CO-57-16

RESOLUTION OF THE NAVAJO NATION COUNCIL

23rd NAVAJO NATION COUNCIL - Second Year, 2016

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES AND NAVAJO NATION COUNCIL; ADOPTING THE SÍHASIN FUND PASTURE RANGE AND FORAGE EXPENDITURE PLAN PURSUANT TO CD-68-14 AND 12 N.N.C §§ 2501 - 2508

BE IT ENACTED:

Section One. Authority

A. The Navajo Nation Council is the governing body of the Navajo Nation. 2 N.N.C. § 102 (A).

B. The Naabik'íyáti' Committee of the Navajo Nation Council is empowered to review all proposed legislation which requires final action by the Navajo Nation Council. 2 N.N.C. §164(A)(9).

C. The Naabik'íyáti' Committee additionally has the authority to delegate its authority as appropriate for efficiency and streamlining of government process to appropriate entities and to establish a subcommittee that consists of committee members which the committee selects. 2 N.N.C. §§ 186 and 701 (B).

D. The Budget and Finance Committee of the Navajo Nation Council is empowered to review and recommend to the Navajo Nation Council the budgeting, appropriation, investment, and management of all funds and to coordinate and review all fiscal, financial and investment activities of the Navajo Nation. 2 N.N.C. §§ 301 (B) (2) and (5).

E. The Resource and Development Committee of the Navajo Nation Council has been empowered to exercise oversight authority over water, land, grazing and agriculture and is further empowered to establish Navajo Nation policy with respect to the optimum utilization of all Navajo Nation resources, including the enumerated power to promulgate rules and regulations governing the use and development of Navajo Nation lands. 2 N.N.C. §§ 500 (C) and (C) (1) and 501 (B) (1).

Section Two. Findings

A. On May 30, 2014, the 22nd Navajo Nation Council adopted Resolution No. CMY-28-14 accepting a settlement of the Navajo Nation's lawsuit, *Navajo Nation v. United States*, No. 06-945L (United States Court of Federal Claims) against the United States for its historical mismanagement of the tribe's trust assets and its failure to ensure that the Navajo Nation received all funds due and owed under the United States' trust obligations and fiduciary duties. Resolution No. CMY-28-14 was signed into law by the President of the Navajo Nation on June 4, 2014.

B. The 22nd Navajo Nation Council recognized that during the many decades that the United States was in breach of its trust obligations and fiduciary duties to the Nation, the tribal government was without funds to develop the comprehensive nation-wide infrastructures necessary to support and promote community growth and sustainability through the expansion of economic development, as well as to provide the educational opportunities, critical for the prosperity of current and future generations of Diné. See Resolution No. CMY-28-14.

C. Between October 6, 2014 and November 8, 2014 the Office of the Speaker held seven (7) Public Hearings, as directed by the Navajo Nation Council's Naabik'íyáti' Committee on July 10, 2014, to receive input from Navajo Nation members on how the net proceeds from *Navajo Nation v. United States'* should be used. During that same time period, the Office of the President & Vice-President also held five (5) town hall meetings for a similar purpose.

D. On December 13, 2014, the 22nd Navajo Nation Council adopted Resolution No. CD-68-14 enacting the Navajo Nation Breach of Trust Settlement Act of 2014 (hereinafter "2014 Act") and establishing the Navajo Nation Síhasin Fund at 12 N.N.C. § 2501 et seq. The President of the Navajo Nation signed Resolution No. CD-68-14 into law on December 31, 2014.

E. The 2014 Act mandated that the net proceeds and earnings thereon received by the Navajo Nation from the settlement of *Navajo Nation v. United States*, No. 06-945L, and that, when duly designated, the net proceeds of settlements or judgement awards of other litigation(s) brought against the

United States concerning its failure to ensure that the Navajo Nation received all funds due and owing under the United States' trust obligations and fiduciary duties, be deposited into the Síhasin Fund and managed and invested to provide financial support and/or financing for (1) the planning and development of regional infrastructure supporting economic and community development, including housing, within the Navajo Nation; and/or (2) education opportunities for members of the Navajo Nation. See 12 N.N.C § 2501 and § 2502 (A).

F. The 2014 Act also established that "leveraging of the [Síhasin] Fund by way of guaranteeing loans, match funding, direct funding in part and other weighted uses of the Fund shall be favored over direct funding in whole". 12 N.N.C § 2502 (B).

G. The 2014 Act further established that with the exception of outstanding and accrued litigation costs, Síhasin Fund Principal and Income shall only be expended pursuant to a Fund Expenditure Plan consistent with the purposes set forth in the 2014 Act at 12 N.N.C. §2502 and adopted by a two-thirds (2/3) vote of all members of the Navajo Nation Council. See 12 N.N.C. § 2505 (A).

H. The 2014 Act states that "Fund Principal" shall consist of all deposits made to the Síhasin Fund and that "Fund Income" shall consist of all earnings (interest, dividends, etc.) generated and realized by the Fund Principal and that Fund Income shall be deposited in and added to Fund Principal until such time as a Fund Expenditure Plan is duly adopted. See 12 N.N.C. §§ 2504 and 2505 (c).

I. The Office of the Controller reported that as of January 1, 2016, the amount of the Síhasin Fund Principal is four hundred eighty-seven million nine hundred ninety thousand eight hundred forty-one dollars and ninety-one cents ($487,990,841.91) with interest earnings of four hundred fifty-eight thousand four hundred thirty-one dollars and seventy-five cents ($458,431.75).

J. On April 9, 2015, the Naabik'íyáti' Committee adopted NABIAP-20-15 establishing the Naabik'íyáti' Síhasin Fund Subcommittee to "review and evaluate the Public Hearing comments and recommendations from the Navajo People" and "recommend to the Naabik'íyáti' Committee and Navajo Nation

Council financial support and/or financing plan(s) for the purposes designated in CD-68-14 [Navajo Nation Breach of Trust Settlement Act of 2014, establishing the Síhasin Fund]".

K. Between April 2015 and October 2016, the Síhasin Fund Subcommittee, assisted by the Office of Legislative Services, Office of the Speaker, and Office of Legislative Counsel, met on at least twenty-five (25) occasions in either work sessions or official meetings to review and evaluate the Public Hearing comments and recommendations from the Navajo People; hear proposals from Navajo Nation entities, chapters, programs and officials; and develop an expenditure plan(s) for the Síhasin Fund Principal and Income consistent with the purposes set forth in the 2014 Act.

L. The Síhasin Fund Subcommittee determined that for an expenditure plan to fully meet the leveraging criteria of the 2014 Act, the expenditure plan shall not rely on Síhasin Funds for full direct project funding, unless such funds are to be repaid under a loan agreement, and instead must utilize the Síhasin Funds for (1) match funding, joint funding, contribution funding, cost-share funding or similar weighted uses of the funds; (2) reimbursement funding; and/or (3) loan or bond financing or guarantee.

M. The Síhasin Fund Subcommittee also determined that the 2014 Act allowed for the adoption of multiple expenditure plans and that it would be prudent for the Navajo Nation to adopt integrated, yet distinct, expenditure plans for regional-level infrastructure planning and development in four broad infrastructure areas or categories consistent with the purposes of the 2014 Act: Water and Natural Resource Infrastructure Development; Economic Development; Community Development; and Housing Development.

N. After reviewing the comments submitted during the Public Hearings and town hall meetings, as well as the reports and comments made during Síhasin Fund Subcommittee meetings, the Subcommittee determined that the inadequacy of agriculture infrastructure within the Navajo Nation was detrimental to the establishment of a vibrant and sustainable agriculture economy on the Navajo Nation; that full or partial funding of Navajo Nation agriculture projects throughout the reservation could benefit each region within the Navajo Nation in providing financing and infrastructure capital to leverage funding from federal and state agencies for natural resources infrastructure development and conservation initiatives throughout the Navajo Nation; and that the implementation of sound conservation practices would allow ranchers, farmers and resource managers to adequately reduce sedimentation, reduce the threat of catastrophic fire, increase the amount of water for livestock and wildlife use, improve rangeland resources, and altogether better manage and sustain the Navajo Nation's natural resources.

O. In September of 2016, the Navajo Nation Division of Natural Resources' ("DNR"), through its Department of Agriculture ("DOA"), provided the Síhasin Fund Subcommittee with information, attached as Exhibit A, concerning the United States Department of Agriculture's ("USDA") Rainfall Index Pasture, Rangeland and Forage Pilot Insurance Program ("PRF Insurance Program")wherein USDA subsidizes 51% (fifty-one percent) to 59% (fifty-nine percent) of the cost of insurance coverage against lack of rainfall, based on a precipitation index, that an entity may procure to provide protection for pasture, rangeland and forage grown for the intended use of grazing by livestock or haying. *See also* www.rma.usda.gov/pubs/rme/fctsht.html.

P. The PRF Insurance Program is a risk management tool designed to insure decline in an area-based precipitation index value, determined by the National Oceanic and Atmospheric Climate Prediction Center ("NOAA CPC"), that is based on the long-term, historical, average precipitation for the same area of land for the same period of time; the PRF Insurance Program does not measure, capture or use the actual crop production of any producer or any of the actual crop production within the area; PRF Insurance Program coverage is based on the entire grid and is not based on individual farms or ranches or specific weather stations in the general area. Exhibit A; *see also* www.rma.usda.gov/pubs/rme/fctsht.html.

Q. The PRF Insurance Program applies NOAA CPC data to the grid area and two-month interval(s) that an entity chooses to insure; when the final grid index falls below the entities "trigger grid index", the entity may receive an indemnity. Exhibit A; *see also* www.rma.usda.gov/pubs/rme/fctsht.html.

R. In September of 2015, the PRF Insurance Program was expanded by USDA to include acreage defined by grids in the states of Arizona, New Mexico, Utah and Colorado and covering the whole of Navajo Nation trust and fee lands, with the exception that, as a general rule, leased lands must be insured by the individual lessee and allotments must be insured by the allottee. Exhibit A; *see also* www.rma.usda.gov/pubs/rme/fctsht.html.

S. The PRF Insurance Program benefits are paid in the form of an indemnity and based solely on the basis of lack of precipitation and indemnity options can include payouts once precipitation hits 90% of the average precipitation in the area and interval insured. Exhibit A; *see also* www.rma.usda.gov/pubs/rme/fctsht.html.

T. DOA provided the Síhasin Fund Subcommittee with information, attached as Exhibit B, that, based on NOAA CPC area-specific historical average precipitation data, if the PRF Insurance Program had been available over the last two decades and the Navajo Nation had insured 6,984,343.10 acres at an annual insurance premium cost of $19,835,612.00, the Nation would have received an indemnity payment above the premium cost in 19 (nineteen) out of the last 20 (twenty) years with an average yearly indemnity payment of $34,315,608.76 above the cost of the insurance premium and even without the USDA's subsidizing 51% (fifty-one percent) of the insurance premium, the Nation would have received an average yearly indemnity payout of a little over $14,000,000.00 above the cost of the insurance premium.

U. DOA also provided the Síhasin Fund Subcommittee with information that since it had not as yet identified a source of funding to guarantee the payment of insurance premiums, DOA has not applied to participate in the PRF Insurance Program on behalf of the Navajo Nation and that the completed application to participate in the PRF Insurance Program for the 2017 Crop Year was required to be signed by the Navajo Nation President and submitted to USDA by no later than November 1, 2016. Exhibit A; *see also* www.rma.usda.gov/pubs/rme/fctsht.html.

V. On September 30, 2016, the DNR-DOA presented a proposal, attached as Exhibit C, to the Síhasin Fund Subcommittee, to establish and fund the Navajo Nation Agriculture Infrastructure Fund as follows:

1. Authorize the DNR-DOA, on behalf of the Navajo Nation, to apply to USDA to participate in the PRF Insurance Program;

2. Reserve nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) of Síhasin Funds to guarantee annual Crop Year insurance premiums for 6,984,343.10 acres which shall only be draw-down from the Síhasin Fund if the PRF Insurance Program indemnity is insufficient to cover the insurance premium;

3. Approve the use of indemnity payments in excess of the amount necessary to guarantee the subsequent Crop Year's insurance premiums to fund agriculture infrastructure projects, including but not limited to: range, grazing and livestock; tribal ranches infrastructure; farming and irrigation; agricultural water development; dams, reservoirs and catchments; watershed planning for agriculture; agricultural complexes; drought contingency plan (mitigation measures); area wide fencing; brand office and Navajo Partitioned Lands and former Bennett Freeze Area projects, including administration costs.

W. The Síhasin Fund Subcommittee has determined that the DNR-DOA proposal, dated September 30, 2016, attached as Exhibit C, addresses the lack of agricultural infrastructure and a stagnant agriculture economy on the Navajo Nation and therefore meets the 2014 Act requirement for the "planning and development of regional infrastructure supporting economic and community development, including housing, within the Navajo Nation". See 12 N.N.C. §2502 (A) (1).

X. The Síhasin Fund Subcommittee has also determined that DNR-DOA's projection, based on NOAA CPC, historical average precipitation data, that it can turn a reserve and guarantee of nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) of Síhasin Funds into an annual net indemnity payment averaging above thirty-four million dollars

($34,000,000.00) satisfies the 2014 Act requirement that "leveraging of the [Síhasin] Fund by way of guaranteeing loans, match funding, direct funding in part and other weighted uses of the Fund shall be favored over direct funding in whole". 12 N.N.C § 2502 (B).

Y. The Síhasin Fund Subcommittee additionally determined that USDA's subsidy of fifty-one percent (51%) to fifty-nine percent (59%) of PRF Insurance Program premiums further satisfies the 2014 Act requirement that "leveraging of the [Síhasin] Fund by way of guaranteeing loans, match funding, direct funding in part and other weighted uses of the Fund shall be favored over direct funding in whole". 12 N.N.C § 2502 (B).

Z. The Síhasin Fund Subcommittee further determined that it was in the best long-term interest of the Navajo Nation and Navajo communities to reserve Síhasin Funds for DNR-DOA to ensure the payment of annual insurance premiums to participate in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program and to use annual net indemnity payments to fund agriculture infrastructure projects on the Navajo Nation and recommends to the Navajo Nation Standing Committees and the Navajo Nation Council that nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) of Síhasin Funds be reserved for DNR-DOA as the Síhasin Fund Pasture Range and Forage Expenditure Plan, attached as Exhibit C, under section 2505 of the 2014 Act.

AA. After considering the recommendations of the Síhasin Fund Subcommittee, the Navajo Nation Council hereby determines that reserving Síhasin Funds for DNR-DOA to ensure the payment of annual insurance premiums to participate in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program and using net indemnity payments to fund agriculture infrastructure projects fits within the priorities established under the July 20, 2015 <u>One Nation, One Voice</u> Navajo Nation Three Branch Agreement and that it is in the best interests of the Navajo Nation, as well as in the best interests of economic and community development and the revitalization of the agricultural economy within the Navajo Nation, to adopt the Síhasin Fund Pasture Range and Forage Expenditure Plan, attached as Exhibit C.

Section Three. Approval and Adoption of Expenditure Plan

A. The Navajo Nation hereby approves and adopts the Síhasin Fund Pasture Rangeland and Forage Expenditure Plan, attached and incorporated herein as Exhibit C, including the establishment of the Agriculture Infrastructure Fund.

B. The Navajo Nation hereby authorizes the Navajo Nation Division of Natural Resources and Department of Agriculture to apply, on behalf of the Navajo Nation, to participate in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program.

C. The Navajo Nation hereby approves and adopts total funding, in the form of a reserve, from the Síhasin Fund in the amount of nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) to the Navajo Nation Division of Natural Resources to implement the Síhasin Fund Pasture Range and Forage Expenditure Plan and establish the Agriculture Reserve Fund as follows:

1. The nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) shall be reserved and remain in the Síhasin Fund until such time as the Nation is required to make USDA's Pasture, Rangeland, Forage Pilot Insurance Program premiums for the 2017 and 2018 Crop Years;

2. If the Navajo Nation's application to participate in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program is denied, without right of appeal, the nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) shall immediately become unreserved and available to fund other Síhasin Fund expenditure plans as approved by Navajo Nation Council;

3. If the Navajo Nation's application to participate in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program is accepted for acreage at a level requiring less than a premium of nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00), the excess of reserved Síhasin Funds shall immediately become unreserved and available to fund other Síhasin Fund expenditure plans as approved by Navajo Nation Council;

4. At the end of the 2018 Crop Year, any portion of the nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) not used to pay USDA Pasture, Rangeland, Forage Pilot Insurance Program premiums shall immediately become unreserved and available to fund other Síhasin Fund expenditure plans approved by Navajo Nation Council;

5. Any portion of the nineteen million eight hundred thirty-five thousand six hundred twelve dollars ($19,835,612.00) of Síhasin Fund dollars used to pay USDA Pasture, Rangeland, Forage Pilot Insurance Program premiums shall be reimbursed and repaid to the Síhasin Fund from accrued insurance indemnity payments; and

6. If there are accrued indemnity funds remaining above the amount necessary to fund the subsequent Crop Year's insurance premiums and after the Síhasin Fund has been reimbursed for any actual expenditures, the accrued indemnity funds may be used to fund agriculture infrastructure projects as set forth below.

D. The Síhasin Funds reserved for the Síhasin Fund Pasture Range and Forage Expenditure Plan may be further leveraged by the Navajo Nation through bond or loan financing pursuant to the Navajo Nation Bond Financing Act, 12 N.N.C. § 1300 et seq., as amended, using Síhasin Fund Earnings for repayment and financing costs upon the recommendation of the Budget & Finance Committee and approval by a two-thirds (2/3) vote of all members of the Navajo Nation Council.

Section Four. Approval and Adoption of Expenditure Plan Administration

A. The Navajo Nation hereby approves administration of the Síhasin Fund Pasture Range and Forage Expenditure Plan and Agriculture Infrastructure Fund as follows:

1. The Navajo Nation Controller shall determine whether the source of the reserved $19,835,612.00 will be Síhasin Fund Principal or Income or a combination of both;

2. The Síhasin Funds reserved for the Navajo Nation's participation in the USDA's Pasture, Rangeland, Forage Pilot Insurance Program shall only be used to pay 2017 and 2018 Crop Year insurance premiums not covered by the applicable year's indemnity payment;

3. 2 N.N.C. §§ 933-936 is hereby waived and the Division of Natural Resources shall be responsible for complying with Navajo Nation procurement laws, regulations and policies in procuring the services of an insurance agent or carrier eligible to provide USDA Pasture, Rangeland, Forage Pilot Insurance in the capacity necessary to satisfy the Nation's needs, as well as the experience and expertise necessary to develop the Nation's application to the Pasture Rangeland and Forage Insurance Program for the 2017 Crop Year within the expedited time frame;

4. The Division of Natural Resources, with the assistance of the Office of the President and Vice-President, Office of the Controller and Department of Justice, shall be responsible for conducting due diligence on the insurance agent or carrier selected and reporting the results of such due diligence to the Budget and Finance Committee and Office of President & Vice-President before any insurance premiums are actually paid with the reserved Síhasin Funds;

5. The Office of the Controller and Office of Management & Budget shall work with the Division of Natural Resources and Department of Agriculture to establish a fund, herein called the Agriculture Infrastructure Fund, to:

   a. Receive and hold any and all indemnity payments from the USDA's Pasture, Rangeland, Forage Pilot Insurance Program;

   b. Use accrued indemnity payments to reimburse and repay Síhasin Funds actually expended; and

   c. Use any remaining indemnity payments in excess of the amount necessary to guarantee the subsequent Crop Year's insurance premiums to fund and implement agriculture infrastructure projects on the Navajo Nation, including but not limited to:

range, grazing and livestock; tribal ranches infrastructure; farming and irrigation; agricultural water development; dams, reservoirs and catchments; watershed planning for agriculture; agricultural complexes; drought contingency plan (mitigation measures); area wide fencing; brand office and Navajo Partitioned Lands and former Bennett Freeze Area projects, including administration costs.

6. The Division of Natural Resources and its Department of Agriculture shall have the authority and responsibility to manage and administer the Agriculture Infrastructure Fund and implement agriculture infrastructure projects pursuant to a fund management plan approved by the Budget & Finance Committee which shall at least include provisions that:

   a. All interval indemnity payments received from the USDA's Pasture, Rangeland, Forage Pilot Insurance Program will be deposited into Fund when received by the Navajo Nation and invested as determined by the Office of the Controller with any realized interest earnings or investment income devoted to the implementation of agriculture infrastructure projects;

   b. During the first month after the end of each Navajo Nation Fiscal Year, withdrawals from and/or reserves within the Fund shall be made in the following order or priority:

      1. Annual USDA Pasture, Rangeland, Forage Pilot Insurance Program premiums covering no more acreage than insured the previous year;

      2. Repayment and reimbursement of any portion of the $19,835,612.00 of Síhasin Funds actually expended; and

      3. If there are additional funds remaining, upon the approval of the Budget & Finance Committee, those funds may either be used to

increase the acreage insured or to implement agriculture infrastructure projects on the Navajo Nation or a combination of both.

c. The Department of Agriculture, under the legislative oversight of the Resources and Development Committee, shall have the responsibility to administer, oversee and use indemnity funds allocated for agriculture infrastructure projects, consistent with an annual plan recommended by the Division of Natural Resources and approved by the Resources and Development Committee, for range, grazing and livestock; tribal ranches infrastructure; farming and irrigation; agricultural water development; dams, reservoirs and catchments; watershed planning for agriculture; agricultural complexes; drought contingency plan (mitigation measures); area wide fencing; brand office and Navajo Partitioned Lands and former Bennett Freeze Area, including administration costs;

d. The Department of Agriculture shall account for the money spent and such accounting or expenditure report shall be included as part of the Executive Branch's quarterly program report submitted to the Resources and Development Committee; and

e. The Department of Agriculture shall have the authority to enter into match funding, partnership, cooperative and other cost saving or cost sharing arrangements or leveraging agreements with Navajo Nation entities and enterprises, Navajo Nation chapters and other political subdivisions, other Navajo Nation programs and federal and state agencies and such agreements shall not be deemed procurement contracts subject to the Navajo Nation Procurement Act, 12 N.N.C. §§301 -371 or Navajo Business Opportunity Act 5 N.N.C. §§ 201-215.

7. The Division of Natural Resources and Department of Agriculture shall have the continuing authority and responsibility to further leverage the Agriculture Infrastructure Fund and shall present an annual

leveraging plan to the Resources and Development and Budget and Finance Committees during the first quarter of each Navajo Nation Fiscal Year.

8. The funds deposited into the Agriculture Infrastructure Fund shall not lapse on an annual basis pursuant to 12 N.N.C. §820 (N).

B. The Navajo Nation Controller, Director of the Division of Natural Resources and Program Manager of the Department of Agriculture shall jointly account for and be held accountable for the expenditure of allocated Síhasin Fund funds and shall arrange for an annual audit of the Agriculture Infrastructure Fund with such audit report(s) submitted to the Resources and Development, Budget and Finance and Naabik'íyáti' Committees, Office of the Controller and Office of the President and Vice-President on an annual basis.

C. The Division of Natural Resources shall report the status of the Síhasin Fund Pasture Range and Forage Expenditure Plan, specifically including the use and status of the Síhasin Funds and the status of the Agriculture Infrastructure Fund to the Resources and Development, Budget and Finance and Naabik'íyáti' Committees and Office of the President and Vice-President on a quarterly basis.

Section Five. Effective Date

The Síhasin Fund Pasture Range and Forage Expenditure Plan, as set forth above, shall become effective pursuant to 12 N.N.C. § 2505.

Section Six. Directives

A. All Navajo Nation programs, specifically including, but not limited to, the Office of Controller, Office of Management & Budget, Division of Natural Resources and Department of Agriculture, shall take all steps necessary to expeditiously implement the Síhasin Fund Pasture Range and Forage Expenditure Plan.

B. The Department of Agriculture shall develop a knowledge bank collecting and archiving information about the PRF Insurance Program and the Nation's participation.

C. All Navajo Nation programs named in this legislation shall be held accountable for the progress of tasks under their responsibility and control and shall report on a semi-annual basis to the Naabik'íyáti' Committee on the progress of their respective tasks.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 18 in favor and 4 opposed, this 27th day of October 2016.

LoRenzo Bates, Speaker
Navajo Nation Council

11-3-16
Date

Motion: Honorable Peterson B. Yazzie
Second: Honorable Otto Tso

ACTION BY THE NAVAJO NATION PRESIDENT:

1. I hereby sign into law the foregoing legislation, pursuant to 2 N.N.C. §1005 (C)(10), on this 13th day of November 2016.

Russell Begaye

Russell Begaye, President
Navajo Nation

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

____
Russell Begaye, President
Navajo Nation

NAVAJO NATION

RCS# 681 | NNC Special Session | 10/27/2016 04:03:34 PM

Amd# to Amd#	Legislation No. 0359-16	PASSED
MOT Yazzie, P	Adopting the Sihasin Fund	
SEC Tso	Pasture Range & Forage Expend.	
	Plan Pursuant to CD-68-14 &	

Yea : 18 **Nay : 4** **Not Voting : 2**

Yea : 18

Begay, NM	Filfred	Phelps	Tsosie
Brown	Hale	Shepherd	Witherspoon
Chee	Jack	Slim	Yazzie
Damon	Perry	Tso	Yazzie, P
Daniels	Pete		

Nay : 4

Crotty	BeGaye, N	Begay, K	Smith

Not Voting : 2

Bates	Bennett

USDA United States Department of Agriculture

A Risk Management Agency Fact Sheet

Pasture, Rangeland, Forage Pilot Insurance Program

EXHIBIT
A

Revised August 2015

Pasture, Rangeland, Forage

The Risk Management Agency's (RMA) Pasture, Rangeland, Forage (PRF) Pilot Insurance Program is designed to provide insurance coverage on your pasture, rangeland, or forage acres. This innovative pilot program is based on precipitation, Rainfall Index. This program is designed to give you the ability to buy insurance protection for losses of forage produced for grazing or harvested for hay, which result in increased costs for feed, destocking, depopulating, or other actions.

Availability

PRF is available in the 48 contiguous states with the exception of a few grids that cross international borders. The Rainfall Index will replace the Vegetation Index beginning in the 2016 crop year.

Coverage and Claims

The Rainfall Index uses National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) data and each grid is 0.25 degrees in latitude by 0.25 degrees in longitude, which translates to approximately 17 x 17 miles at the equator. You must select at least two, 2-month periods where precipitation is important to your operation. These periods are called index intervals.

Your insurance payments are determined by using NOAA CPC data for the grid(s) and index interval(s) you have chosen to insure. When the final grid index falls below your "trigger grid index", you may receive an indemnity. This insurance coverage is for a single peril, lack of precipitation. Coverage is based on the experience of the entire grid. It is not based on individual farms or ranches or specific weather stations in the general area. You can find more detailed information on the NOAA website at www.cpc.ncep.noaa.gov/products/monitoring_and_data/.

Pasture, Rangeland, Forage insurance was designed to help protect your operation from the risks of forage losses that are produced for grazing or harvested for hay resulting in increased costs for feed. The program is designed to allow maximum flexibility to meet the risk management needs of your operation. You are not required to insure all your acres, but you cannot exceed the total number of grazing or haying acres you operate. The program provides protection while allowing you to insure only those acres that are important to your grazing program or hay operation. By selecting a productivity factor, you can establish a value between 60 and 150 percent of the county base value and match the amount of your protection to the value of forage that best represents your specific grazing or hay operation.

New Coverage Available for 2016

RMA has introduced a new pricing methodology starting with the 2016 crop year that will better reflect your replacement costs for feed and the actual losses you experience. RMA is also offering an irrigated hay practice in some states that is designed to cover above normal irrigation expenses when normal precipitation shortfalls are observed. However, normal irrigation costs are not covered.

Tools

You will be asked to make several choices when insuring your grazing or hay production, including coverage level, index intervals, irrigated practice, productivity factor, and number of acres. You should work with your crop insurance agent to view the Grid ID Locator map and index grids for your area, and assign acreage to one or more grids based on the location and use of the acreage to be insured. RMA also encourages you to use the Grid ID Locator, historical indices tool, and decision support tools available on RMA's website to help you decide whether PRF is the right insurance coverage for your operation. The rainfall index does not measure your direct production or loss. You are insuring a rainfall index that is expected to estimate your production. Please review the historical indices tools for your grid along with past production records to determine if these programs will work for your operation and which periods work best for your forage production.

Buying a PRF Policy

You can buy a PRF policy from a crop insurance agent by the sales closing date shown for each county in the actuarial documents at webapp.rma.usda.gov/apps/actuarialinformationbrowser/. A list of crop insurance agents is available at all USDA service centers and on the RMA website at www.rma.usda.gov/tools/agent.html.

Contact Us

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Download Copies from the Web
Visit our online publications/fact sheets page at: www.rma.usda.gov/pubs/rme/fctsht.html.

Summary Overview of Rainfall Index Insurance plan for Pasture, Rangeland, and Forage

The Rainfall Index (RI) insurance plan is a pilot area insurance plan for pasture, rangeland, and forage (PRF) grown for the intended use of grazing by livestock or haying. The RI-PRF insurance plan is a risk management tool designed to insure against a decline in an index value that is based on the long-term, historical, average precipitation for the same area of land for the same period of time. It does not measure, capture, or use the actual crop production of any producer or any of the actual crop production within the area.

Unlike other Federal crop insurance area insurance plans that are based on county boundaries, the RI-PRF program uses a numbered grid system. Each grid covers an area equal to 0.25 degrees in latitude by 0.25 degrees in longitude and is identified by a specific number code, referred to as a grid ID. The grids are created by the National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC), and do not follow state, county, or other geopolitical boundaries.

The RI-PRF program uses NOAA CPC, gridded, daily, interpolated, precipitation data. The gridded precipitation data is obtained for the following 11 2-month time periods, referred to as index intervals, during a year for each grid ID. Historical NOAA CPC gridded data from 1948 to present is also obtained for each index interval and grid ID:

- January and February;
- February and March;
- March and April;
- April and May;
- May and June;
- June and July;
- July and August;
- August and September;
- September and October;
- October and November; and
- November and December.

An Expected Grid Index is calculated for each grid ID and index interval using the long-term, historical, gridded, precipitation data for the grid ID and index interval. The Expected Grid Index represents the average precipitation for the grid ID during the index interval based on NOAA CPC data from 1948 to present.

The Final Grid Index is based on NOAA CPC, gridded, precipitation data and is expressed as a percentage. An index of 100 represents average precipitation, an index below 100 represents below average precipitation, and an index above 100 represents above average precipitation. Only the precipitation received during the index interval is used; therefore, precipitation received during prior index intervals has no effect on subsequent index interval results.

The gridded precipitation data is not simply the measurement of precipitation from a specific rain gauge(s) within a grid. Each day, NOAA CPC obtains data from the four reporting stations closest to the center of the grid that report data for that day. However, different reporting stations may be used from day to day because not all reporting stations report data every day.

Accordingly, the gridded precipitation data is an interpolated value for the entire grid and cannot be traced to a single point or reporting station(s). The precipitation data used by RI-PRF may not match the amount of precipitation received by a producer in a specific location(s).

Indemnity payments are earned by eligible producers when the Final Grid Index is less than the result of multiplying the Expected Grid Index by the coverage level selected by the producer, which is referred to as the Trigger Grid Index. RI-PRF only covers a decline in the precipitation index, it does not cover other perils such as, but not limited to, flood, fire, and hail. The NOAA CPC data used to calculate the Final Grid Index and the Expected Grid Index is conclusively presumed to be accurate. The Risk Management Agency (RMA) does not alter NOAA CPC data.

Because RI-PRF is an area insurance plan and does not measure, capture, or use any actual crop production, an eligible producer may experience a production loss and not receive an indemnity payment. However, it is also possible for an eligible producer to receive an indemnity payment without suffering a loss of actual production. The producer's amount of production is not considered and no on-the-ground inspection of crop conditions is conducted to determine eligibility for an indemnity payment.

Producers should carefully consider the following when determining whether to participate in the RI-PRF insurance plan:

- RI-PRF does not measure, capture, or use the actual crop production of any producer or any of the actual crop production within the area. Indemnity payments are earned by eligible producers only when the Final Grid Index is less than their Trigger Grid Index.
- RI-PRF uses the long-term, historical, gridded, precipitation data for the grid ID and index interval. Producers should carefully review the historical experience of each grid ID and index interval they are considering to determine whether their actual production has followed the average precipitation patterns for the grid. RI-PRF is best suited for producers whose production tends to follow the historical precipitation patterns. RMA provides historical indices information for each grid ID and index interval on its website to assist producers.
- RI-PRF offers 11 index intervals in which eligible PRF may be insured. Selection of the appropriate index interval(s) is critical. To be an effective risk management tool, producers must select the index intervals that include the time period when precipitation is needed to produce grazing and/or haying forage under normal conditions. Selecting an index interval when precipitation is not needed or normally does not occur is not an effective use of the program.
- The gridded precipitation data is an interpolated value for the entire grid and cannot be traced to a single point or reporting station. The precipitation received by a producer at a specific location(s) may not match the Final Grid Index.

Frequently Asked Questions

Pasture, Rangeland, Forage

Aug 31, 2015

The Rainfall Index (RI) Pasture, Rangeland, Forage (PRF) insurance program is designed to provide coverage on your pasture, rangeland, or forage acres. This innovative program is based on a precipitation index. The program is designed to give you the ability to cover replacement feed costs when a loss of forage for grazing or harvested for hay is experienced due to lack of precipitation.

Q: What is the Pasture, Rangeland, and Forage Insurance Policy?

A: The PRF policy is an area-based insurance plan that covers perennial pasture, rangeland, or forage used to feed livestock.

Q: What does "area-based" mean?

A: "Area-based" means payments are not based on an individual rancher's experience; rather, payments are based on a grid's deviation from normal experience. For example, under the Rainfall Index, if your ranch received a surplus of rain, but the area in your grid was below average, you could receive a payment or vice versa.

Q: In 2015 I had a Vegetation Index (VI) PRF policy, what is the difference between the Rainfall Index and the Vegetation Index?

A: The Rainfall Index program insures the single peril of lack of precipitation based on National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center (CPC) Daily Precipitation Data. The Vegetation Index program is based on United States Geological Service Earth Resources Observation and Science (EROS) Normalized Difference Vegetation Index (NDVI) data. The Rainfall Index measures an input (precipitation), and the Vegetation Index measured an output (forage growth). Index interval selection differs between the two products. Producers need to select index intervals under the Rainfall Index to correlate with months when precipitation is critical for forage growth. Reviewing the historical indices tool found on the RMA website along with production records is critical to ensure producers select the index intervals that correlate to their past production.

Q: Why was the Vegetation Index (VI) insurance plan removed from PRF?

A: RMA conducted a program evaluation and found that the VI program correlated well to forage production. However, the evaluation outlined a significant lack of understanding of what the VI measured, and how to select time periods that best correlated to the production within a grid. The VI program measured the actual biomass vigor within a grid. The best correlation to actual production was generally at the end of the growing season. Many producers focused on the spring green up as being important. While remote sensing is often referred to as a "greenness" index, remote sensing measures photosynthesis. A dry, warm winter will result in a high level of photosynthesis that does not necessarily translate into lush, green forage. The evaluation indicated the RI program also correlates well to forage production, was well liked, and more easily understood by producers.

Q: What pricing changes were made for 2016 and how will they impact me?

A: After receiving feedback from ranchers that prices for grazing were too low, RMA contracted for a study of the grazing and hay pricing methods. After completing the study, the grazing price has been updated to reflect the stocking rates, available forage, and value of the forage for the area. This method uses Animal Unit Month data for each state and county to determine the "yield" for the grazed acreage and then uses hay prices to determine the current pricing. The 2016 prices were generally increased based on this new method and better reflect the grazing value. The updated pricing methodology will provide a meaningful risk management strategy for covering the cost of alternative feed when available forage for grazing is short or non-existent.

Previously RMA did not distinguish between irrigated and non-irrigated hay. Prior to 2016, RMA only distinguished between grazing and hay. In some states, producers will notice a price for irrigated hay that is significantly lower than non-irrigated hay. The irrigated hay price will reflect the additional cost of irrigation when precipitation is lacking. Normal irrigation expense is not covered. The RI-PRF program triggers when there is a lack of precipitation. Since irrigated producers would not have a loss of production due to lack of precipitation, RMA calculated the extra cost of irrigation (e.g. electric costs) when precipitation was below normal.

RMA also updated the pricing methodology for non-irrigated hay production. As noted above, in some states, RMA offers both irrigated and non-irrigated hay with separate pricing. RMA updated the non-irrigated hay to reflect hay production (yield) and price for non-irrigated hay only. In the past, RMA used the National Agricultural Statistics Service (NASS) All Hay price and yield, which included irrigated hay production and non-irrigated hay production and price within a state. In 2016, RMA will use the NASS hay yield and price that excludes irrigated hay and alfalfa. This means that the higher yield that is associated with the irrigated hay production and contributed to the All Hay price previously used is no longer included. This reduces the overall yield in those states where both irrigated and non-irrigated hay production is common.

Q: In 2016 will RI-PRF be available in my area?

A: RI-PRF is being offered in all 48 contiguous states. This expansion will cover over 650 million haying and grazing acres. All counties within those 48 states will offer RI-PRF. A few producers will not have coverage if the majority of their grid crosses over either the northern or southern United States borders.

Q: How does the Rainfall Index work?

A: Producers must choose at least two, 2-month periods when precipitation is important to their operation. These periods are called index intervals. Losses are calculated based on whether the current year's precipitation in a grid has deviated from normal compared to the historical normal precipitation in the same grid, for the same period. RMA uses NOAA CPC data to calculate normal precipitation and deviations from normal precipitation. Losses are not based on a single ranch or a specific weather station in a general area. RMA uses NOAA precipitation data based on the Optimal Interpolation methodology. Interpolation is based on the idea that things closer together in space are generally more similar than those farther apart and it estimates precipitation for a grid using reporting stations within a search radius around the grid. More information about the technology and how NOAA CPC interpolates weather data to a specific grid can be found on RMA's PRF web page. Select "Rainfall Index, Pasture, Rangeland, Forage Technology". It is important to understand that precipitation is interpolated to the grid, not measured within the grid.

Q: What is a grid? Why is it important?

A: A grid is the physical area under which your operation is insured. You are paid based on the losses interpolated to the grid for the Rainfall Index, which is why it is important that you choose the right grid(s) in which your operation is located. If you have any questions about your grid(s) identification number, or for more information on how grids are measured please contact your crop insurance agent.

Q: How is precipitation measured under the Rainfall Index? When are payments triggered?

A: The Rainfall Index uses NOAA CPC Daily Precipitation Data that interpolates precipitation to the grid. RMA compares the compiled data for each 2-month interval with the historical precipitation data for the same period that is normally expected in the grid. When the interpolated precipitation falls below average for the index interval it triggers a loss payment to all ranchers who have signed up for the program in the grid that are covered under this interval. Producers do not need to submit a loss claim or notify their agents. RMA will calculate any loss and your insurance company will process any indemnity due.

Q: Does it matter which index intervals I choose to insure?

A: Yes, which index intervals you insure and how much you insure for each interval is very important. It is extremely important to review the historical indices tools for your grid along with past production records to determine if these programs will work for your operation and to assess which index intervals correlate well to your production. For example, a rancher has an operation in Virginia and has cool season grasses. July and August are normally extremely dry months when the vegetation normally becomes dormant (turns brown). Since July and August are normally dry, this may not be a good period to insure. This Virginia rancher may be better served by insuring months earlier in the spring that are important for cool season forage growth and months in the fall that would establish his cool season grasses for fall grazing.

RMA strongly encourages you to use our decision support tools to help you make the right decision for your insurance needs. Selecting index intervals is a critical component of these policies and the result of your selections will directly correspond to your satisfaction with the product.

Q: What are these support tools?

A: These tools are the Grid ID Locator, decision support tool, and historical indices tool and are available on RMA's website for producers to use to view past results with their production records. This comparison will assist in index interval selection and determining how well these products correlate to your historical productions records.

Q: Where do I find out more information on the technology, shares, or how to use the tools?

A: RMA's website provides several PowerPoints that provide information on the program including a general overview, the technology used for the Rainfall Index, and step-by-step directions on how to use the tools. There is also a PowerPoint outlining who has a "share" in the forage. For grazing, RMA recognizes the livestock producer as having the insurable interest or "share" in the crop. The livestock producer suffers the loss – replacement feed. For haying, RMA recognizes the financial interest in the hay crop similar to other crops. The RI-PRF program does not measure actual production and was designed for livestock producers who do not keep detailed hay records. For commercial grass growers, who maintain detailed forage records and are not interested in RI-PRF, RMA offers an Actual Production History Forage Production policy that may be better suited for them.

Q: How do I find a crop insurance agent?

A: A list of insurance agents is available at all USDA service centers or on the RMA website.

Q: Do I need insurance coverage to participate in USDA programs even though I am a rancher and your insurance plans are not useful to me?

A: No, currently participation in the Federal crop insurance program is not a requirement of any current USDA program.

Q: Are there other livestock plans available if PRF isn't right for me?

A: Yes, RMA offers seven livestock plans and an annual forage insurance plan. Talk to a crop insurance agent to help you decide the option that is right for your operation.

USDA

Rainfall Index Pasture, Rangeland and Forage

Rainfall Index (RI) Pasture, Rangeland, and Forage (PRF) General Program Overview

August 2015

Disclaimer

This information is provided for training only. Any discrepancy between the training material and the policy is not intended. The information provided in this training does not supersede policy and procedure. Any changes to the policy and procedures may make this training material obsolete. ***If you use this training material, check to assure it is still correct and relevant.***

Program Overview

- Producers are not required to insure 100% of their acreage;
  - All acres within a property may not be productive, e.g., rocky areas, submerged areas.
  - Provides additional flexibility for the policyholder to design the coverage to their specific needs/risks
  - Because the program is an area program, there is no opportunity to 'move' production.
- Losses cover an area called a grid;
- No individual coverage;
  - Does not measure actual individual production
- Index-based on deviation from normal/historical;
- No loss adjustments, records, etc.;
- Timely payments; and
  - Within 60 days of RMA publishing the final grid index.
- Does not reward poor management practices.
  - Producer cannot influence outcome.

USDA

Program Overview

- Administration Fee:
  - $30; and
  - By county and crop.
    - Crop is pasture, rangeland, and forage.

- Units:
  - Basic unit only; and
  - Insured acres within or assigned to a grid for each crop type, irrigated practice, share, and index interval in the county
    - Can have multiple basic units

Program Overview

- No Production and Loss Adjustment:
  - RI program does not measure, capture, or use actual crop production of any producer or any production within the grid; and
  - There are no loss adjustment activities.

- Index Based:
  - RI - decline from historical normal interpolated precipitation for grid and index interval, since 1948.
    - Example: For 2015 rainfall it is 1948 through 2013

Important Dates

Premium Billing Date	September 1
Contract Change Date	August 31
Sales Closing Date	November 15
Acreage Reporting Date	November 15
Cancellation & Termination Date	November 15
Policy Year	January 1 – December 31 Policy is continuous

USDA

Crop Types

- Crop:
  - Perennial pasture, rangeland and forage only; and
  - Annual forage crops are not eligible under the PRF program.
- Crop Types:
  - Grazing and hay land only; and
    - Must be intended for haying and/or grazing livestock
    - Same acreage cannot be insured as both hay and grazing land - producer must elect one based on the intended use.
      - If intent is to both hay and graze producer must elect whether to insure as hay or grazing land based on their needs/risk.
  - This policy does not cover annual forage unless it is overseeded or interseeded into established perennial forage acres.
    - There is a product "Annual Forage" available in specific states that insures annual forage.

USDA

Coverage

- Coverage requirements:
  - Producer has a share;
  - On insurable acreage; and
  - Must be first planted before July 1 of the previous crop year.
    - Example: For 2015, crop must have been first planted before July 1, 2014
- Coverage Levels:
  - Catastrophic Risk Protection coverage not available;
  - 70, 75, 80, 85, and 90 percent; and
    - Established by county and crop type
  - Example.
    - Frank has both hay and grazing land in the same county. He may select 75% coverage level for all hay land and a 90% coverage level for all grazing land.

Productivity Factor

- Productivity factor:
  - Individualized coverage based on crop productivity and risk;
  - Selected by policyholder;
  - By county and crop type; and
  - 60 - 150% of county base value in 1% increments; and
  - Examples:
    - Frank believes his alfalfa acreage has a greater value than the county base value. He can use the protection factor to increase his guarantee.
    - Due to a multi-year drought Nancy has depleted her feed reserves and had to borrow money for hay. She is worried about covering the high cost of hay and shipping hay to her operation. She can use a higher productivity factor to increase her guarantee to cover her costs and risk if the drought continues.

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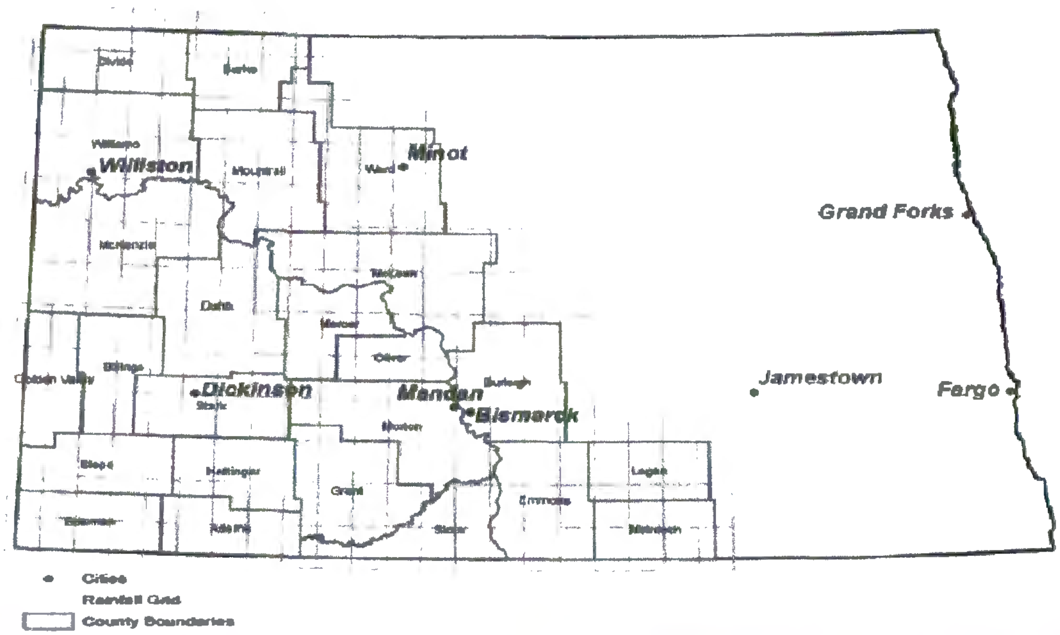
Grids

- Area Insurance Plans:
  - Area defined by grids;
    - RI - 0.25 degree grid.
  - Does not follow geopolitical boundaries; and
  - Some grids not insurable.
    - Significant portions of grid outside United States border.
    - No actuarial data for such grids.

RI Grid Size

Insurance Area = 0.25 latitude x 0.25 longitude (approximately 17 x 17 miles at the equator)



Grids do not follow county, state, or U.S. borders.

USDA

Index Intervals

- Index Intervals:
  - Period of time during which applicable data is collected;
    - Precipitation data for RI
  - RI - 11 specific 2-month periods; and
    - Not all intervals available in all states.
  - Selection of index interval(s) to insure is critical.

USDA

Index Intervals

Index Intervals

RI Index Intervals

- January and February (625)
- February and March (626)
- March and April (627)
- April and May (628)
- May and June (629)
- June and July (630)
- July and August (631)
- August and September (632)
- September and October (633)
- October and November (634)
- November and December (635)

Not all index intervals are available in all states

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Insurable Acreage

- Insurable acreage is:
  - Hay land and grazing land that are not:
    - Planted annually;
    - Prohibited from haying or grazing by USDA programs, such as:
      - Conservation Reserve Program, including easements after CRP contract expires; and
      - Natural Resources Conservation Service programs/easements.
    - Insured under any other insurance plan
  - Reported by:
    - Crop type; and
    - County
  - Less than or equal to insurable acres
  - Reported by grid
  - Acreage for which a producer provides Farm Service Agency farm, tract, and field numbers.
    - May result in multiple farm, tract, and field numbers being reported.
- Uninsurable acreage is:
  - Not reported as RI PRF; and
  - Not suitable for haying or grazing

Rating

- Rating:
  - Each grid and index interval are rated individually.
    - Provides options for producers
    - Rates should not be a determining factor when selecting index intervals
      - Selection of an index interval should be based on when precipitation or plant growth is most critical to a producer's operation.

Subsidy

The Federal Government subsidizes the premium.

Coverage Level Percent	Subsidy Percent
70	59
75	59
80	55
85	55
90	51

USDA

Information Agents Need

- Agents need to collect the following information for all PRF policies:
  - Insurable acres;
  - Producer share; and
  - Producer selections for each county/state combination of:
    - Crop type;
    - Grid IDs;
    - Coverage level;
    - Productivity factor;
    - Index intervals
    - Irrigated Practice; and
    - Insured acres.

USDA

Questions?

Email: rma.kcviri@rma.usda.gov

EXHIBIT

B

CKP INSURANCE, LLC

PRF PILOT INSURANCE PROGRAM
HISTORICAL PREMIUM BENEFIT ANALYSIS

Navajo Nation
All AZ Grazing Acres 90% Coverage Level 150% Productivity Factor-Graze

Year	Acres	Premium	Indemnity	% Return on Premium	Indemnity before Jul/Aug
2015	6,984,343.10	$19,835,612	$17,683,081	-11%	$7,606,793
2014	6,984,343.10	$19,835,612	$61,918,728	212%	$51,064,427
2013	6,984,343.10	$19,835,612	$62,795,774	217%	$62,635,203
2012	6,984,343.10	$19,835,612	$79,255,081	300%	$64,295,657
2011	6,984,343.10	$19,835,612	$54,439,127	174%	$48,012,968
2010	6,984,343.10	$19,835,612	$51,732,601	161%	$39,970,340
2009	6,984,343.10	$19,835,612	$53,630,218	170%	$42,668,411
2008	6,984,343.10	$19,835,612	$40,214,963	103%	$35,193,204
2007	6,984,343.10	$19,835,612	$29,735,768	50%	$23,595,523
2006	6,984,343.10	$19,835,612	$78,073,796	294%	$63,480,872
2005	6,984,343.10	$19,835,612	$40,725,915	105%	$16,267,783
2004	6,984,343.10	$19,835,612	$44,020,724	122%	$39,907,393
2003	6,984,343.10	$19,835,612	$56,668,838	186%	$50,583,676
2002	6,984,343.10	$19,835,612	$99,385,833	401%	$85,139,797
2001	6,984,343.10	$19,835,612	$49,972,894	152%	$36,250,636
2000	6,984,343.10	$19,835,612	$66,027,815	233%	$50,104,777
1999	6,984,343.10	$19,835,612	$67,357,184	240%	$41,125,620
1998	6,984,343.10	$19,835,612	$47,367,058	139%	$39,395,976
1997	6,984,343.10	$19,835,612	$29,450,259	48%	$20,416,514
1996	6,984,343.10	$19,835,612	$51,876,791	162%	$45,893,345
20 Year Total	139,686,862	$396,712,240	$1,082,332,448	173%	$863,608,915
20 Year Averages	6,984,343	$19,835,612	$54,116,622	173%	$43,180,446

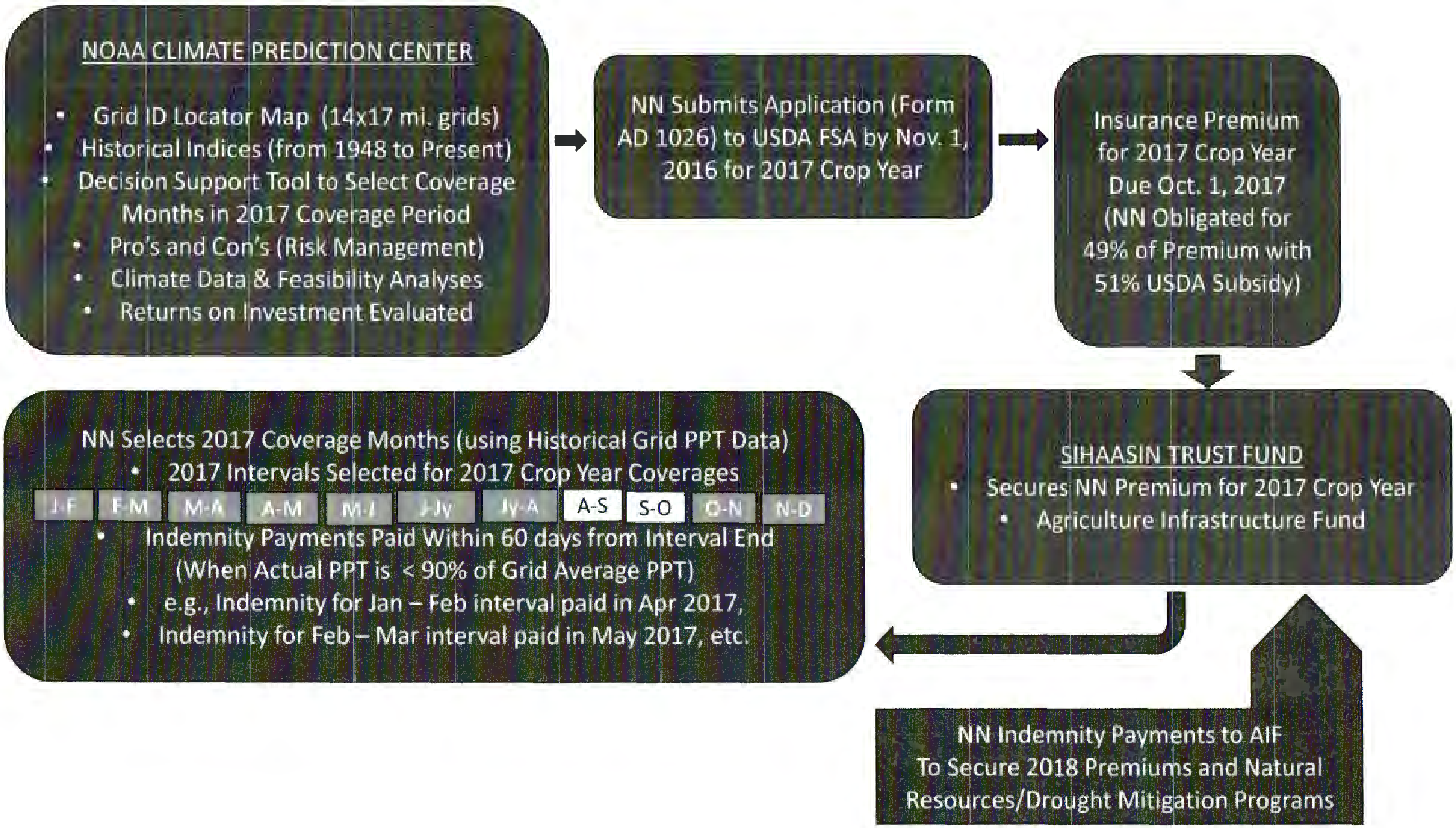
EXHIBIT
C

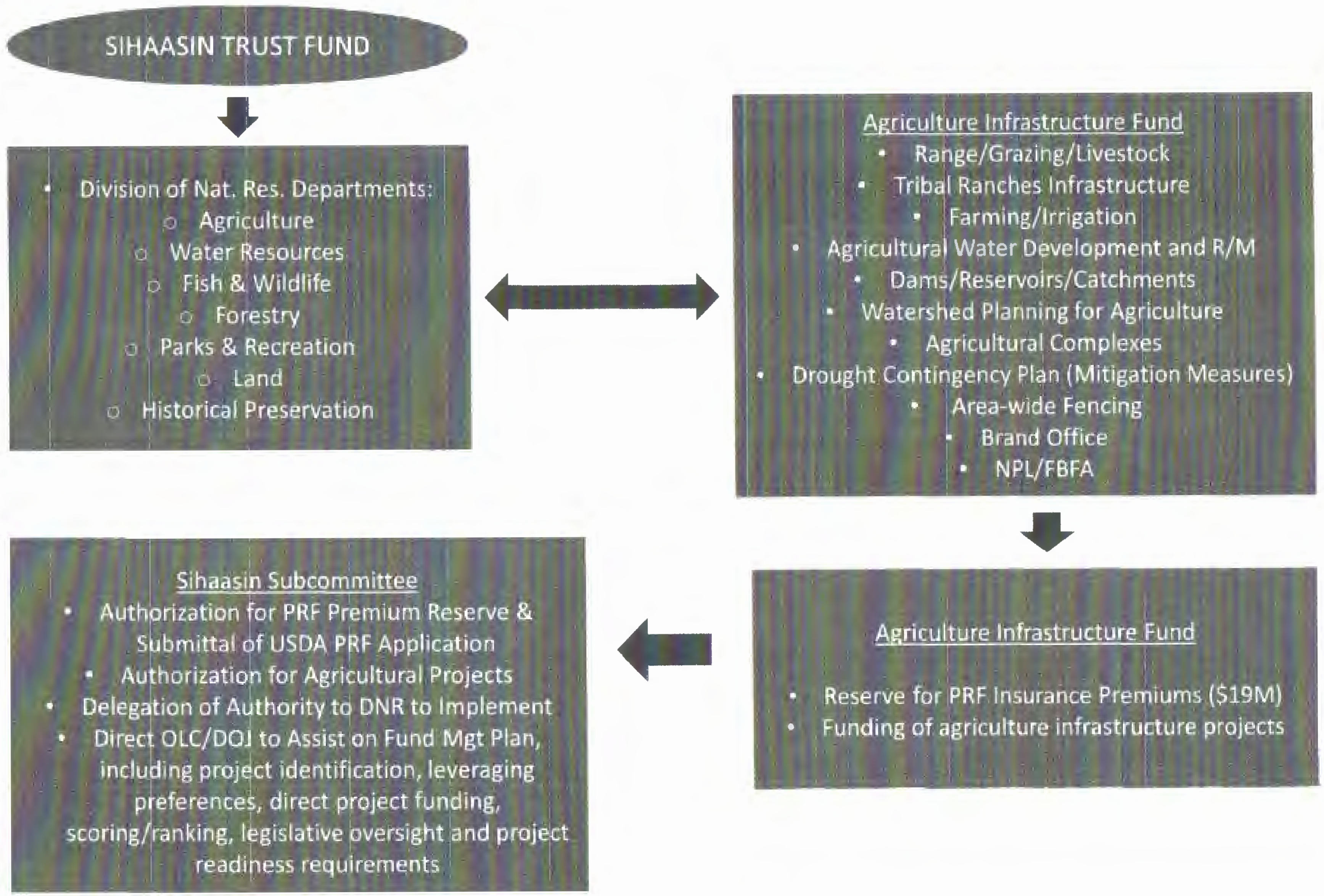
SIHASIN FUND PASTURE RANGE AND FORAGE EXPENDITURE PLAN

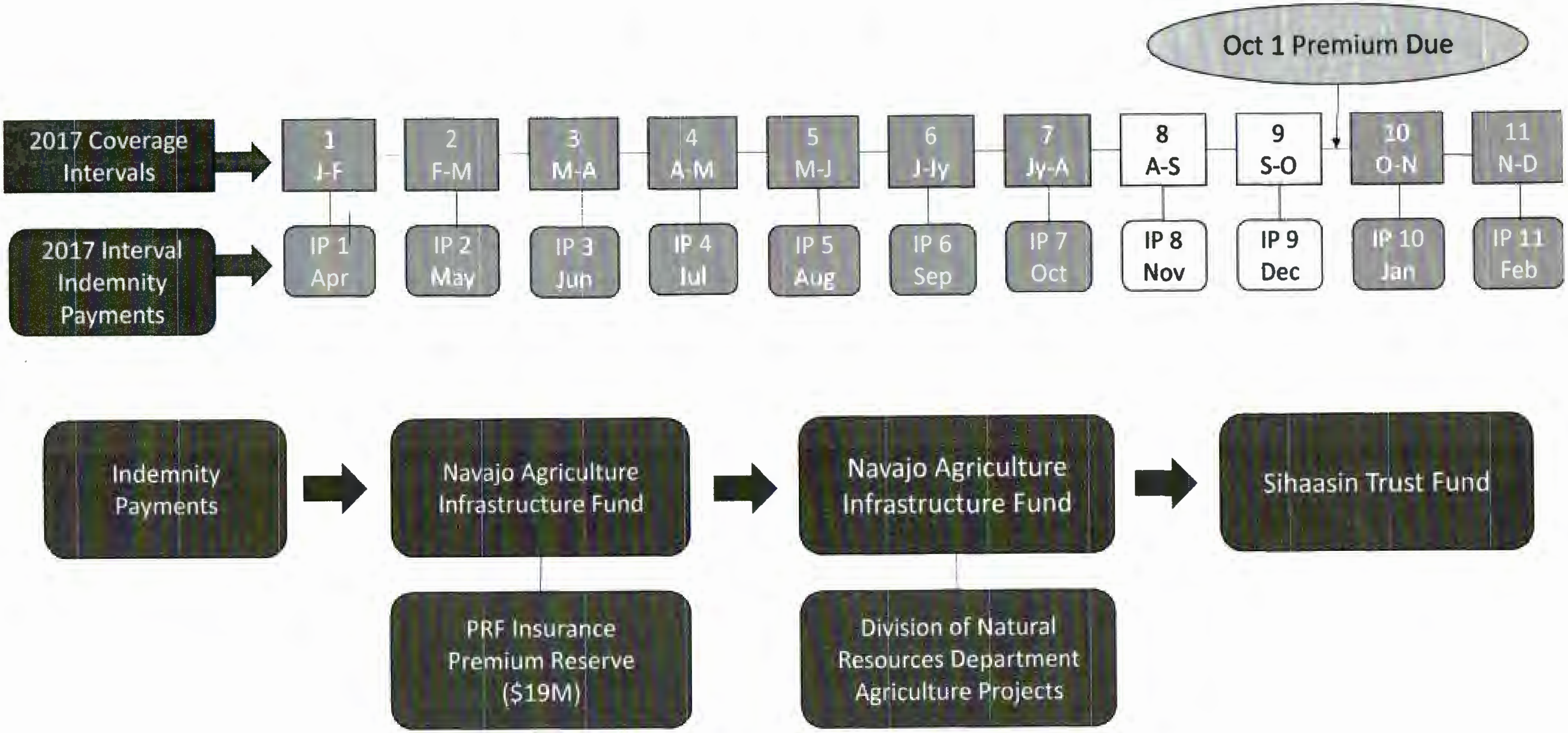
Proposed by the
Division of Natural Resources and Department of Agriculture

September 30, 2016

NAVAJO NATION PASTURE, RANGE AND FORAGE PROGRAM FOR 2017 COVERAGE PERIOD




SIHAASIN TRUST FUND
Division of Nat. Res. Departments:
Agriculture
Water Resources
Fish & Wildlife
Forestry
Parks & Recreation
Land
Historical Preservation
Agriculture Infrastructure Fund
Range/Grazing/Livestock
Tribal Ranches Infrastructure
Farming/Irrigation
Agricultural Water Development and R/M
Dams/Reservoirs/Catchments
Watershed Planning for Agriculture
Agricultural Complexes
Drought Contingency Plan (Mitigation Measures)
Area-wide Fencing
Brand Office
NPL/FBFA
Agriculture Infrastructure Fund
Reserve for PRF Insurance Premiums ($19M)
Funding of agriculture infrastructure projects
Sihaasin Subcommittee
Authorization for PRF Premium Reserve & Submittal of USDA PRF Application
Authorization for Agricultural Projects
Delegation of Authority to DNR to Implement
Direct OLC/DOJ to Assist on Fund Mgt Plan, including project identification, leveraging preferences, direct project funding, scoring/ranking, legislative oversight and project readiness requirements


Oct 1 Premium Due
2017 Coverage Intervals
1 J-F
2 F-M
3 M-A
4 A-M
5 M-J
6 J-Jy
7 Jy-A
8 A-S
9 S-O
10 O-N
11 N-D
2017 Interval Indemnity Payments
IP 1 Apr
IP 2 May
IP 3 Jun
IP 4 Jul
IP 5 Aug
IP 6 Sep
IP 7 Oct
IP 8 Nov
IP 9 Dec
IP 10 Jan
IP 11 Feb
Indemnity Payments
Navajo Agriculture Infrastructure Fund
PRF Insurance Premium Reserve ($19M)
Navajo Agriculture Infrastructure Fund
Division of Natural Resources Department Agriculture Projects
Sihaasin Trust Fund

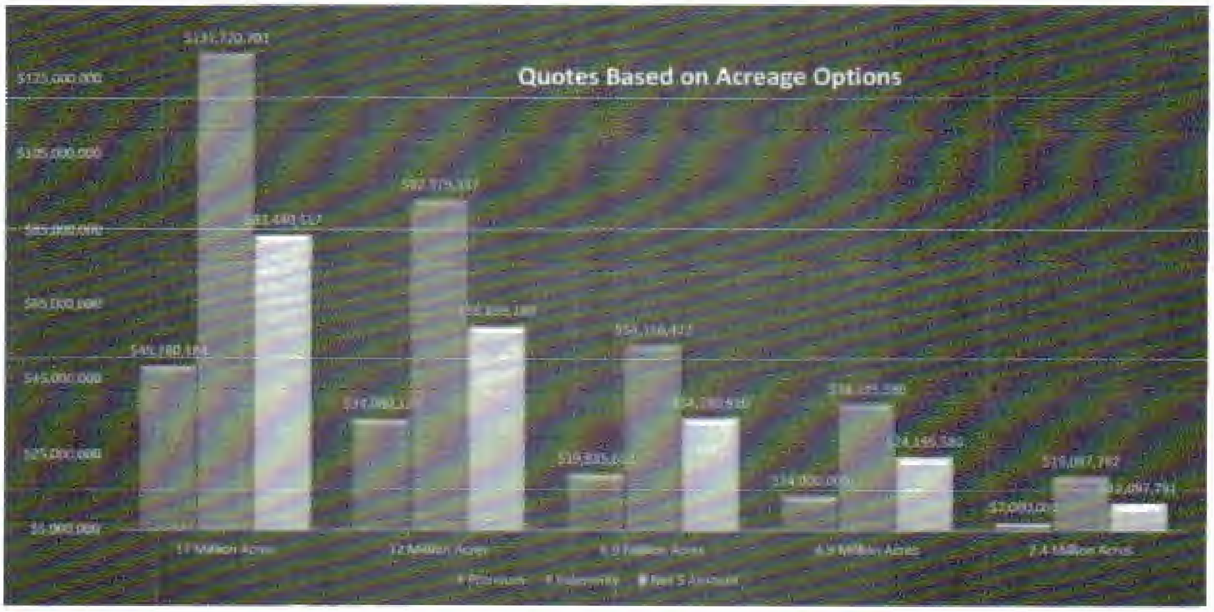
DIFFERENTIATION OF PRF INSURANCE RESERVE FUND & PRF INDEMNITY FUND

Pasture, Range and Forage Insurance Reserve Fund ($19M) (From Sihaasin)

- Insures Annual Premium Payments if Premiums Exceed Indemnity Fund Amount
- No Appropriations
- No Draw Downs on Reserve Fund
- $19M Reserve Amount Returned to Sihaasin When Indemnity Fund Reaches $19M

PRF Insurance Indemnity Payments Received by Interval (11 Intervals Max.) → **PRF Insurance Indemnity Fund ($19M)**

- Serves as Depository for Indemnity Payments Received at Intervals
- Insures Annual PRF Insurance Premiums
- Excess Amounts Available for Agriculture Projects thru Agriculture Infrastructure Fund (AIF)



The Bar Chart displays five optional levels of coverage with correlated annual premiums, estimated indemnity and net returns for the Navajo Nation.

At the extreme, if the Navajo Nation applied for coverage of **17 million acres** on 88 NOAA grids, the premium would be $48,280,184 with an estimated indemnity amount of $131,720,701, which will result in the Navajo Nation receiving a net return of $83,440,517. The premium would be offset by the indemnity payments received.

Similarly, if the Navajo Nation applied for coverage of **12 million acres** for 16 of the best performing grids, the premium would be $34,080,129 with an estimated indemnity payment of $92,979,317, resulting in a net return of $58,899,188 after the premium offset by the indemnity.

The mid-level of coverage for **6.9 million acres** also includes the 16 highest performing grids. The premium would be $19,835,612 with an estimated indemnity of $54,116,422, resulting in a net return of $34,280,810 after the premium offset by the indemnity.

The fourth level of coverage for **4.9 million acres** will have a premium of $14,000,000, with an estimated indemnity of $38,195,580 and a net return of 24,195,580 after the premium offset by the indemnity.

The fifth coverage level for **2.4 million acres** will have a premium of $7,000,000 with an estimated indemnity of $19,097,792 and a net return of 12,097,791 after the premium is offset by the indemnity.

Considerations evaluated in determining coverage levels and expected premium levels include:

- Net returns are greater for larger acreages with increased probabilities for lower indemnities in grids receiving less rainfall.
- The PRF insurance program is part of the U.S. Farm Bill which has two more years of Congressional authorization. Regulatory amendments during this period may prevent the Navajo Nation from adding acreages in the future.is important for the NN to take the opportunity at the most beneficial amount that is currently allowed.

- The Navajo Nation needs to capitalize on this opportunity to receive indemnity payments for lack of rainfall and precipitation (i.e., drought, climate change, etc.) and prevent "lost opportunities" for gainful returns by not participating in the PRF insurance program.
- In retrospect, the Navajo Nation lost opportunities of $10,000,000 YTD based on actual precipitation for the 2016 crop year, where the Navajo Nation could have paid a $19,835,701 premium and received an indemnity of $29,783,705 for a net return of $9,948,004.