Client that Manager is registered as an investment adviser under the Investment Advisers Act of 1940, that it has full power and authority to enter into and perform fully the terms of this Agreement and that the execution of this Agreement on behalf of Manager has been duly authorized and, upon execution and delivery, this Agreement will be binding upon Manager in accordance with its terms.

b. Client acknowledges receipt of Manager's Disclosure Statement as required under Rule 204-3 under the Investment Advisers Act of 1940.

c. Client hereby confirms to Manager that it has full power and authority to enter into this Agreement and that the execution of this Agreement on behalf of Client has been fully authorized and, upon execution and delivery, this Agreement will be binding upon Client in accordance with its terms. Client represents that employment of Manager is authorized by, has been accomplished in accordance with the documents governing the Client. Client will furnish Manager with true copies of all such governing documents.

d. Client hereby confirms to Manager that the execution, delivery and performance of the Agreement will not violate any provision of any law, rule or regulation binding on the Client, or any order, judgment or decree of any court or government authority binding on the Client or the governing documents of Client, or any material contract, indenture or other agreement, instrument or undertaking to which Client or is a party or by which it or any its assets may be bound, or require the creation or imposition of any lien on its respective property assets or revenues.

e. If another entity should be substituted for the Custodian as custodian of the Plan or the Invested Assets, Client shall promptly notify Manager of such substitution and the substituted entity will thereafter be deemed to be the Custodian for purposes of this Agreement.

f. Manager shall promptly notify the Custodian of the appointment of Manager by delivering a copy of this Agreement to the Custodian.

g. Client's decision to invest its assets in accordance with this Agreement was made by Client representatives (i) who are independent of Manager and its affiliates, (ii) who are authorized to make such investment decision and (iii) who have relied on their own tax, legal and financial advisers with regard to all matters relating to the Agreement. Client has sufficient knowledge and experience, together with its advisers, to make an informed decision with respect to entering into this Agreement including risks associated with the type of investments set on Schedule 1 and is able to bear the economic risks of this investment.

h. Client represents and warrants that it is (i) an "accredited investor" as defined in Rule 144 under the Securities Act, (ii) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, and (iii) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940. Client intends that these representations shall

be effective throughout the term of this Agreement and will promptly notify the Manager should any of these representations no longer be true.

i. Client acknowledges that DOUBLELINE® is a registered trademark of Manager and agrees that the DOUBLELINE® service mark shall be displayed within any materials in which the DoubleLine name is used. The phrase "DoubleLine® is a registered trademark of DoubleLine Capital LP." shall be included in such materials. Any other use of the DOUBLELINE name shall require written permission from Manager.

j. Client agrees to promptly provide, and periodically update, at any time as requested by the Manager, any information the Manager deems necessary to comply with any requirement imposed by Section 1471-1474 (referred to as "FATCA") of the Internal Revenue Code of 1986, as amended (the "Code"), or any Treasury Regulations, forms, instructions, or other guidance issued pursuant thereto or any law implementing an intergovernmental approach to any such sections of the Code or otherwise required for the Manager to comply with any relevant legislation. Client acknowledges that its failure to furnish such information may subject it to FATCA withholding tax or other penalties. Client acknowledges and agrees that Manager may disclose and report any information it deems necessary to comply with FATCA to any regulatory authority and/or any third party entitled thereto by law or regulation.

k. Client hereby confirms that the Account is not being established or maintained primarily for personal, family, household, or business purposes.

## 12. TERMINATION

a. Notice. This Agreement may be terminated by Client or by Manager by thirty (30) days notice to the other party. Manager shall not effect any transactions with respect to the Invested Assets after receiving a notice of termination hereunder except as explicitly permitted by Client. This Section 12(a) shall not impair or restrict the right of Client to withdraw all or any part of the Invested Assets as provided in Section 1 hereof. Termination of this Agreement will not affect (i) the validity of any action previously taken by Manager under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) Client's obligation to pay advisory fees (pro rated through the date of termination). Upon the termination of this Agreement, Manager will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

b. Assignment. This Agreement shall terminate if assigned, as that term is used in the Investment Advisers Act of 1940, by either party without the consent of the other party.

## 13. INDEMNIFICATION

a. By Manager. Subject to such limitations as may be imposed by applicable law, Manager agrees to defend, indemnify and hold harmless Client from any liability or expense that it may suffer as a direct result of any acts or omissions of Manager constituting bad faith, gross negligence or willful misconduct; provided, however, that Client shall not be entitled to

indemnification for any liability or expense that results from acts or omissions of the Client constituting fraud, bad faith, gross negligence or willful misconduct.

b. By Client. Subject to such limitations as may be imposed by applicable law, Client agrees to defend, indemnify and hold harmless Manager from any liability or expense in connection with or arising out of any action taken or omitted in good faith with respect to the disbursement, transfer or investment of any part of the Invested Assets made by the Manager in accordance with the terms of this Agreement and/or the directions of Client, or any liability or expense it may suffer as a direct result of any breach by Client of any of the representations made in this Agreement, or of any of the other agreements provided herein; provided, however, that Manager shall not be entitled to indemnification for any liability or expense that results from acts or omissions of the Manager constituting fraud, bad faith, gross negligence or willful misconduct.

#### 14. NOTICES

Notices given or sent under or pursuant to this Agreement shall be in writing and be deemed to have been given or sent if delivered to the party at its address listed below in person or by facsimile or within five days of mailing if mailed postage prepaid to such address. The addresses of the parties are:

Client:

Office of the Controller  
The Navajo Nation  
Route 12, Tribal Hill Drive  
P.O. Box 3150  
Window Rock, AZ 86515  
Attention: Mark Grant, Controller  
Telephone: (928) 871-6327  
Facsimile: (928) 871-6026  
Email: mgrant@nnooc.org

Manager:

DOUBLELINE CAPITAL LP  
333 South Grand Avenue, Suite 1800  
Los Angeles, California 90071  
Attention: General Counsel  
Telephone: (213) 633-8200

Custodian:

Northern Trust

Attention: Araceli Estrada

Telephone: (312) 444-4433

Facsimile: (312) 557-2710

Each party may change its address by giving notice as herein provided.

**15. INTEGRATED AGREEMENT**

This Agreement and its Schedules, as supplemented by the Addendum to Investment Management Agreement for Non-ERISA Accounts (the "Addendum") as of even date herewith, constitutes the sole and only agreement of the parties to it relating to its object and correctly sets forth the rights, duties, and obligations of each party to the other as of its date. Any prior agreements, promises, negotiations or representations not expressly set forth in this Agreement and its Schedules, as supplemented by the Addendum, are of no force or effect.

**16. WAIVERS AND AMENDMENTS**

No waiver or modification of this Agreement shall be effective unless reduced to a written document signed by each party hereto. No failure to exercise and no delay in exercising on the part of any party hereto, of any right, remedy, power or privilege hereunder, shall operate as a waiver thereof. Schedule 1 may be amended separately by a signed written instrument.

**17. COMPLIANCE WITH ANTI-MONEY LAUNDERING REGULATIONS**

Client agrees to provide Manager at any time during the term of this Agreement with such information and documentation as Manager determines to be necessary or appropriate to comply with the anti-money laundering regulations of any applicable jurisdiction or to respond to requests for information concerning the identity of Client from any governmental authority, self-regulatory organization or financial institution in connection with its anti-money laundering compliance procedures, and to update such information as necessary. In addition, Client hereby represents and warrants that neither Client nor any person directly or indirectly controlling Client is a person identified as a terrorist or terrorist organization on any relevant lists maintained by governmental authorities.

**18. USE OF SUB-ADVISORS**

Client acknowledges that Manager may employ one or more of its subsidiaries or affiliates controlled by the Manager as sub-advisors with respect to certain aspects of the services to be provided hereunder. Client agrees that such sub-advisors shall be permitted to take any actions and exercise any of the powers permitted to be taken or exercised by the Manager under this Agreement.

## **19. LIMITS ON INVESTMENT MANAGER RESPONSIBILITY**

a. The duties and obligations of Manager shall be determined solely by the express provisions of this Agreement and Manager shall not be liable except in the absence of the good faith performance of its duties as specifically set out in this Agreement.

b. Manager shall not be responsible for the solvency of or the performance of the obligations of any third party bank, clearing organization, broker, intermediary, nominee or agent appointed or employed by Manager in good faith for the performance of its duties.

c. Manager may seek the advice of outside legal counsel (who may be counsel to the Client) in the event of any dispute or questions as to the construction of any of the provisions of this Agreement or its duties hereunder, and it shall incur no liability and shall be fully protected in respect of any action taken, omitted or suffered by it in good faith in accordance with the opinion of such counsel.

d. Manager shall not be liable to Client for any acts or omissions by Manager, its employees and agents under and in connection with this Agreement, except by reason of acts or omission constituting bad faith, gross negligence or willful misconduct.

e. Manager shall have no responsibility whatsoever for the management of any assets of Client other than the Invested Assets, and shall incur no liability for any losses which may result from the management of such other assets.

## **20. TRANSACTIONS WITH AFFILIATES OF MANAGER**

Client specifically authorizes Manager and its affiliates to execute "Agency Cross Transactions" for the Account. Agency Cross Transactions are transactions where Manager, or any affiliate of Manager, acts as broker for both the Account and the other party to the transaction. In such transactions, Manager, or its affiliates, may receive commissions from both parties to such transaction in addition to customary investment management or advisory fees. Client may revoke this authorization at any time in writing, provided that such revocation shall not affect transactions entered into prior to receipt of such notice.

## **21. FORCE MAJEURE**

Manager shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, acts of God, earthquakes, fires, floods, wars, acts of terrorism, acts of civil or military authorities, or governmental actions.

22. **COUNTERPARTS**

This Agreement may be executed in counterparts each of which shall be deemed to be an original and all of which, taken-together, shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

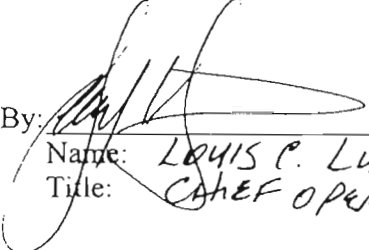
**CLIENT:**

**NAVAJO NATION** (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah)

By: \_\_\_\_\_  
Ben Shelly, President

**MANAGER:**

DOUBLELINE CAPITAL LP

By:  \_\_\_\_\_  
Name: LOUIS P. LUCIDO  
Title: CHIEF OPERATING OFFICER

**ADDENDUM TO**  
**INVESTMENT MANAGEMENT AGREEMENT FOR NON-ERISA ACCOUNTS**

THIS ADDENDUM TO INVESTMENT MANAGEMENT AGREEMENT FOR NON-ERISA ACCOUNTS (this "*Addendum*"), dated as of Sept 2, 2014, is by and between The Navajo Nation, a sovereign federally recognized Indian tribe (the "*Nation*") and Doubleline Capital LP, a Delaware limited partnership (the "*Investment Manager*"), and supplements the terms of the Investment Management Agreement dated as of the date hereof (the "*Investment Management Agreement*"), by and between the Nation and the Investment Manager. The Nation and the Investment Manager are sometimes referred to herein collectively as the "Parties" or individually as a "Party."

**RECITALS**

A. The Nation is a federally recognized Indian tribe, with sovereign immunity from unconsented suit.

B. The Nation and the Investment Manager entered into the Investment Management Agreement whereby the Nation appointed the Investment Manager as an investment manager with respect to the assets described therein and the Investment Manager accepted such appointment as investment manager in accordance with the terms of the Investment Management Agreement.

C. The Parties are entering into this Addendum to supplement the terms and conditions of the Investment Management Agreement.

**AGREEMENT**

In consideration of the premises and the covenants contained in the Investment Management Agreement and herein, the Parties do hereby covenant and agree as follows:

SECTION 1. *Conflicting Terms.* The provisions of this Addendum shall supersede any contrary or inconsistent provisions of the Investment Management Agreement.

SECTION 2. *Appropriation of Funds.* Pursuant to 2 N.N.C. § 223 (A) all payments under the Investment Management Agreement are contingent on appropriation of funds. The Nation confirms that funds have been appropriated to allow all payments under the Investment Management Agreement for the period from the date hereof through 9/30, 2015. In the event funds are not appropriated for any subsequent fiscal year (October 1-September 30), the Nation shall, not less than 30 days prior to the beginning of such fiscal year, so inform the Investment Manager, of the non-appropriation of funds and its decision to terminate the Investment Management Agreement, at which time the Investment Management Agreement shall be terminated in accordance with Section 12 thereof.

SECTION 3. *Activities Within the Boundaries of Navajo Nation.* To the extent that the Investment Manager physically performs any activities within the external boundaries of the Nation, the Investment Manager agrees to comply with the Navajo Preference in Employment



Act, 15 N.N.C. § 601 et seq. and the Navajo Business Opportunity Act, 5 N.N.C. § 201 et seq. for these activities so physically performed within the external boundaries of the Nation. The Nation acknowledges and agrees that the provision of services as described and contemplated by the Investment Management Agreement do not constitute services performed within the external boundaries of the Nation and would therefore not be subject to the provisions of the Navajo Preference in Employment Act or the Navajo Business Opportunity Act.

#### SECTION 4. *Dispute Resolution.*

(a) Negotiation. The Nation and the Manager agree that the parties shall use their best efforts to negotiate a just and equitable resolution and settlement of any dispute, claim or disagreement related to this Agreement or the breach thereof (collectively, "Claims").

(b) Mediation. If the parties cannot reach a negotiated settlement within a period of sixty (60) days, then, upon written notice by any party to the others, the parties agree to settle the dispute by mediation before a mediator to be agreed upon by the parties. The mediation shall take place in Window Rock, Arizona (unless the parties agree otherwise), within a reasonable period of time, but not to exceed thirty (30) days following the notice.

(c) Arbitration. If the Parties do not resolve their Claims by mediation, the sole dispute mechanism to resolve any Claim is by arbitration as contemplated by the Navajo Nation Sovereign Immunity Act, 1 N.N.C. § 554(J) and (K), and the Navajo Nation Arbitration Act, 7 N.N.C. § 1101 et seq. The arbitration shall be conducted in accordance with the American Arbitration Association Commercial Arbitration Rules except to the extent that such rules are modified by the following:

1. Unless otherwise agreed, the arbitration shall be held in Window Rock, Arizona;
2. The arbitration panel shall consist of a single arbitrator unless one of the parties' claims exceeds \$1,000,000.00, exclusive of interest, costs and fees, then the arbitration panel shall consist of three (3) arbitrators;
3. No person shall be eligible to serve as an arbitrator if the person is related to, affiliated with or has represented in a legal capacity any Party. The arbitrators shall be attorneys at law admitted to practice and in good standing before the highest court of a state or a member of the Navajo Nation Bar Association, who have a minimum of five years of professional experience within the securities industry.
4. Notice of intent to invoke arbitration against the Nation shall be filed in compliance with the notice requirements of the Navajo Nation Sovereign Immunity Act, 1 N.N.C. § 555;
5. An award against the Nation shall be in conformance with the provisions of 1 N.N.C. § 554(K);
6. An arbitration award shall not be subject to review or modification, or vacated, by a court for any reason other than in the circumstances described in the Navajo

Nation Arbitration Act. The judgment confirming an award shall have the same force and effect in all respects as, and be subject to all the provisions of law relating to, a judgment in a civil action, and it may be enforced as if it has been rendered in a civil action in a court of competent jurisdiction. When the award requires the performance of any other act than the payment of money, the court shall direct the enforcement thereof in the manner provided by law; and

7. The Navajo Nation courts shall have exclusive jurisdiction to compel arbitration and to enforce, modify and vacate an arbitration award.

SECTION 5. *No Waiver of Sovereign Immunity.* Nothing herein or in the Investment Management Agreement shall be considered as a waiver, express or implied, of the sovereign immunity of the Nation except to the extent provided for in the Navajo Nation Sovereign Immunity Act, 1 N.N.C. § 551 et seq.

SECTION 6. *Governing Law; Venue; Jurisdiction.*

(a) The Investment Management Agreement shall be governed by, and construed in accordance with, the written laws of the Nation, and where no written laws of the Nation exist, Navajo custom, the law of the State of California or applicable federal law, without giving effect to conflicts of laws provisions. The Nation represents and warrants that there is no written law of the Nation and no Navajo custom that is inconsistent with the fulfillment of the Nation of its obligations under this contract and hereby covenants not to assert the existence of inconsistent Navajo written law or custom in connection with any litigation or arbitration that may arise under this contract.

(b) The Nation and the Investment Manager consent to and agree to the initiation of any proceeding relating to this contract in the District Court of the Nation located in Window Rock, Arizona, which shall have exclusive jurisdiction.

SECTION 7. *Severability.* If any provision or application of this Addendum is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Addendum shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

SECTION 8. *Counterparts.* This Addendum may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

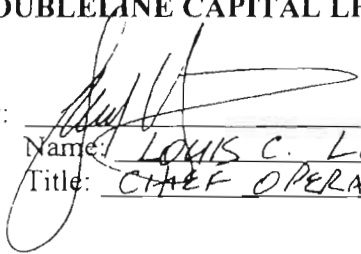
*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first above written.

**NAVAJO NATION** (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah)

By: \_\_\_\_\_  
Ben Shelly, President

**DOUBLELINE CAPITAL LP**

By:  \_\_\_\_\_  
Name: LOUIS C. LUCIDO  
Title: CHIEF OPERATING OFFICER

## **SCHEDULE 1**

### **INVESTMENT GUIDELINES AND RESTRICTIONS DOUBLELINE CORE FIXED INCOME PORTFOLIOS**

**VERSION LAST UPDATED February 6, 2013**

The DoubleLine Core Fixed Income portfolio's performance benchmark will be the Barclays' Capital U.S. Aggregate Bond Index. The objective of the DoubleLine Core Fixed Income portfolio is to seek and maximize current income and total return over a multi-year full market cycle, specifically the relative return objective of the Account is to generate 75 basis points (net of fees) in excess of the benchmark as measured on a multi-year rolling basis.

Client understands that Manager will implement its own investment style and strategy, and that returns of the DoubleLine Core Fixed Income portfolio may vary materially from those of the performance benchmark. Client further understands that the portfolio characteristics of the DoubleLine Core Fixed Income portfolio may not resemble or track those of the performance benchmark.

Under normal circumstances, Manager will attempt to achieve the primary objective of the DoubleLine Core Fixed Income portfolio by investing no less than 80% of its net assets in fixed income instruments (as outlined below under "Permitted Investments").

The following investment requirements and restrictions will apply only at the time of the Account's initial investment in any asset. Manager will use commercially reasonable efforts to require the Invested Assets to comply with the following investment requirements and restrictions for so long as the Agreement is in effect.

#### **A. Permitted Investments**

The Account may invest in the following:

1. Debt Securities. The Account may invest in debt securities, including, but not limited to, securities issued or guaranteed by the United States Government, its agencies, instrumentalities or sponsored corporations ("Government Securities"); municipal bond securities<sup>1</sup>; corporate obligations (including foreign hybrid securities), mortgage-backed securities; asset backed securities; foreign securities<sup>2</sup> (corporate and government); emerging market securities<sup>3</sup> (corporate and government); high yield or below investment grade bonds;

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1 Municipal bond securities include, but are not limited to, securities issued by state or local governments or related financing authorities or agencies (such as but not limited to special purpose districts, school districts or water districts), without regard to purpose or tax treatment.

2 A foreign security is a security whose country of risk is outside of the U.S.

3 Emerging market securities are generally all low to middle income countries as defined by the World Bank or countries considered emerging markets for purposes of constructing major indices (though there are some differences in constituent countries among those indices).

bank loans and assignments; preferred securities; convertible securities; money-market instruments; inverse floater securities; interest-only and principal-only securities and other securities bearing fixed or variable interest rates of any or no maturity. Any instrument generally known as a debt security or fixed income security is eligible for investment within the Account.

2. Unregistered Securities. The Account may invest in securities sold in the United States without registration under the Securities Act of 1933 and thus subject to restrictions on resale (an “Unregistered Security”). For the avoidance of doubt, the Account may invest in securities purchased pursuant to Rule 144A under the Securities Act without limitation, whether such securities are issued with or without registration rights or whether or not such securities are ever registered with the Securities and Exchange Commission.

3. Regulation S Securities. Seasoned securities offered under Regulation S of the Securities Act may be purchased for the Account to the extent permitted by applicable law.

4. Forward Commitments. The Account may invest in contracts to purchase securities on a “when issued,” “when, as and if issued,” “delayed delivery” or “forward delivery” basis to facilitate management of the Account’s portfolio.

5. Repurchase Agreements. The Account may enter into repurchase agreements (“Repurchase Agreements”).

6. Short-Term Investments. The Account may purchase money market securities for short-term investment purposes (“Short-Term Investments”) including, but not limited to: Bank Obligations, Eurodollar Certificates of Deposit, Obligations of Savings Institutions, Fully Insured Certificates of Deposit, Money Market Mutual Funds, Commercial Paper, or debt securities having a remaining maturity of 397 days or less.

7. Defaulted Securities. The Account may hold defaulted corporate securities where the Manager believes the restructured enterprise valuations or liquidation valuations may significantly exceed current market values. In this instance, the corporate security would have become defaulted after the time of purchase. Additionally, the Account is allowed to invest in and hold defaulted mortgage securities, specifically the non-Agency MBS portion of the Account.

8. Derivatives. The Account may invest in derivatives such as credit default swaps, interest rate swaps, futures, options, mortgage dollar rolls and Exchange Traded Funds (ETFs). The Account may also invest in foreign currency futures and forward contracts. These practices may be used to hedge the Account as well as for investment purposes; however, such practices may reduce returns or increase volatility. The result of these activities should not include financial leverage.

9. Foreign Currencies. The Account may purchase foreign currencies, both as a hedge against existing portfolio positions or for other portfolio purposes based solely upon the investment perspective of the Manager.

B. Diversification and Other Requirements and Limitations

The following diversification requirements and limitations shall apply to investments in the Account:

1. Duration. The Account will maintain an effective interest rate duration range, under normal market conditions, of +/- 2 years of the Barclays Aggregate.
2. Concentration Limits.
  - a. A maximum of 5% of the total Account may be in one issuer (excluding Government Securities). Issuer concentration for MBS, CMBS and CLOs are measured at the Series or Trust level.
  - b. A maximum of 30% of the Account shall be invested collectively in the following asset classes: Non-Dollar, High Yield corporates, Emerging Markets and Bank Loans.
  - c. A maximum of 30% of the Account shall be invested in securities rated below investment grade.
  - d. A maximum of 15% of the Account shall be invested in High Yield Corporate Securities.
  - e. A maximum of 10% of the Account shall be invested in Bank Loans.
  - f. A maximum of 15% of the Account shall be invested in Emerging Markets.
  - g. A maximum of 5% of the Account shall be invested in Convertible Securities and Preferred Stock.
3. Industry Concentration. A maximum of 25% of the total Account may be invested in any one particular industry or group of industries (excluding US Government securities and securitized products).
4. Credit Ratings. The Account shall maintain a minimum average credit quality of A-. Securities may be unrated or rated BB+ or lower by S&P or Ba1 or lower by Moody's or the equivalent by any NRSRO.
5. Securitized. We define the maximum limits as follows:
  - a. Maximum non-Agency MBS: 20%
  - b. Maximum CLO: 10%
  - c. Maximum CMBS: 10%
6. Municipal Bonds. Municipal issues must be rated investment grade, at least BBB- by S&P or Fitch, or Baa3 by Moody's or the equivalent by any NRSRO.
7. Commercial Paper. Commercial Paper must be rated at least A-1 by S&P or P-1 by Moody's.
8. Pooled Vehicles. The portfolio may hold securities of any issuer where the Manager or any designee, including pooled investment vehicles controlled or managed by the Manager, of the Manager serves on the board of directors or board of advisors of such

issuer, or on any comparable body in respect of such issuer.

C. Highest Credit Rating

For each type of security purchased in the Account, the Manager will use the highest available NRSRO rating in complying with the investment guidelines.

D. Investment Restrictions

The Account may not purchase commodities, commodity contracts, or commodity related derivatives, purchase or sell real estate, make loans, engage in short sales, purchase securities on margin (EXCEPT the Account may obtain short-term credit necessary for clearance of purchases and sales of securities).

\*\*\*\*\*

The foregoing investment requirements and restrictions will apply at the time of the Account's initial investment in any asset and the failure of any asset to comply with the foregoing investment requirements and restrictions shall not (A) be considered a violation of any such requirements and restrictions or (B) require the elimination of any asset from the portfolio. Nor would it be considered a violation if the Account does not comply with the percentage limitation during the ramp-up period, as the manager may be structuring the Account based on the expected value of the fully funded account.

Approved:

**CLIENT:**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date:

## **SCHEDULE 2**

### **FEES OF MANAGER**

Client will pay to Manager a fee for its investment management services equal to 0.30% on an annualized basis of the market value of all Invested Assets in the Account. The fee shall be billed on a quarterly basis, calculated based on the average of the beginning and ending market value for that quarter.

Contributions or withdrawals from the Account by the Client will be pro-rated for the period the assets were under management. To the extent that Client's Account with Manager is in existence less than a full quarter, the fee shall be pro-rated for the days the Account exists with Manager. Furthermore, the market value of the cash and securities that the Client uses to establish the Account with Manager shall be used in the aforementioned fee calculation for the first calendar quarter of the Account's existence. Client shall be responsible to verify the accuracy of the fee calculation. Manager will value assets using its commercially reasonable judgment as of the close of business on the last business day of each month through a method that most accurately reflects their fair market value, as determined by the Manager in its reasonable discretion.

If applicable, account of Client from which fees are to be deducted:



**ADVISORY FEE  
WAIVER AGREEMENT**

August 27, 2014

Navajo Nation (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah)  
Office of the Controller  
Attn: Mark Grant, Controller  
The Navajo Nation  
Route 12, Tribal Hill Drive  
P.O. Box 3150  
Window Rock, AZ 86515

Re: Separate Account of Navajo Nation (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah)

Ladies and Gentlemen.

This letter agreement confirms the Investment Management Agreement (the "IMA") by Navajo Nation (listed in the *Federal Register* as Navajo Nation, Arizona, New Mexico & Utah) (the "Client") and DoubleLine Capital LP (the "Adviser").

Pursuant to the terms of the IMA between the Client and the Adviser dated [DATE], 2014, as amended from time to time, Client has delegated assets to the Adviser for management on the Client's behalf (the "Client Assets"). The Adviser manages Client Assets under its Core Fixed Income investment strategy, a strategy which includes the purchase and sale of bank loans. Under the terms of the IMA, the Adviser has discretionary authority to manage the assets of the Client and the Client pays the Adviser a fee that is equal to a percentage of the average daily net asset value of the Client Assets (the "Advisory Fee").

With respect to its Core Fixed Income strategy, the Adviser has informed the Client that it believes that a more efficient way of allocating to the bank loan sector within this strategy is to centralize the purchase and sale of bank loans into an open end investment company organized under the Investment Company Act of 1940 and managed by the Adviser. As a result, the DoubleLine Floating Rate Fund (the "Floating Rate Fund") has been formed and will be managed by the Adviser. To achieve exposure to the bank loan sector within the Core Fixed Income strategy, the Adviser intends to allocate a portion of the Client Assets to the Floating Rate Fund.

The Adviser recognizes that the collection of fees for the management of both the Client Asset and the Floating Rate Fund could cause potential conflicts of interest. Therefore, the Adviser has agreed to waive that portion of the Advisory Fee payable by the Client under the current terms of the IMA (and as may be amended or updated from time to time hereafter) which is attributable to any Client Assets that are invested in the Floating Rate Fund or any other fund managed by the Adviser (the "Fee Waiver Amount").

The Adviser and the Client further agree that the deductions of the Fee Waiver Amount from the Advisory Fee shall commence as of the effectiveness of the initial allocation of Client Assets to the Floating Rate Fund, and remain in effect for so long as Client Assets remain invested in the Floating Rate Fund or any other fund managed by the Adviser.

The Client acknowledges that the Adviser is agreeing to waive fees in a good faith effort to avoid potential conflicts of interests that may arise from investing Clients Assets in securities that are offered by the Adviser or an Adviser managed fund.

Sincerely,

**DOUBLELINE CAPITAL LP**

By: \_\_\_\_\_

Name:

Title:

Acknowledged by

**NAVAJO NATION (LISTED IN THE *FEDERAL REGISTER* AS NAVAJO NATION, ARIZONA, NEW MEXICO & UTAH)**

By: \_\_\_\_\_

Name:

Title:

**EXECUTIVE OFFICIAL REVIEW**Title of Document: NNICF-01-14 Contact Name: JOHNNY, NICOLE KABAHProgram/Division: OFFICE OF THE CONTROLLEREmail: njohnny@nnooc.org Phone Number: X6023☐ **Business Site Lease** Sufficient    Insufficient

- |   |             |   |   |
|---|-------------|---|---|
| 1. Division: _____  | Date: _____ | □ | □ |
| 2. Office of the Controller: _____  | Date: _____ | □ | □ |
| (only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review) |             |   |   |
| 3. Office of the Attorney General: _____  | Date: _____ | □ | □ |

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

- |  |             |   |   |
|--|-------------|---|---|
| 1. Division: _____                       | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

- |   |             |   |   |
|---|-------------|---|---|
| 1. Office of Management and Budget: _____ | Date: _____ | □ | □ |
| 2. Office of the Controller: _____        | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____  | Date: _____ | □ | □ |

☐ **Navajo Housing Authority Request for Release of Funds**

- |  |             |   |   |
|--|-------------|---|---|
| 1. NNEPA: _____                          | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Lease Purchase Agreements**

- |  |             |   |   |
|--|-------------|---|---|
| 1. Office of the Controller: _____       | Date: _____ | □ | □ |
| (recommendation only)                    |             |   |   |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Grant Applications**

- |   |             |   |   |
|---|-------------|---|---|
| 1. Office of Management and Budget: _____ | Date: _____ | □ | □ |
| 2. Office of the Controller: _____        | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____  | Date: _____ | □ | □ |

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

- |  |             |   |   |
|--|-------------|---|---|
| 1. Division: _____                       | Date: _____ | □ | □ |
| 2. Office of the Attorney General: _____ | Date: _____ | □ | □ |

☐ **Relinquishment of Navajo Membership**

- |  |             |   |   |
|--|-------------|---|---|
| 1. Land Department: _____                | Date: _____ | □ | □ |
| 2. Elections: _____                      | Date: _____ | □ | □ |
| 3. Office of the Attorney General: _____ | Date: _____ | □ | □ |

**Sufficient    Insufficient**

☐ **Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases**

## ☐ Rights of Way

☐ Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease

### ☐ Assignment of Mineral Lease

☐ ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)

☒ **OTHER:** Recommend to BFC new Fixed income Manager.

Pursuant to 2 N.N.C. § 164 and Executive Order Number 07-2013



# NAVAJO NATION DEPARTMENT OF JUSTICE

## DOCUMENT REVIEW REQUEST FORM



DOJ
2/28/14 2:53 pm
DATE/TIME
<input type="checkbox"/> 7 Day Deadline
DOC #: 001434
SAS #:
UNIT: OAG

☐ RESUBMITTAL

\*\*\* FOR NNDOJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. \*\*\*

CLIENT TO COMPLETE			
DATE OF REQUEST: 2/28/14	ENTITY/DIVISION: OOC		
CONTACT NAME: Nicole Johnny	DEPARTMENT: Investments		
PHONE NUMBER: X 4023	E-MAIL: njohnny@nhoooc.org		
TITLE OF DOCUMENT: NNICF-01-14			
DOJ SECRETARY TO COMPLETE			
DATE/TIME IN UNIT:		REVIEWING ATTORNEY/ADVOCATE:	
DATE/TIME OUT OF UNIT:			
DOJ ATTORNEY / ADVOCATE COMMENTS			
REVIEWED BY: (PRINT) <i>[Signature]</i>		DATE / TIME 3.14.14	
SURNAME BY: (PRINT)		DATE / TIME	
DOJ Secretary Called: Nicole Johnny for Document Pick Up on 3/17/14 at 9:23 <sup>am</sup> By: cu			
PICKED UP BY: (PRINT) Nicole Johnny		DATE / TIME: 3/17/14 1:05 pm	

NNDOJ/DRRF-July 2013

5/20/15  
(10p)