

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; APPOINTING THE
CHAIRPERSON AND A SECOND MEMBER OF THE BUDGET & FINANCE
COMMITTEE AS MEMBERS OF THE INVESTMENT COMMITTEE

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget & Finance Committee is a standing committee of the Navajo Nation Council with authority over budgeting, finance, and investments, among other responsibilities, in order to "coordinate, oversee, [and] regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation." 2 N.N.C. § 300(A), 2 N.N.C. § 300(C)(1).
- B. Pursuant to 12 N.N.C. § 203(I), the Controller administers the Navajo Nation's investment programs, and is responsible to the Navajo Nation Council and the Budget & Finance Committee for the proper execution of the Navajo Nation's investments.
- C. The Navajo Nation Master Investment Policies ("MIP") incorporated herein by this reference, at Section 4 - Delegation of Authority, Subsection 4.2 - Investment Committee (approved by Resolution No. BFJA-01-08, as amended by BFJN-17-15 and BFD-45-18, and most recently amended by BFO-33-22), provides that the Investment Committee is composed of the following persons:
 - 1. the Controller, who serves as the Chairperson of the Investment Committee pursuant to 12 N.N.C. § 203(I);
 - 2. the Attorney General;
 - 3. the Auditor General;
 - 4. the Navajo Nation President or the President's Appointee;

5. the Chairperson of the Budget & Finance Committee;
6. an additional member of the Budget & Finance Committee

SECTION TWO. FINDINGS

- A. The Investment Committee functions as an advisory group to the Budget & Finance Committee regarding the management of the Navajo Nation's various investments and investment programs and funds. MIP, at Section 4 - Authorities, Responsibilities, and Duties, Subsection 4.3 - Investment Committee Responsibilities. **EXHIBIT 1.**
- B. According to the Master Investment Policies, the Budget & Finance Committee appoints its Chairperson, and a second delegate serving on the Budget and Finance Committee, as members of the Investment Committee. MIP, at Section 4 - Authorities, Responsibilities, and Duties, Subsection 4.2 - Investment Committee. **EXHIBIT 1.**
- C. On February 7, 2023, the Budget and Finance Committee selected Shaandiin Parrish as its Chairperson, via Resolution No. BFF-01-23.
- D. In Resolution No. CF-06-23 the Navajo Nation Council confirmed the Speaker's appointment of Carl Slater as a member of the Budget and Finance Committee.

SECTION THREE. APPOINTING THE CHAIRPERSON AND A SECOND MEMBER OF THE BUDGET & FINANCE COMMITTEE AS MEMBERS OF THE INVESTMENT COMMITTEE

- A. The Budget and Finance Committee ("BFC") hereby appoints its Chairperson Shaandiin Parrish and its member Carl Slater as members of the Navajo Nation Investment Committee, in accordance with the Master Investment Policies, at Section 4 - Authorities, Responsibilities, and Duties, Subsection 4.2 - Investment Committee.
- B. This appointment of Shaandiin Parrish in the BFC Chairperson position, as well as the appointment of Carl Slater in the second BFC member position, on the Navajo Nation Investment Committee shall continue unless and until the Budget & Finance Committee elects a new Chairperson and appoints such new

Chairperson to the Investment Committee, and Carl Slater's appointment to the Investment Committee shall continue unless and until he/she no longer serves as a member of BFC and BFC appoints a replacement.

SECTION FOUR. EFFECTIVE DATE

This Action shall become effective pursuant to 2 N.N.C. § 300(C)(1), and 2 N.N.C. § 221(C).

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 5 in favor and 0 opposed, this 7th day of March 2023.



Shaandiin Parrish, Chairperson
Budget and Finance Committee

Motion: Honorable Amber Kanazbah Crotty
Second: Honorable Carl Roessel Slater

THE NAVAJO NATION MASTER INVESTMENT POLICY

Section 1. Introduction and Scope

- 1.1 Introduction.** This Master Investment Policy (this "Policy") and the corresponding Sub-Policies (defined below in Section 20) covering specific funds of the Navajo Nation (the "Nation") provide the Parties (defined below in Section 3.1) with policy guidance for investing the Nation's financial resources. This Policy provides the framework for the Nation's execution of its fiduciary responsibilities to Nation members, employees, and other beneficiaries of the Nation's funds.

This Policy will be reviewed as needed by the Nation acting through the Nation's Investment Committee (the "Investment Committee") and the Budget and Finance Committee of the Navajo Nation Council (the "B&F Committee"). Adoption of this Policy and any subsequent modifications require recommendation by the Investment Committee to the B&F Committee for the B&F Committee's approval.

1.2 Scope - Funds and Accounts.

- a) **Scope.** The scope of this Policy and its Sub-Policies applies to all investable funds of the Nation, being short, intermediate, or long-term, or managed internally or externally. Such investable funds include, without limitation, those funds specified below as well as any additional funds of the Nation created from time to time.
- b) **Master Trust.** For purposes of this Policy, the term "Master Trust" refers to the accounts of the Nation in the custody of Northern Trust as Custodian (defined below in Section 4.7) relating to the following funds: Navajo Nation Permanent Fund, Navajo Nation Sihasin Fund, Navajo Nation Land Acquisition Trust Fund, Navajo Nation Veterans Trust Fund, General Fund, 1982 Scholarship Claims Fund, Scholarship Trust Fund (Graduate and TG&E), 1982/1986 Chapter Claims Fund, Navajo Nation Trust Fund for Handicapped Services, Navajo Nation Trust Fund for Vocational Education, Workers Compensation Self-Insurance Fund, Navajo Nation Trust Fund for Senior Citizens Services, and Business and Industrial Development Fund.
- c) **Fund Classification.** Accounts are classified into funds pursuant to generally accepted accounting principles ("GAAP") in accordance with specified activities and objectives. The Nation's existing funds include the following funds organized in the following five (5) fund classifications (the "Fund Classifications"):
 - i) **GOVERNMENTAL FUNDS**
 - General Fund
 - Navajo Dam Escrow Fund
 - Oil and Gas Special Revenue Development Fund
 - Navajo Nation Reforestation Fund
 - Capital Outlay Match Funding Special Revenue Fund
 - Navajo Nation Sihasin Fund
 - ii) **SPECIAL REVENUE FUNDS**

Any other long-term funds that may be added.

Capital Growth. The Nation's long-term investment portfolio shall be designed to protect principal while earning a rate of return that will meet or exceed the rate of inflation to preserve the fund assets and to ensure that sufficient reserves will be available to cover future cash requirements. Capital growth is generally achieved by investing prudently in a wide range of asset classes in order to achieve proper diversification. Since these funds will focus on long-term capital appreciation some short-term volatility including loss of principal may be experienced.

Section 3. Standards of Care

- 3.1 Prudence.** All participants in the Nation's investment process shall act responsibly as custodians of the public trust. The Controller and the Investment Staff (defined below in Section 4.4), the Investment Committee and its members, the B&F Committee and its members, the Investment Consultant (defined below in Section 4.8), the Investment Managers, the Financial Advisor (defined below in Section 4.9), Special Counsel (defined below in Section 4.10), and any other consultants engaged by the Nation to assist in the Nation's investment program (collectively, the "Parties"), shall follow the "prudent investor" rule in investing or advising the Nation concerning the investment of the Nation's funds. The "prudent investor" rule provides that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

In connection with performing its responsibilities under this Policy, the Investment Committee shall take into consideration the accepted institutional investment practices of the Government Finance Officers Association ("GFOA") with regard to investment program management, investment policy, portfolio diversification and all other applicable responsibilities, unless such practices are inconsistent with the laws of the Navajo Nation.

- 3.2 Code of Ethics.** The Controller and the Investment Staff, the Investment Committee and its members, and the B&F Committee and its members shall comply with the Navajo Nation Ethics in Government Law set forth in 2 N.N.C. § 3741 *et seq.* (the "Ethics Code").

Section 4. Authorities, Responsibilities and Duties

The Nation shall adhere to, and maintain, a highly structured and organized process for implementing its investment programs.

- 4.1 Budget and Finance Committee.** The B&F Committee is a standing committee of the Navajo Nation Council and is vested with oversight authority with respect to the Nation's investments for the purposes of coordinating, overseeing, and regulating the investment policies of the Nation, and with the power to promulgate rules and regulations relative to investment matters, pursuant to 2 N.N.C. §§ 300 (A), 300 (C)(1), and 301(B)(1). The B&F Committee has a duty to protect the interests of the Navajo people through the prudent management of the financial reserves of the Nation. *Id.* at § 300(C)(4). Pursuant to the aforementioned statutory authority and obligation, the B&F Committee has final authority to approve this Policy and all Nation investment policies, and to reaffirm, modify, or restate this Policy and all Nation investment policies.
- 4.2 Investment Committee.** The Investment Committee will consist of:

- a) The Controller, who shall serve as Chairman of the Investment Committee pursuant to 12 N.N.C. § 203.I;
- b) The Attorney General;
- c) The Auditor General;
- d) The President or a Presidential Appointee;
- e) The Chairman of the B&F Committee; and
- f) An additional B&F Committee Member.

4.3 Investment Committee Responsibilities. The Investment Committee is an advisory group to the B&F Committee in the management of the Nation's investment programs. At a minimum, the Investment Committee will meet once a quarter within sixty (60) days after the quarter ends. The Chairperson of the Investment Committee shall schedule meetings of the Investment Committee as necessary to insure compliance with this Policy, and to protect the investments of the Nation. The Investment Committee's responsibilities include, but are not limited to, the following:

- a) Recommend to the B&F Committee all modifications to this Policy, the Sub-Policies, and the Asset Class Guidelines (defined below in Section 21).
- b) Determine strategies and monitor results for all funds listed above in Section 1.2 (Scope - Funds and Accounts). The Investment Committee shall include in its deliberations such topics as: economic outlook, portfolio diversification and maturity structure, potential risks to the Nation's funds, authorized depositories, brokers and dealers, and the target rate of return on the investment portfolio.
- c) Select the Investment Consultant, subject to approval of the Investment Consultant's contract by the B&F Committee.
- d) Accept or reject the Investment Consultant's recommendations for Investment Managers and Custodians, subject to the approval of each Investment Manager contract and each Custodian contract by the B&F Committee.
- e) Select specialty service providers to assist with the selection, feasibility, management, and oversight of direct investments in real estate and other direct investments requiring additional expertise, including, without limitation, private equity and venture capital.
- f) Receive quarterly and annual reports from the Investment Consultant regarding the performance of Investment Managers and receive periodic reports from individual Investment Managers.
- g) Receive quarterly and annual reports from the Controller regarding the status of each fund's investment, which reconcile to the Investment Consultant's report.

4.4 Controller's Responsibility. The Controller is vested with the authority to pursue the administration and management of the Nation's investment programs, and the Controller has a

BUDGET AND FINANCE COMMITTEE

7 March 2023

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0024-23: An Action Relating to the Budget and Finance Committee; Appointing the Chairperson of the Budget & Finance Committee as a Member of the Investment Committee

Sponsored by Norman M. Begay, Council Delegate

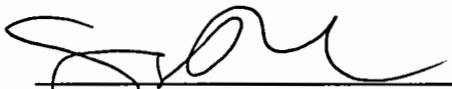
Motion: Amber K. Crotty

Second: Carl R. Slater

Vote: 5-0, Chairperson not voting, with 2 Amendments

Final Vote Tally:

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



Shaandiin Parrish, Chairperson
Budget & Finance Committee



Peggy Nakai, Legislative Advisor
Budget & Finance Committee