

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

24TH NAVAJO NATION COUNCIL - Fourth Year, 2022

AN ACT

RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING THE
INVESTMENT SUB-POLICY FOR THE NAVAJO NATION AMERICAN RESCUE
PLAN ACT ("ARPA") FUND

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget and Finance Committee is a standing committee of the Navajo Nation Council empowered with the authority "[t]o coordinate, oversee, [and] regulate the fiscal, financial, investment, contracting and audit policies of the Navajo Nation." 2 N.N.C. § 300(C), § 300(C)(1). As well, the Committee is authorized to coordinate and review all fiscal, financial, and investment activities of the Navajo Nation. 2 N.N.C. § 301(B)(5).
- B. The Budget and Finance Committee adopted, and has subsequently amended from time-to-time, the Navajo Nation's "Master Investment Policy" which includes investment policies for all Navajo Nation financial resources. See Resolution Nos. BFO-61-90, BFJY-114-03, BFJA-01-08, BFJN-17-15, BFD-38-17, and BFD-41-17. The Budget and Finance Committee approved the current version of the Master Investment Policy in Resolution No. BFD-45-18.
- C. The Navajo Nation Council established the Navajo Nation Investment Committee in Resolution No. CAU-39-73. The Investment Committee serves as an advisory group to the Budget and Finance Committee regarding the management of the Navajo Nation's financial investments.
- D. Pursuant to Sections 4.3 of the Master Investment Policy, the Investment Committee is responsible for approving and making recommendations to the Budget and Finance Committee regarding

amendments to the Master Investment Policy, to various Sub-Policies, and to Asset Class Guidelines.

SECTION TWO. FINDINGS

- A. Pursuant to her duties under Section 4.4 of the Master Investment Policy, the Acting Controller has coordinated with the Navajo Nation's investment consultant, RVK, and has recommended to the Investment Committee the approval of the investment Sub-Policy for the "Navajo Nation American Red Plan Act Fund" ("ARPA Fund"). The proposed Sub-Policy for the ARPA Fund is attached hereto as **EXHIBIT A**.
- B. The Investment Committee has reviewed the recommendations of the Acting Controller and RVK, relating to the approval of the investment Sub-Policy of the ARPA Fund, and recommends that the Budget and Finance Committee approve the Sub-Policy. The Investment Committee's Resolution No. NNICMY-03-22 is attached as **EXHIBIT B**.

SECTION THREE. APPROVAL

The Budget and Finance Committee accepts the recommendation of the Controller, RVK and the Investment Committee, and hereby approves the investment Sub-Policy for the ARPA Fund, as shown in **EXHIBIT A**.

SECTION FOUR. EFFECTIVE DATE

This Act shall become effective pursuant to 2 N.N.C. § 221(C).

SECTION FIVE. SAVINGS CLAUSE

If any provision of this Act is invalidated by the Supreme Court of the Navajo Nation, or by any Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the remainder of this Act shall be the law of the Navajo Nation.

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 by teleconference at which a quorum was present and that the same was passed by a vote of 4 in favor and 0 opposed, this 4th day of October 2022.



Raymond Smith, Jr., Vice Chairperson
Budget and Finance Committee

Motion: Honorable Jimmy Yellowhair
Second: Honorable Jamie Henio

Appendix I

Navajo Nation American Rescue Plan Act Fund

STATEMENT OF INVESTMENT OBJECTIVES, GUIDELINES, AND PROCEEDURES

A. General. This statement governs the investment of the Navajo Nation American Rescue Plan Act Fund ("ARPA Fund").

This statement is set forth in order that the Navajo Nation Council, the Budget & Finance Committee of the Navajo Nation Council ("Budget & Finance Committee"), the Navajo Nation Investment Committee ("Investment Committee"), Navajo Nation staff, the Navajo Nation Investment Advisor, the Navajo Nation's Investment Managers, and others entitled to such information may be made aware of the Statement of Investment Objectives, Guidelines, and Procedures ("Policy") applicable to the ARPA Fund concerning the investment of its assets and the expectations and requirements of the Investment Committee on the management and the distributions of the investments and income earned. This Policy establishes the investment policies, standards of prudence, and performance expectations for the ARPA Fund. The Investment Committee, an advisory group to the Budget & Finance Committee in the management of the Navajo Nation's investment programs, per the Navajo Nation Master Investment Policy, recommends the below policies to achieve the investment objectives, guidelines, and procedures of this Policy.

B. Use and Expenditure Purposes and Requirements. The ARPA Fund was established with funds distributed to The Navajo Nation pursuant to the American Rescue Plan Act, signed into law by United States President Joseph R. Biden on March 11, 2021. Section 9901 of the American Rescue Plan Act amended Title VI of the Social Security Act to add Section 602, establishing the Coronavirus State Fiscal Recovery Fund; and Section 603, establishing the Coronavirus Local Fiscal Recover Fund. The American Rescue Plan Act provided money for state, local, and tribal governments, and the Navajo Nation's share has been used to create the ARPA Fund. The ARPA Fund's use and expenditure purposes are outlined in Section 9901 of the American Rescue Plan Act, the U.S. Department of Treasury's *Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds*, and Navajo Nation Resolution CJY-41-21. Per the above-referenced documents, funds distributed to the Navajo Nation through the American Rescue Plan Act, used to establish the ARPA Fund, must be incurred by December 31, 2024, and fully expended by December 31, 2026; funds not incurred or expended for eligible uses by the above dates must be returned to the United States Department of Treasury. Therefore, the ARPA Fund's overall objective is to ensure compliance with use and expenditure requirements as listed above, so that all ARPA Fund assets will be depleted by the required timelines.

Given the finite time and use availability of the ARPA Fund, it will be invested with a short-term perspective and liquidity, reflecting anticipated project funding needs. Per the use and expenditure purposes and requirements listed and referenced above, protecting the ARPA Fund principal, maximizing short-term investment income, and allowing for orderly maturities and withdrawals from the ARPA Fund shall be prioritized.

To assure maintenance of the integrity of the ARPA Fund assets to the maximum extent feasible, the ARPA Fund shall be invested and managed:

1. in accordance with the effective Navajo Nation Master Investment Policy, as approved by the Budget and Finance Committee;
2. to preserve the purchasing power of the investments, while maintaining liquidity to meet the ARPA Fund's overall objective as stated above in Section B; and
3. to prioritize preservation of the ARPA Fund's principal, such that assets are available for approved projects without the ARPA Fund experiencing funding shortfalls.

C. Investment Objectives. As stated above in Section B, the ARPA Fund's overall objective is to ensure compliance with use and expenditure requirements, so that all ARPA Fund assets will be depleted by the required timelines. To meet this objective, the ARPA Fund shall:

1. be invested and managed so as to maintain liquidity while preserving capital in real terms and preserving the purchasing power of the investments, while obtaining maximum interest income within reasonable and acceptable levels of risk inherent with short-term investing perspectives; and
2. be reviewed on an annual basis, at minimum, examining the continued feasibility of achieving the ARPA Fund's objectives, the appropriateness of this Policy, and evaluating the annual performance of the ARPA Fund. The Investment Committee shall recommend to the Budget & Finance Committee of the Navajo Nation approval of changes to this Policy, as necessary and recommended by the Navajo Nation Investment Consultant and the Navajo Nation Office of the Controller.
 - a. It is not expected that this Policy will change frequently, in particular due to the conservative nature of the above-listed investment objectives and the fact that short-term changes in the financial markets should generally not necessitate an adjustment of this Policy.

D. Investment Committee Responsibilities. The Investment Committee shall oversee the investments of the ARPA Fund in line with its responsibilities listed in Section 4.3 of the Navajo Nation Master Investment Policy. The Investment Committee, upon the recommendation of

the Navajo Nation Office of the Controller and the Navajo Nation's Investment Advisor shall then select an Investment Manager and direct the asset mix to be used in achieving the ARPA Fund's objectives. All participants in the Navajo Nation investment process of the ARPA Fund shall discharge their duties by acting responsibly as custodians of the public trust per the effective Navajo Nation Master Investment Policy as approved by the Budget and Finance Committee, per Section 3 of the Navajo Nation Master Investment Policy.

E. Investment Policy Guidelines. The Investment Committee shall generally not be reactive to short-term investment developments, recognizing that the need to ensure availability of funds for near-term projects requires prioritization of capital preservation and liquidity for the ARPA Fund, and measurement of investment competence over the finite life of the ARPA Fund.

1. Asset Allocation. The Investment Committee shall recommend to the Budget & Finance Committee an asset allocation range to be used for the ARPA Fund that will best meet the needs stated in this Policy. The asset allocation recommended by the Investment Committee shall be based on recommendations made by the Navajo Nation Office of the Controller and the Navajo Nation Investment Consultant.
2. Risk/Return Profile. The risk/return profile of the ARPA Fund shall be maintained by describing a short-term capital preservation investment strategy, as set forth below.
3. Investment Time Horizon. The investment strategy decisions of the ARPA Fund shall focus on the preservation of capital, maintenance of liquidity, and the obtenance of maximum interest income relative to objectives stated in this Policy and approved project funding needs over the life of the ARPA Fund.
4. Asset Allocation Range. The ARPA Fund shall be invested according to the below asset class ranges:

	Minimum	Maximum
U.S. Government Securities	0%	100%
U.S. Government Agency	0%	100%
Agency Mortgage Securities	0%	15%
Certificates of Deposit	0%	10%
Government Collateralized Repurchase Agreements	0%	50%
Agency Commercial Mortgage Securities	0%	100%

Government Money Market Fund (Sweep Account)	0%	100%
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5. As part of the review requirements listed in Section C (2) of this Policy, the Navajo Nation Office of the Controller and the Navajo Nation Investment Consultant shall together conduct interim qualitative reviews of the ARPA Fund's asset allocation and maturity schedule, as well as a quantitative assessment of managerial competence.

F. Performance Expectations. Achievement of investment results in line with the investment objectives stated in this Policy shall be prioritized.

1. Performance shall be monitored against the Bloomberg US Treasury Bellwethers 1-Year Index.
2. As listed in Section C (2) above, the ARPA Fund shall be reviewed on an annual basis, at minimum, including evaluation of the ARPA Fund's annual performance.
3. A final evaluation of the ARPA Fund shall take place upon termination and closure of the ARPA Fund. The measurement period for this complete evaluation shall be the entire life duration of the ARPA Fund.

NNICMY-03-22

**RESOLUTION OF
THE NAVAJO NATION INVESTMENT COMMITTEE**

**Approving and Recommending to the Budget and Finance Committee the Adoption and
Approval of the Sub-Policy of the Navajo Nation American Rescue Plan Act Fund**

WHEREAS:

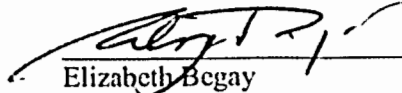
1. The Navajo Nation (the "Nation") created the Navajo Nation Investment Committee ("Investment Committee") pursuant to Resolution No. CAU-39-73; and the Budget and Finance Committee of the Navajo Nation Council (the "Budget and Finance Committee") adopted the investment policies for all Navajo Nation 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 approving and recommending to the Budget and Finance Committee the adoption of modifications to the Master Investment Policy, Sub-Policies, and Asset Class Guidelines, pursuant to the Master Investment Policy at §4.3(a); and
3. The Navajo Nation Acting Controller, pursuant to her duties under the Master Investment Policy at §4.4, has coordinated with the Nation's Investment Consultant, RVK, Inc., and recommends to the Investment Committee the adoption of a Sub-Policy for the Navajo Nation American Rescue Plan Act Fund, attached hereto at **Attachment 1**; and
4. The Investment Committee has reviewed the above recommendation and finds it in the best interest of the Nation to adopt and to recommend to the Budget and Finance Committee the approval of the Sub-Policy for the Navajo Nation American Rescue Plan Act Fund, attached hereto at **Attachment 1**.

NOW THEREFORE, BE IT RESOLVED THAT:

The Investment Committee hereby approves and recommends to the Budget and Finance Committee adoption and approval of the Sub-Policy for the Navajo Nation American Rescue Plan Act Fund, attached hereto as **Attachment 1**.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Investment Committee, at a duly called meeting held in the Office of the Controller Conference Room in Window Rock, AZ, and by teleconference, at which a quorum was present and that same was passed by a vote of 3 in favor, 0 opposed, and 0 abstaining, this 18th day of May 2022.



Elizabeth Begay
Presiding Chair
Navajo Nation Investment Committee

Motion: Jimmy Yellowhair
Second: Helen Brown
Vote: 3-0-0

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Agency Commercial Mortgage Securities	0%	100%

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BUDGET AND FINANCE COMMITTEE

4 October 2022

Regular Meeting

VOTE TALLY SHEET:

Legislation No. 0179-22: An Act Relating to the Budget and Finance Committee; Approving the Investment Sub-Policy for the Navajo Nation American Rescue Plan Act ("ARPA") Fund *Sponsored by Jamie Henio, Council Delegate*

Motion: Jimmy Yellowhair

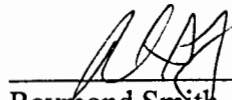
Second: Jamie Henio

Vote: 4-0, Vice Chairman not voting

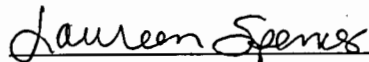
Final Vote Tally:

Jamie Henio	yea	
Raymond Smith Jr.		
Elmer P. Begay	yea	
Nathaniel Brown	yea	
Amber K. Crotty		
Jimmy Yellowhair	yea	

Absent: Amber K. Crotty



Raymond Smith, Jr., Vice Chairman
Budget & Finance Committee



Laureen Spencer, Legislative Advisor
Budget & Finance Committee