

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

25TH NAVAJO NATION COUNCIL - First Year, 2023

AN ACTION

RELATING TO THE BUDGET AND FINANCE COMMITTEE; RATIFYING AN
AMENDMENT TO THE INVESTMENT MANAGER AGREEMENT BETWEEN THE
NAVAJO NATION AND WESTWOOD MANAGEMENT CORPORATION, PROVIDING
SMALL AND MEDIUM CAPITALIZATION EQUITY STRATEGY INVESTMENT
SERVICES FOR THE NAVAJO NATION PERMANENT FUND

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget and Finance Committee of the Navajo Nation Council is empowered with authority over "budget, finance, investment, bonds, contracting, insurance, audits, accounting, taxes, loans, Chapter budget and finance for the following purposes: 1) [t]o coordinate, oversee, regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation." 2 N.N.C. § 300(C) and § 300(C)(1).
- B. The Budget & Finance Committee is further empowered to coordinate and review all fiscal, financial, and investment activities of the Navajo Nation. 2 N.N.C. § 301(B)(5).
- C. The Navajo Nation Council established the Navajo Nation Investment Committee by Resolution No. CAU-39-73, as an advisory group to the Budget & Finance Committee regarding management of the Navajo Nation's investments.
- D. The Budget & Finance Committee has adopted investment policies for all Navajo Nation financial resources, including the Navajo Nation's Master Investment Policy. See Resolution Nos. BFO-61-90, BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, BFD-41-17, BFD-45-18, and BFAP-08-21. The Budget and Finance Committee approved the current version of the Master Investment Policy in BFO-33-22.

- E. The Investment Committee is responsible for accepting or rejecting the Navajo Nation's Investment Consultant's recommendations for Investment Managers and agreements with such Managers, subject to the approval of each Investment Manager contract by the Budget and Finance Committee pursuant to § 4.3(d) of the Master Investment Policy.

SECTION TWO. FINDINGS

- A. Investment Staff of the Navajo Nation Office of the Controller coordinated with the Navajo Nation's Investment Consultant, currently RVK, Inc. ("RVK"), and recommended to the Investment Committee the amendment of the Investment Manager Agreement ("Agreement") between the Navajo Nation and Investment Manager Westwood Management Corporation ("Westwood") in relation to the Agreement's fee structure.
- B. The Navajo Nation Investment Committee reviewed the recommendation by the Investment Staff of the Navajo Nation Office of the Controller and the Navajo Nation's Investment Consultant, RVK, to amend the Investment Manager Agreement between the Navajo Nation and Westwood for small and medium capitalization equity strategy investment services for the Navajo Nation Permanent Fund, which details are attached as **Exhibit A**.
- C. The Navajo Nation Investment Committee approved the recommendation by the Investment Staff of the Navajo Nation Office of the Controller and the Navajo Nation's Investment Consultant, RVK, and recommends to the Budget and Finance Committee the ratification of the amendment of the Agreement between the Navajo Nation and Westwood, per resolution NNICF-02-23, attached as **Exhibit B**.

SECTION THREE. APPROVAL

- A. The Budget and Finance Committee accepts and approves the recommendation of the Investment Committee, and hereby approves and ratifies amendment of the Agreement between the Navajo Nation and Westwood as set forth in **Exhibits A and B**.

SECTION FOUR. EFFECTIVE DATE

This Action shall become effective upon certification of the presiding Chairperson of the Budget and Finance Committee.

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 and 0 opposed, this 9th day of May 2023.

A handwritten signature in black ink, appearing to read 'C. Slater', is written over the printed name.

Carl R. Slater, Vice Chairperson
Budget and Finance Committee

Motion: Honorable Seth A. Damon
Second: Honorable Shaandiin Parrish



Second Amended Exhibit A

**The Navajo Nation Permanent Fund
Fee Schedule**

Strategy: SMidCap Equity¹

0.75 % annually on the first \$25 million in assets
0.70 % annually on the next \$25 million in assets
0.65 % annually on the next \$25 million in assets
0.60 % annually on assets over \$75 million

Strategy: Income Opportunity^{1,2}

0.80 % annually on the first \$25 million in assets
0.65 % annually on the next \$25 million in assets
0.50 % annually on assets over \$50 million

¹ For fee calculation purposes for each strategy, the assets of the Navajo Nation Permanent Fund account and the Retirement Plan for Employees of the Navajo Nation and Participating Affiliates account (collectively, the "Navajo Accounts") will be combined, and the fees will be prorated between the Navajo Accounts for each strategy.

² In recognition of our management of multiple strategies for the Navajo Nation Permanent Fund, a 5% discount will be applied to the above Income Opportunity fee schedule.

IN WITNESS WHEREOF, the parties have executed this Amendment on the ____ day of _____ 2023, to be effective as of January 1, 2018.

WESTWOOD MANAGEMENT CORP.

**THE NAVAJO NATION on behalf of The
Navajo Nation Permanent Fund**

By _____
Name: Brian O. Casey
Title: President & CEO

By _____
Name: _____
Title: _____



Memorandum

To Navajo Nation Investment Committee
 From RVK, Inc.
 Subject Westwood - Second Amended Exhibit A (Fee Schedules)
 Date February 16, 2023

Summary and Recommendation

Westwood Holdings Group, Inc. ("Westwood") is requesting Navajo Nation executes the amended fee schedules for the SMidCap Equity in both the Permanent Fund (Master Trust) and Retirement Plan. Westwood recently discovered through their external auditor that the amended fee schedule was never executed by either party. Westwood reached out to the NNOOC notifying them of this fact.

The attached amended fee schedules reflect the updated fee for the SMID Cap Equity strategy – a reduction on each of the fee breakpoints by 10 basis points (0.10%). The lower rate was offered in 2017, and Westwood has been billing at the new rate since the first calendar quarter of 2018. For their audit and control purposes, formal documentation is required of the fee reduction being applied.

Below represents the current rates being applied to each strategy:

Strategy: SMidCap Equity¹

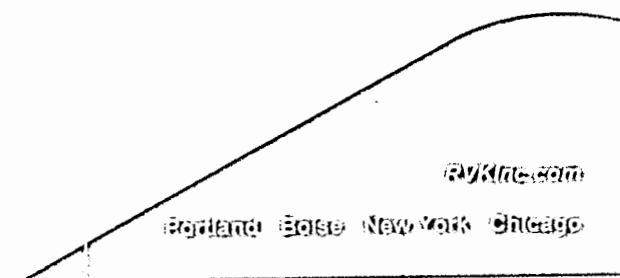
0.75 % annually on the first \$25 million in assets
 0.70 % annually on the next \$25 million in assets
 0.65 % annually on the next \$25 million in assets
 0.60 % annually on assets over \$75 million

Strategy: Income Opportunity ^{1,2}

0.80 % annually on the first \$25 million in assets
 0.65 % annually on the next \$25 million in assets
 0.50 % annually on assets over \$50 million

¹ For fee calculation purposes for each strategy, the assets of the Navajo Nation Permanent Fund account and the Retirement Plan for Employees of the Navajo Nation and Participating Affiliates account (collectively, the "Navajo Accounts") will be combined, and the fees will be prorated between the Navajo Accounts for each strategy.

² In recognition of our management of multiple strategies for the Navajo Nation Permanent Fund, a 5% discount will be applied to the above Income Opportunity fee schedule.





RVK views Westwood's request to have the documents executed as reasonable based on their administrative purposes and recommends approving the Retirement Plan and the Permanent Fund (Master Trust) amended fee schedules. No change will occur in the fees Navajo Nation is being charged for the investment management services of Westwood.

For additional reference Westwood's amended fee schedules (Second Amended Exhibit A) for the Retirement and Permanent Fund (Master Trust) are attached.



**RESOLUTION OF
THE NAVAJO NATION INVESTMENT COMMITTEE**

Approving and Recommending to the Budget and Finance Committee the Approval of an Amendment to the Navajo Nation Investment Manager Agreement between the Navajo Nation and Investment Manager Westwood Management Corporation, to Provide Small and Medium Capitalization Equity Strategy Investment Services for the Navajo Nation Permanent Fund.

WHEREAS:

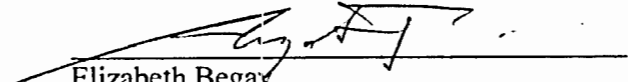
1. The Navajo Nation (the "Nation") created the Navajo Nation Investment Committee ("Investment Committee") pursuant to Resolution No. CAU-39-73; and the Budget and Finance Committee of the Navajo Nation Council (the "Budget and Finance Committee") adopted the investment policies for all Navajo Nation financial resources (the "Master Investment Policy") pursuant to Resolution No. BFO-61-90, as amended by BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, BFD-41-17, BFD-45-18, and BFAP-08-21; and
2. The Investment Committee is an advisory group to the Budget and Finance Committee in the management of the Nation's investment programs and is responsible for accepting or rejecting recommendations for Investment Managers, and as such reviews Investment Manager contracts and proposed amendments to such contracts, and recommends approval of such Investment Manager contracts and related amendments to the Budget and Finance Committee; and
3. The Navajo Nation approved an Investment Manager contract ("Contract") between the Navajo Nation and Westwood Management Corporation ("Westwood"), to provide small and medium capitalization equity strategy investment services for the Navajo Nation Permanent Fund in 2009, attached hereto as **Attachment 1**; and
4. The Navajo Nation executed an amendment to the Contract in 2013, attached hereto as **Attachment 2**; and
5. Westwood has proposed to the Navajo Nation an update to the fee schedule, detailed and attached hereto as **Attachment 3**; and
6. The Navajo Nation Acting Controller, pursuant to her duties under the Master Investment Policy at §4.4, in conjunction with the Nation's Investment Consultant, RVK, Inc., has reviewed Westwood's proposed amendments and recommends to the Investment Committee the approval of the proposed amendment to the Contract; and
7. The Investment Committee has reviewed the above recommendation and finds it in the best interest of the Nation to approve and to recommend to the Budget and Finance Committee the approval of the proposed fee amendment to the Contract, attached hereto at **Attachment 3**.

NOW THEREFORE, BE IT RESOLVED THAT:

The Investment Committee hereby approves and recommends to the Budget and Finance Committee the approval of the proposed fee amendment to the Contract, attached hereto as **Attachment 3**.

CERTIFICATION

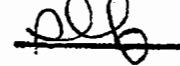
I hereby certify that the foregoing resolution was duly considered by the Investment Committee, at a duly called meeting held in Window Rock, AZ, and by teleconference, at which a quorum was present and that same was passed by a vote of 4 in favor, 0 opposed, and 0 abstaining, this 16th day of February 2023.


Elizabeth Begay
Presiding Chair
Navajo Nation Investment Committee

Motion: Ethel Branch
Second: Shaandiin Parrish
Vote: 4-0-0

INVESTMENT AGREEMENT

Reviewed By:



Date: 10/8/09

between:

Westwood Management Corp.
200 Crescent Court, Suite 1200
Dallas, TX 75201

("WMC")

and

The Navajo Nation Permanent Fund
Window Rock Boulevard, Administration Building 1
P.O. Box 3150
Window Rock, AZ 86515

("CLIENT")

Westwood Management Corp. ("WMC") confirms its agreement ("Agreement") to provide investment management and advisory services to you ("Client") upon the following terms and conditions:

1. Client shall place a fund consisting of cash and/or securities under the supervision of WMC. This fund as changed by investment, reinvestment, additions, and withdrawals, is hereinafter referred to as the Fund.
2. WMC shall assume discretion for the investment of the Fund including buy or sell transactions of securities including equities, bonds or cash.
3. Client may make any addition to or withdrawal from the Fund at any time and in any amount that Client determines, so long as Client promptly notifies WMC in writing of any additions to the Fund and the amount of the addition, and so long as Client makes no withdrawal from the Fund without first delivering to WMC within a reasonable time prior to the withdrawal, written notice of the intended withdrawal and the amount of the withdrawal.
4. WMC shall have full power to supervise and direct the investment of the Fund in accordance with objectives that Client may from time to time provide WMC in writing and subject only to those written limitations that the client may impose.
5. WMC shall have discretion as to the use of brokerage firms for the execution of transactions on behalf of Client, subject to WMC's duty to achieve best execution for portfolio trades.

INVESTMENT AGREEMENT – PAGE 2

6. WMC shall send Client an inventory of the investments of the Fund as soon as reasonably possible after the end of each monthly period. Copies of confirmations of transactions executed will be sent promptly to the Custodian.

7. WMC assumes no responsibility for the accuracy of information furnished by Client or any other party.

8. Unless otherwise directed in writing by Client, WMC is authorized and empowered to vote all proxies with respect to the portfolio that are received by WMC on a timely basis. If proxy materials are received by Client, a custodian or other party, such party shall promptly forward such documents to WMC. To the extent permitted by WMC's proxy voting policies and procedures, WMC may decide or elect not to vote a proxy if voting the proxy would not be economically feasible, would be detrimental to the client or otherwise.

9. All information and advice furnished by either party to this Agreement shall be treated as confidential and shall not be disclosed to third parties except as required by law.

10. WMC acts as advisor to other clients and may give advice, and take action, with respect to any of those clients that may differ from the advice given, or the timing or nature of action taken, with respect to the Fund. WMC shall have no obligation to purchase or sell for Client, or to recommend for purchase or sale by Client, any security that WMC, its principals, affiliates or employees may purchase for themselves or for any other clients.

11. No assignment (as that term is defined in the Investment Advisers Act of 1940, as amended) of this Agreement may be made by WMC without written consent of Client.

12. This Agreement may be terminated by either party at any time upon thirty (30) days written notice. Fees will be prorated to the date of termination and any unearned portion of prepaid fees will be refunded to Client.

13. Instructions with respect to securities transactions may be given orally and, when deemed necessary, may be confirmed in writing as soon as practicable. WMC shall be fully protected in relying upon any such direction, instruction or notice until it has been duly advised in writing of changes therein.

14. WMC's fees for services are specified in Exhibit A (attached hereto) under the title, "Fee Schedule," and by this reference are made a part hereof. Fees provided under the Agreement shall be payable in advance on a calendar quarterly basis at a rate detailed in the attached Fee Schedule. All fees are based on the market value of the account as of the last business day of the prior quarter. Fees for all contributions and withdrawals made during the quarter will be payable in arrears and such fees will be prorated based on the portion of the quarter the assets were in the portfolio. If WMC's management of the Fund begins at any time other than the start of the calendar quarter, then the first quarterly fee shall be prorated based on the portion of the calendar quarter during which this Agreement is in force.

INVESTMENT AGREEMENT – PAGE 3

15. This Agreement states the entire agreement of the parties with respect to management of the Fund and may not be amended except in a writing signed by the parties.

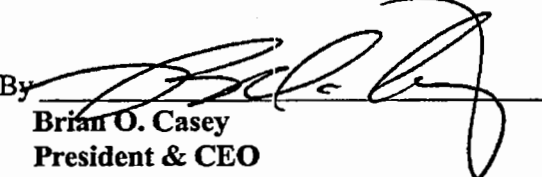
16. Client acknowledges receipt of a copy of the "Disclosure Brochure" of WMC as set forth on Part II of WMC's Form ADV, at least 48 hours prior to the execution of this Agreement. Delivery of such a brochure is required under the rules of the Securities and Exchange Commission (SEC) to provide clients and prospective clients with certain specified information regarding WMC's background and business practices. Client also acknowledges receipt of a copy of WMC's privacy notice as required by Regulation S-P adopted by the SEC.

17. This Agreement shall be governed by, and construed in accordance with, the terms set forth in Exhibit B under the title "Addendum."

18. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms or provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

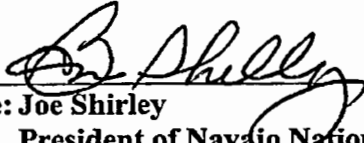
IN WITNESS WHEREOF, the parties have executed this Agreement as of the 8th day of October, 2009.

WESTWOOD MANAGEMENT CORP.

By 
Brian O. Casey
President & CEO

Agreed and Accepted:

THE NAVAJO NATION on behalf of The Navajo Nation Permanent Fund

By 
Name: Joe Shirley
Title: President of Navajo Nation

INVESTMENT AGREEMENT – PAGE 4

EXHIBIT A

Fee Schedule*

Strategy: SMidCap Equity

0.85% on the first \$25 million in assets;
0.80% on the next \$25 million;
0.75% on the next \$25 million;
0.70% on all assets thereafter.

*For fee calculation purposes, the assets of the Navajo Nation Permanent Fund account will be combined with the assets of the Retirement Plan for Employees of the Navajo Nation and Participating Affiliates account, and the fees will be prorated between the two accounts.

INVESTMENT AGREEMENT – PAGE 5

EXHIBIT B

ADDENDUM

Dated 10-8, 2009

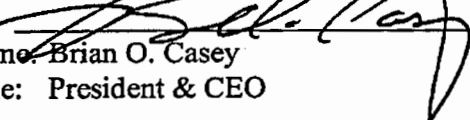
In addition to the provisions of the Investment Management Agreement of the Navajo Nation Permanent Fund dated 10-8, 2009, the Navajo Nation and Westwood Management Corp. ("Westwood") agree:

1. The provisions of this addendum shall supersede any contrary or inconsistent provisions of the Investment Management Agreement.
2. Pursuant to 2 N.N.C. § 223 (A) all payments under this agreement are contingent an appropriation of funds. The Navajo Nation confirms that funds have been appropriated to allow all payments under this Agreement for the period from the date hereof through _____, 200_. In the event funds are not appropriated for any subsequent fiscal year (October 1-September 30), the Navajo Nation, prior to the beginning of the fiscal year, shall so inform Westwood of the non-appropriation of funds, at which time Westwood, may consider this agreement terminated.
3. All disputes arising under this agreement shall be resolved in the Courts of the Navajo Nation. The laws of the State of Texas shall be used to interpret this Addendum.
4. Nothing in the Investment Management Agreement or this Addendum shall be deemed as waiver of the sovereign immunity of the Navajo Nation. However, this shall not impair any rights, which Westwood may otherwise have under Navajo Nation Law, including the Navajo Bill of Rights, 1N.N.C. § 1 et seq.

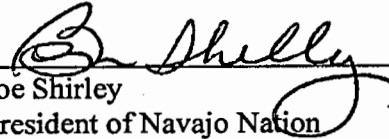
INVESTMENT AGREEMENT – PAGE 6

5. To the extent that Westwood physically performs any activities within the external boundaries of the Navajo Nation, it 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 Navajo Nation. It is acknowledged and agreed 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 Navajo Nation and would therefore not be subject to the provisions of the Navajo Preference in Employment Act or the Navajo Business Opportunity Act.

WESTWOOD MANAGEMENT CORP.

By: 
Name: Brian O. Casey
Title: President & CEO

THE NAVAJO NATION on behalf of The Navajo Nation Permanent Fund

By: 
Name: Joe Shirley
Title: President of Navajo Nation

MS
Date: 10/23/13

Amended Exhibit A

**The Navajo Nation Permanent Fund
Fee Schedule**

Reviewed By:

Strategy: SMidCap Equity¹

0.85 % annually on the first \$25 million in assets
0.80 % annually on the next \$25 million in assets
0.75 % annually on the next \$25 million in assets
0.70 % annually on assets over \$75 million

Strategy: Income Opportunity^{1,2}

0.80 % annually on the first \$25 million in assets
0.65 % annually on the next \$25 million in assets
0.50 % annually on assets over \$50 million

¹ For fee calculation purposes for each strategy, the assets of the Navajo Nation Permanent Fund account and the Retirement Plan for Employees of the Navajo Nation and Participating Affiliates account (collectively, the "Navajo Accounts") will be combined, and the fees will be prorated between the Navajo Accounts for each strategy.

² In recognition of our management of multiple strategies for the Navajo Nation Permanent Fund, a 5% discount will be applied to the above Income Opportunity fee schedule.

IN WITNESS WHEREOF, the parties have executed this Amendment to be effective as of the 23rd day of October 2013.

WESTWOOD MANAGEMENT CORP.

**THE NAVAJO NATION on behalf of The
Navajo Nation Permanent Fund**

By [Signature]
Name: Brian O. Casey
Title: President & CEO

By [Signature]
Name: Ben Shelly
Title: President of Navajo Nation

Second Amended Exhibit A

**The Navajo Nation Permanent Fund
Fee Schedule**

Strategy: SMidCap Equity¹

0.75 % annually on the first \$25 million in assets
0.70 % annually on the next \$25 million in assets
0.65 % annually on the next \$25 million in assets
0.60 % annually on assets over \$75 million

Strategy: Income Opportunity ^{1,2}

0.80 % annually on the first \$25 million in assets
0.65 % annually on the next \$25 million in assets
0.50 % annually on assets over \$50 million

¹ For fee calculation purposes for each strategy, the assets of the Navajo Nation Permanent Fund account and the Retirement Plan for Employees of the Navajo Nation and Participating Affiliates account (collectively, the "Navajo Accounts") will be combined, and the fees will be prorated between the Navajo Accounts for each strategy.

² In recognition of our management of multiple strategies for the Navajo Nation Permanent Fund, a 5% discount will be applied to the above Income Opportunity fee schedule.

IN WITNESS WHEREOF, the parties have executed this Amendment on the ____ day of _____ 2023, to be effective as of January 1, 2018.

WESTWOOD MANAGEMENT CORP.

**THE NAVAJO NATION on behalf of The
Navajo Nation Permanent Fund**

By _____
Name: Brian O. Casey
Title: President & CEO

By _____
Name: _____
Title: _____

BUDGET AND FINANCE COMMITTEE

May 9, 2023

Special Meeting

VOTE TALLY SHEET:

Legislation No. 0074-23: An Action Relating to the Budget and Finance Committee; Ratifying An Amendment to the Investment Manager Agreement Between the Navajo Nation and Westwood Management Corporation, Providing Small and Medium Capitalization Equity Strategy Investment Services for the Navajo Nation Permanent Fund *Sponsored by Shaandiin Parrish and Seth A. Damon, Council Delegate*

Motion: Seth A. Damon

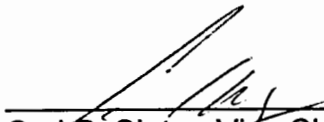
Second: Shaandiin Parrish

Vote: 4-0, Vice Chairperson not voting

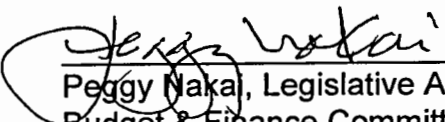
Final Vote Tally:

Lomardo Aseret	yea	
Norman M. Begay	yea	
Amber K. Crotty		
Seth A. Damon	yea	
Shaandiin Parrish	yea	
Carl R. Slater		

Excused: Amber K. Crotty



Carl R. Slater, Vice Chairperson
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee