

LEGISLATIVE SUMMARY SHEET

Tracking No. 0263-19

DATE: August 30, 2019

TITLE OF RESOLUTION: AN ACT RELATING TO HEALTH, EDUCATION AND HUMAN SERVICES, BUDGET AND FINANCE, NAABIK'ÍYÁTI' AND NAVAJO NATION COUNCIL; APPROVING AND ADOPTING THE SÍHASIN HIGHER EDUCATION INITIATIVE FUND AND FUND EXPENDITURE PLAN PURSUANT TO 12 N.N.C. §§ 2501 - 2508

PURPOSE: This resolution will approving and adopting the Síhasin Higher Education Initiative Fund and Fund Expenditure Plan pursuant to 12 N.N.C. §§ 2501 - 2508.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.

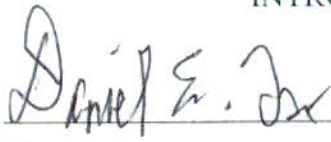


5-DAY BILL HOLD PERIOD: High
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Posting End Date: 9-8-19
Eligible for Action: 9-9-19

Health Education & Human Services Committee
Thence
Budget & Finance Committee
Thence
Naabik'iyati' Committee
Thence
Navajo Nation Council

PROPOSED NAVAJO NATION COUNCIL RESOLUTION

24th NAVAJO NATION COUNCIL - First Year, 2019

INTRODUCED BY


 (Prime Sponsor) 

TRACKING NO. 0263-19

AN ACT

RELATING TO HEALTH, EDUCATION AND HUMAN SERVICES, BUDGET AND
FINANCE, NAABIK'ÍYÁTI' AND NAVAJO NATION COUNCIL; APPROVING AND
ADOPTING THE SÍHASIN HIGHER EDUCATION INITIATIVE FUND AND FUND
EXPENDITURE PLAN PURSUANT TO 12 N.N.C. §§ 2501 - 2508

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Health, Education and Human Services Committee of the Navajo Nation Council is empowered to exercise oversight authority to review and recommend resolutions relating to social services and education. 2 N.N.C. § 401 (B)(6)(a).

B. 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. 2 N.N.C. § 301 (B)(2).

C. The Naabik'iyati' Committee of the Navajo Nation Council is empowered to review all proposed legislation which requires final action by the Navajo Nation Council and shall recommend to [the] Navajo Nation Council financial support and/or financing plan(s) for the purposes set out in 12 N.N.C. § 2502 (the Navajo Nation SÍhasin Fund). 2 N.N.C. §164(A)(9) and NABIY-38-19.

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

3 E. The Navajo Nation Code at 12 N.N.C. § 2502, as amended by CJA-03-18, provides
4 the purpose of the Navajo Nation Síhasin Fund ("Síhasin Fund") as follows:
5

6 **§2502. Purpose**

7 A. The purposes of this fund are to provide financial support and/or financing for:

8 1. The planning and development of economic development and regional
9 infrastructure supporting economic development and community development.
10 including such infrastructure as, but not limited to, housing, commercial and
11 government buildings, waterline, solid waste management development, power
12 line projects, and transportation and communication systems, within the Navajo
13 Nation; and

14 2. Education opportunities for members of the Navajo Nation.

15 B. For the Purpose in § 2502 (A)(1), Fund expenditures for infrastructure shall not be
16 limited by 12 N.N.C. § 1301 (F) or TCDCJY-77-99.

17 C. Leveraging the Fund by way of guaranteeing loans, match funding, direct funding
18 in part, and other weighted uses of the Fund, including loan financing from the Fund,
19 for the purposes in § 2502(A)(1), shall be favored over direct funding in whole.
20

21 F. The Síhasin Fund provides that Fund Principal shall consist of all deposits made to
22 the Síhasin Fund and that Fund Income shall consist of all earnings (interest, dividends,
23 *etc.*) generated and realized by the Fund Principal, and that Fund Income shall be
24 deposited in and added to Fund Principal until such time as a Fund Expenditure Plan is
25 duly adopted, 12 N.N.C. §§ 2504 and 2505 (C).
26

27 **SECTION TWO. FINDINGS**

28 A. As set forth in Exhibit A, Diné College and Navajo Technical University are
29 requesting in the total amount of sixty million dollars (\$60,000,000.00) to the Síhasin
30

1 Sustainable Higher Education Initiative Fund with thirty million dollars (\$30,000,000.00)
2 each in seed money to start up their respective institutional foundations.

3 B. Each year ninety-five percent (95%) of the Fund income attributable to the Síhasin
4 funds as deposited in the Síhasin Sustainable Higher Education Initiative Fund shall be
5 used to supplement Navajo Nation Government and non-Navajo Government funds to
6 support the higher education efforts of Diné College and Navajo Technical University.

7 C. The interest attributable to the Síhasin Funds deposited in the Síhasin Sustainable
8 Higher Education Initiative Fund shall be leveraged by way of match funding, direct
9 funding in part and/or weighted or supplemental uses and shall be used as direct funding
10 in whole or part for any project.

11 **SECTION THREE. APPROVAL AND ADOPTION OF EXPENDITURE PLAN**

12 A. The Navajo Nation hereby approves and adopts the Síhasin Sustainable Higher
13 Education Initiative Fund, attached and incorporated herein as outlined in Exhibit A.

14 B. The Navajo Nation hereby approves funding to establish a Síhasin Sustainable Higher
15 Education Initiative Fund in the amount of sixty million dollars (\$60,000,000) with thirty
16 million dollars (\$30,000,000) to be assigned each to Diné College and Navajo Technical
17 University respectively.

18 C. The Síhasin Funds allocated to establish the Síhasin Sustainable Higher Education
19 Initiative Fund Expenditure Plan may be further leveraged by bond or loan financing
20 pursuant to the Navajo Nation Bond Financing Act, 12 N.N.C. § 1300 *et seq.*, as
21 amended, using Síhasin Fund Earnings with thirty million dollars (\$30,000,000) to be
22 assigned each to Diné College and Navajo Technical University upon the
23 recommendation of the Budget and Finance Committee and approval by a two-thirds
24 (2/3) vote of all members of the Navajo Nation Council.

25 **SECTION FOUR. APPROVAL AND ADOPTION OF EXPENDITURE PLAN** 26 **ADMINISTRATION**

27 The Navajo Nation hereby approves administration of the Síhasin Sustainable Higher
28 Education Initiative Fund Expenditure Plan as follows:
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1 A. The Navajo Nation Controller shall recommend whether the source of the of sixty
2 million dollars (\$60,000,000) will be Sihasin Fund Principal or Income or a combination
3 of both;

4 B. The Sihasin Funds transferred to the Sihasin Sustainable Higher Education Initiative
5 Fund shall be invested and managed consistent with Sihasin Sustainable Higher
6 Education Initiative Fund Expenditure Plan but the interest earnings or income from
7 Sihasin Funds may be expended only on projects that meet all the requirements of 12
8 N.N.C. § 2502.

9 C. The principal of the Sihasin Sustainable Higher Education Initiative Fund shall be
10 invested primarily in the Alternatives Asset Class in a manner consistent with the Navajo
11 Nation Master Investment Policy, as amended, with the objective of preserving the
12 principal while generating steady annual dividend income.

13 D. The interest earnings or income from Sihasin Funds in the Sihasin Sustainable Higher
14 Education Initiative Fund shall be expended only pursuant to an annual plan developed
15 and recommended by Diné College and Navajo Technical University as approved and
16 adopted by the Health, Education and Human Services Committee of the Navajo Nation
17 Council.

18 E. Diné College and Navajo Technical University shall account for and be held
19 responsible for the expenditure of interest and earnings attributable to the Sihasin
20 Sustainable Higher Education Initiative Fund with such expenditures audited on an
21 annual basis by either an independent auditor or the Office of Auditor General, with such
22 audit report to be submitted to the Health, Education and Human Services Committee, the
23 Naabik'iyati' Committee, Office of Controller and Office of the President and Vice-
24 President.

25 F. Diné College and Navajo Technical University shall report the status of all projects
26 funded by the interest earnings and income attributable to the Sihasin Funds to the
27 Naabik'yati' Committee and the Office of President and Vice-President on a quarterly
28 basis.

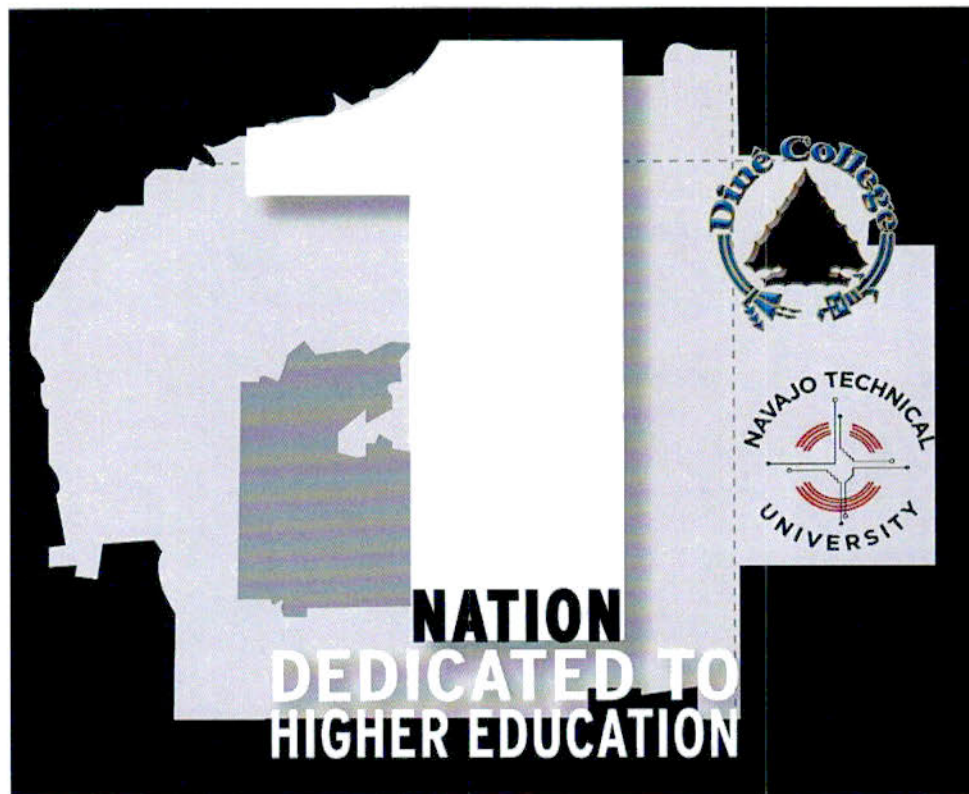
29 G. The funds allocated for Sihasin Sustainable Higher Education Initiative Fund shall
30 not lapse on an annual basis pursuant to 12 N.N.C. §820 (N).

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2 **Section Five. Effective Date**

3 The Sihasin Sustainable Higher Education Initiative Fund Expenditure Plan, as set
4 forth above, shall become effective pursuant to 12 N.N.C. § 2505.
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Sustainable Higher Education Initiative



Diné College and Navajo Technical University
August 2019

EXECUTIVE SUMMARY

The Navajo Nation currently has two tribally controlled higher education institutions, Diné College and Navajo Technical University. These institutions offer a combined thirty-three certificates, thirty-nine associate degrees, nineteen bachelor's degrees, and one graduate degree. With these combined resources, the Nation continues to meet the higher education needs of its people.

Additionally, the Navajo Nation contributes millions to the general operation of both institutions. In a collaborative effort, Diné College and Navajo Technical University are constantly working to provide an accessible, affordable and quality education. This effort includes setting up an institutional foundation and endowment for each school.

Institutionally related foundations are separate 501(c) (3) nonprofit organizations dedicated to the support of a college, university, university system, school district or teaching hospital¹. Although foundations may perform a wide range of functions, their primary purpose is to raise and/or manage private support for the institution with which they are affiliated.

Diné College and Navajo Technical University are requesting \$60 million to create an endowment. Part of the interest from the endowment will be used to create a foundation for each institution, which will be dedicated to raising funds for programs, capital expenses, and increasing the size of the endowment in order to ensure long-term sustainability. Each institution will receive \$30 million to invest, and from the interest create new programs, leverage funding to update current facilities, and create more scholarships for students. The total funding requested is \$60 million or, \$30 million for each institution. The idea is that no principal will be touched. Any projects will come from a portion of the interest earned from prudent investments.

Within the enabling legislation of both institutions is the authority to establish a foundation and possible business ventures to the benefit of the institutions and Navajo Nation.

¹ Foundation FAQs. "What are institutionally related foundations?" 2014.
<https://www.case.org/Browse_by_Professional_Interest/Institutionally_Related_Foundations/Foundation_FAQs.html#What_are_IRFs> Accessed 4 Oct 2018.

Since 1968, the Navajo Nation has led the way in the movement to create tribally controlled colleges and universities. Diné College is the first tribally controlled and accredited collegiate institution in the United States². In addition to the establishment of Diné College, Navajo Technical University grew out of the Navajo Skill Center founded by the nation in 1979 to meet the immediate needs of an unemployed population³.

The Navajo Nation has sought to create institutions of higher education that encourage Navajo youth to become contributing members of the Navajo Nation and the world⁴. With an enrolled population of 356,890⁵ and 173,667⁶ living inside the nation's boundaries, 14.5 percent of Navajo's 25 or older have a bachelor's degree or higher⁷. With about 81.5 percent of Navajo's 25 or older having a high school diploma or G.E.D.⁸, the nation has about 37,049 citizens who can potentially start their higher education career.

Collectively, DC and NTU have 3,100 students or 0.87 percent of the total Navajo Nation population enrolled at their institution. Both schools continue to serve Navajo Nation's higher education needs, although, as can be seen from the above statistics both institutions need to increase their enrollment to help the nation achieve parity with other communities in the United States. With their own respective boards, both schools have worked to educate students through the Diné cultural principle, Sa'ah Naagháí Bik'eh Hózhóón.

There are many innovative activities happening at these two Navajo institutions of higher education. For example, Navajo Technical University and Diné College continue to develop research capacity to advance the Navajo Nation. NTU is the home of several centers/labs with equipment/infrastructure for research and education in Science, Technology, Engineering, Math, Animal Science, and health that show promise for creating the industries and economic activity of the 21st century.

The Center for Digital Technologies, Navajo Environmental Center, and Navajo Tech Innovation Center provide a foundation for science and research. Chemistry and Biology Labs at the Crownpoint, NM campus and a Metrology Lab are being built. The NTU Innovation Center advances Navajo economic/entrepreneurial culture by building labs/programs providing linkages between private/tribal sectors in the Navajo economy.

Diné College has received funding to expand its agriculture programs to position itself to create an integrated approach to ranching agribusiness. New Mexico has appropriated

² Diné College website. < https://www.dinecollege.edu/about_dc/about-dc/ > Accessed 27 Sept 2018.

³ Navajo Technical University website. < <http://www.navajotech.edu/about/mission> > Accessed 28 Sept 2018.

⁴ [Id]

⁵ US Census 2016.

⁶ Navajo Nation Division of Health. "Navajo Population Profile: 2010 U.S. Census." 2013. Window Rock, NN.

⁷ U.S. Census Bureau. 2016. Navajo Nation.

<<https://www.census.gov/quickfacts/fact/table/navajocountyarizona/EDU685216#viewtop>> Accessed 28 2018.

⁸ [Id]

\$400,000 for the colleges. By collaborating with area universities, New Mexico legislature as well as businesses, the opportunity to grow a current cattle business from \$28 million to more than \$240 million is within reach for the Navajo Nation.

HIGHER EDUCATION FOUNDATION

Both Diné College and Navajo Technical University seek higher education advancement through its own independent foundations. In May of 2018, Diné College re-established its Diné College Foundation. The college is currently working through the process of redoing the IRS application under its new name.

The foundations are set to create an avenue for all gifts, whether for current use or endowment, solicited in the name of and treated as a gift to any part of the College and NTU. Another gain to setting up foundations, the higher education institutions plans to establish a permanent endowment to perpetuate a reliable income source for scholarships and future costs. The college endowments will continue to grow over time with donor and charitable efforts by the foundation board of directors and appropriate investment policies

FUNDING REQUEST

Diné College (the College) and Navajo Technical University (NTU) requesting \$30 million from the Navajo Nation to form a \$60 million combined endowment to support higher education on the Navajo Nation into perpetuity.

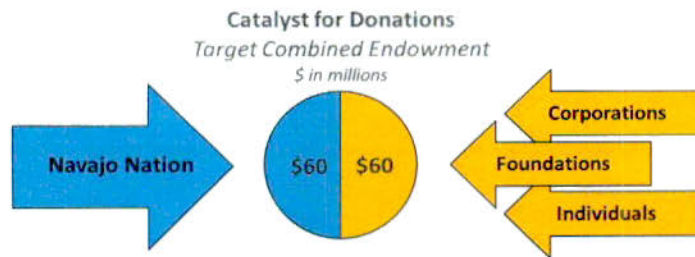
Funding for NN Higher Education—Sihasin Sub-Committee

Diné College	\$ 30,000,000.00
Navajo Technical University	\$ 30,000,000.00
Total:	\$ 60,000,000.00

OUR INVESTMENT STRATEGY

The contribution from the Navajo Nation enhances the College and NTU's reputation and credibility. The endowment has the potential to grow over time with additional gifts from multiple donors. Creating its own on-going income source is especially important to the College and NTU when providing an affordable education to their students.

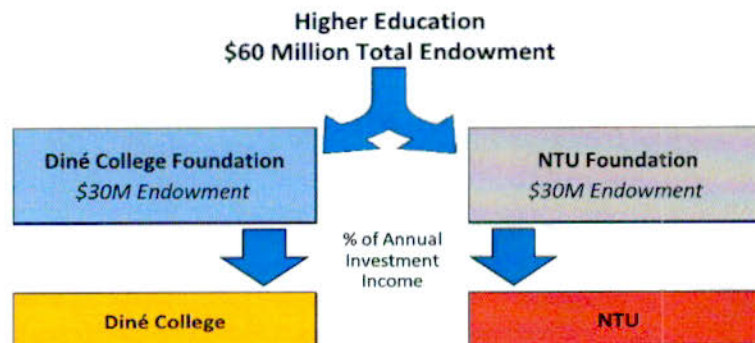
This clear demonstration of the Nation's commitment to its educational institutions will catalyze giving from corporations, charitable organizations and individuals. A capital campaign focusing on outside donations is targeted to double the size of the endowment.



The endowment will embody the educational vision of the Navajo People. The endowment will support education tailored to the specific workforce opportunities available to the residents of the Navajo Nation through educational programs that are aligned with our culture, beliefs and traditions.

Over time the endowment will reduce the College and NTU's reliance on the Nation for funding of annual operating costs. The initial investment by the Navajo Nation in this endowment is expected to magnify the reach of the Nation's funds many times over by attracting outside donations and earning attractive, risk-adjusted investment income targeting a range between 10% to 15% annually.

Each institution will hold its endowment funds within separate non-profit 501(c)(3) organizations dedicated to supporting specific educational programs, facilities construction, and general operating costs.



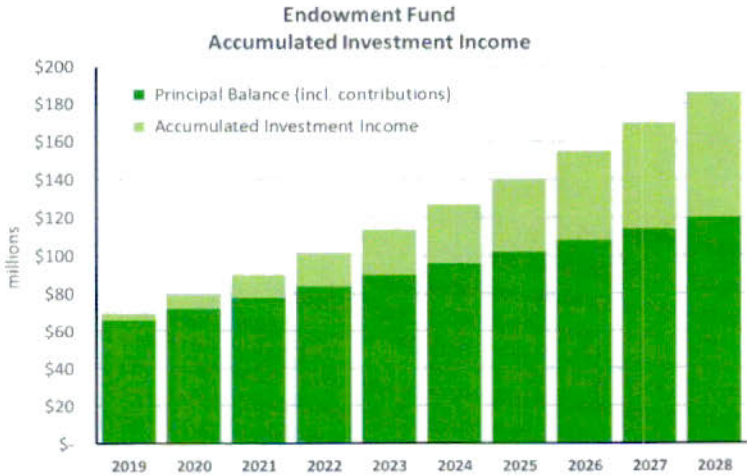
Many respected local and Ivy League universities, such as Arizona State University, Northern Arizona University, Harvard University and Stanford University, have employed the 501(c)(3) tax-exempt organizational structure. The 501(c)(3) vehicle is trusted by corporate and individual donors to support worthy causes while minimizing their income tax burden.

Steady dividends from its investments will enable the endowment to grow while providing a sustainable source of funding for Diné College and Navajo Technical University.

The endowment funds will be professionally managed in a portfolio of direct alternative investments, such as U.S. based real estate, royalty properties and infrastructure projects to generate steady dividend cash flows to support the Nation's higher education institutions for generations to come.

Fifty percent (50%) of the annual cash dividend income will be used to support the programs and projects designated by the trustees of each institution's foundation, while the remainder is reinvested. This will enable the endowments to grow, while providing substantial financial support to the Nation's higher education institutions.

We ask for your support to build on the successes of Diné College and Navajo Technical University by reinforcing their financial stability to provide advanced education tailored to the unique needs of the Diné People.

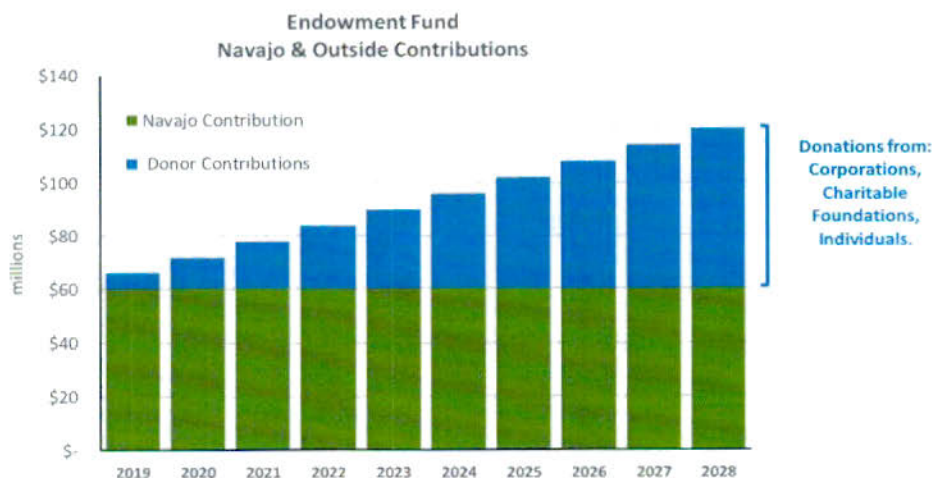


Note: Investment income assumes no annual payout and 12% rate of return.

FUNDING OF DINÉ COLLEGE AND NAVAJO TECHNICAL UNIVERSITY

The Navajo Nation contributes millions of dollars each year to the general operation of both institutions to supplement funding from state and federal sources.

Following the placement of the initial endowment of \$60 million, Diné College and Navajo Technical University will embark on a capital campaign to build the corpus through donations from outside the Nation. Donations are expected to more than double the initial investment by the Nation. While the timing of donations will vary, the following chart illustrates impact outside donations can have on the endowment.



Note: Outside contributions assumes \$6MM annual donation amount.

Steady dividends from its investments will enable the endowment to grow while providing a sustainable source of funding for Diné College and Navajo Technical University.

Fifty percent (50%) of the annual cash dividend income will be used to support the programs and projects designated by the trustees of each institution's foundation, while the remainder is reinvested. This will enable the endowments to grow while providing substantial financial support to the Nation's higher education institutions.

THE FOUNDATION MODEL

The endowment has the potential to grow over time with additional gifts from multiple donors. Creating its own ongoing income source is especially important to Diné College and Navajo Technical University when providing an affordable education to their students.

Sustainable and stable financial funding mechanisms, such as foundations, have enabled hundreds of higher educational organizations to build on success and pay dividends to U.S. society in the form of an enlightened population and educated, robust workforce.

Endowments of Select Universities (2018)

	<i>\$ in millions</i>
Harvard University	\$ 39,200
Yale University	\$ 29,400
Stanford University	\$ 26,500
Massachusetts Institute of Technology	\$ 16,400
University of Arizona	\$ 848
Arizona State University	\$ 665 *
University of New Mexico	\$ 453
Northern Arizona University	\$ 180
New Mexico State University	\$ 168 *

Source: University websites.

** Endowment balance reflects 2017 balance.*

Foundation Basics

The idea for creating institutional foundations is simple: Creating opportunities for generating funding. The institutions rely heavily on tribal and federal funding. With a foundation, both can create an endowment for a reliable source of income.

Perpetual Endowments. A permanent endowment is an invested pool of money that provides a reliable source of income in perpetuity; the organization can count on annual distributions for its charitable work. With appropriate investment and spending policies, the endowment will preserve each institutions' purchasing power. A well-managed endowment sends a message of planned long-term stability, fiscal responsibility, and financial viability, which encourages donors who desire to participate in an enduring model of success.

Focused Support. Foundations affiliate with an institution are independently governed 501(c)(3) nonprofit organizations dedicated to the support of a college, university, university system, school district or teaching hospital. Although

foundations may perform a wide range of functions, their primary purpose is to raise and/or manage private support for the institution with which they are affiliated.

Tax Deductibility. Foundations provide taxable donors with a method to support causes with dollars they would otherwise pay as income taxes to the federal and state governments.

- **Tax Deductibility of Cash Donations.** Donations made to 501(c)(3) organizations are tax deductible. Individuals may not claim charitable deductions for grants made to other individuals, foreign nonprofit organizations, or non-charitable organizations.
- **Double Capital Gains Tax Benefits.** Donors do not realize a capital gain when appreciated property is donated to a foundation. In addition, donors may claim a charitable deduction for the full market value of appreciated stock held in publicly traded companies.
- **Estate Tax Reduction.** Donations from a *family foundation* can further enhance the tax benefits of donations. Assets transferred to family foundations are generally not subject to estate taxes. This may provide triple tax savings when combined with the benefits above.

Effective & Efficient Philanthropy. Foundations facilitate organized, systematic and targeted giving by donors. Donors are attracted to worthy causes they can identify with that are managed by credible, prestigious and accountable organizations. Whether the donor is an individual or large family charitable foundation, 501(c)(3) organizations enable *effective philanthropy* by providing a reliable, trusted manner to obtain a tax deduction and ensure their donations are supporting the causes they support.

Diné College and NTU Foundations

Both Diné College and Navajo Technical University are positioned to bolster the funding for their institutions through their own independent affiliated foundations, as authorized within their respective enabling legislations.

In May of 2018, Diné College re-established its Diné College Foundation. Navajo Technical University is in the planning process of creating its own foundation. Each Foundation will be a not-for-profit, 501(c)(3) entity responsible for raising, receiving, administering and investing gifts on behalf of their respective institution.

Although the foundations will be separate, Diné College and Navajo Technical University share similar visions and goals:

- Leverage the requested funds to attract outside donations.
- Preserve the principal balance of all contributions and donations.
- Increase the number of Navajo students attending college.
- Build institutional capacity to accommodate its students and future students.

- Develop innovative ways to meet the common challenges its students face, including childcare, transportation, housing, internet access, need for counseling.

INVESTMENT OF THE ENDOWMENT FUNDS

The endowments for each institution will be invested with the goal of generating attractive risk-adjusted rates of return that pay cash dividends. Investments that generate high dividends are targeted to provide quarterly and/or annual cash distributions to the College and NTU to fund daily operations, special programs and construction.

Each foundation will be governed by an independent board of directors (Board or Boards) who are fiduciaries to their 501(c)(3). The responsibilities of the Boards will include, among others:

Establishing the investment policies of their respective foundations,

- Determining the payout ratio of investment income,
- Engaging qualified investment advisors, and
- Identify the uses of funds that are contributed from investment income to their respective educational institution.

Investment Policies

Each foundation shall establish written investments policies that are consistent with the investment policies of the Navajo Nation, but reflect the specific goals, objectives and circumstances of each foundation and the educational missions of their affiliated institutions.

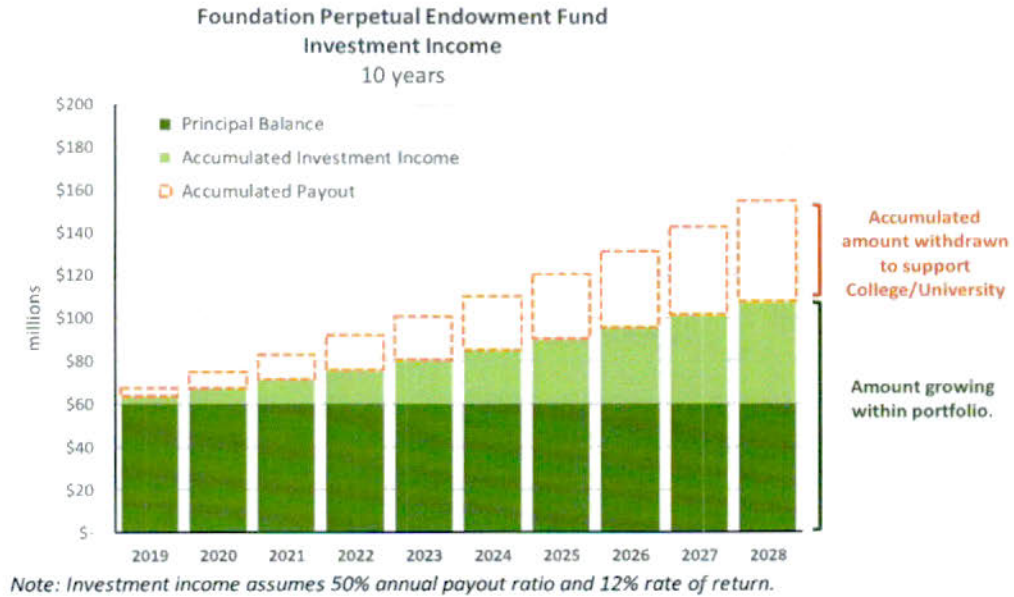
Perpetual Fund & Payout Ratio

It is the intent of this proposal that the endowment(s) be perpetual in nature. The endowments will be managed by each foundation to provide income to support their respective institutions indefinitely. As such, the principal contributed by the Nation and all future donations shall not be expended. Only a portion of the investment income of each Foundation shall be contributed the affiliated institution.

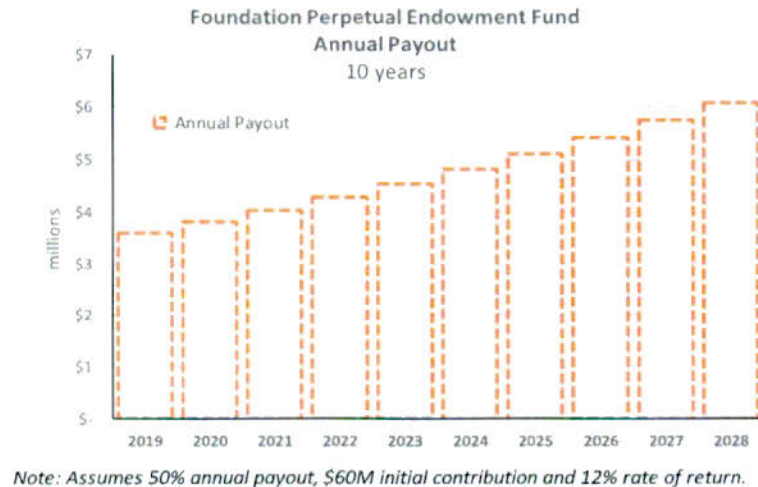
Each Board will determine an appropriate portion of investment income that will be (a) contributed to their affiliated institution to fund operations and projects and (b) retained in the endowment. This apportionment is referred to as the **payout ratio**.

For example, 50% of the investment income earned in a given year will be contributed to the educational institution and 50% shall be retained to build the principal of the endowment.

The following chart illustrates how the principal balance of the combined endowment of \$60 million would grow to \$107 million assuming a 12% annual rate of return and a 50% payout ratio.



The following chart illustrates the amount paid out each year, assuming a combined endowment of \$60 million, a 12% annual rate of return and a 50% payout ratio.



Investment Advisors

Each foundation shall engage a registered investment advisor to provide investment advice with respect to the endowment funds. In order to minimize cost and optimize the investment process, the foundations may elect to engage the same investment advisor.

Use of Funds

Each Board shall determine and define the use of funds contributed to their respective educational institutions. However, each Board will make such determinations in consultation with the leadership of their respective educational institution in a manner consistent with the long-term strategic plans of the institution.

Investments

The College and NTU, as subdivisions of the Navajo Nation, will adhere to the investment policies of the Navajo Nation with regard to any funds contributed by the Navajo Nation to the foundations. It is contemplated that the foundations will invest primarily in the ***alternative investment asset class***, specifically (i) ***real estate*** and (ii) ***privately-held businesses that own infrastructure or royalty-based businesses, assets and interests***.

Overview of the Alternatives Asset Class

The Alternatives Asset Class broadly includes securities, assets or investment vehicles other than securities included in the Equity Asset Class (publicly traded stock) or Fixed Income Asset Class (corporate and government bonds, etc.). Common investment vehicles in the Alternatives Asset Class include real estate investment trusts (REITS), hedge funds, venture capital funds, private equity funds, other private vehicles and direct ownership which may invest in real estate, commodities, derivatives and currencies.

As part of a larger portfolio of equities and fixed income, investments in the Alternatives Asset Class provide incremental diversification. The performance of some alternative investments may also exhibit low or inverse correlation to other asset classes and, thus, may provide additional stability to the performance of the entire portfolio.

Within the broader Alternatives Asset Class, the investment performance characteristics of each sub-asset class can vary substantially based on the specific underlying investments. The specific type and structure of the investment vehicle will also have a meaningful impact on the investment profile. For example, publicly traded real estate investment trusts (REITS) can provide high liquidity and relatively stable income stream from a diversified portfolio of real estate properties. Other sub-asset classes, such as currencies and commodities, may exhibit larger changes in value or provide hedges against movements in these assets. Some investment vehicles may use derivatives and leverage to magnify returns, and, thus, price changes, while others may use these tools to enhance value stability.

The key to effectively utilizing Alternatives is to select specific investments that exhibit the investment profile/characteristics (i.e. return, risk, liquidity, time horizon) that are consistent with the Foundation's objectives, goals and purpose.

Real Estate Investments

Direct investments in real estate, and private investment vehicles that invest in the same, may be underwritten and structured to provide steady streams of dividend income over long-term time horizons. Properly structured, these investments are well-suited to providing steady annual cash dividends to fund the operations of Diné College and Navajo Technical University. These investments limit the exposure to rapid changes in the value of publicly-traded securities to create a more dependable source of income, when structured properly. And, occasionally, market conditions can provide excellent opportunities to exit investments at a substantial profit.

Alternatives Asset Class

Real Estate - Direct Investments

STRATEGY	Invest directly in real estate properties located in the U.S., and real estate investment trusts and other private investment vehicles that invest in the same. Investments are intended to be held indefinitely or until such time as market conditions provide an attractive exit.
OBJECTIVE	Generate high steady annual dividend income and an annualized internal rate of return between 10% and 15%.
INVESTMENT TYPE	-- 100% Equity Ownership -- Control Positions -- Participation as a Minority Owner -- Mezzanine Debt and Bridge Loans
STAGE OF DEVELOPMENT	-- Acquisitions of existing income properties -- Acquisitions and redevelopment of existing properties -- Equity capital for select new developments
TARGET SECTORS	-- Commercial - Retail Shopping Centers -- Commercial - Retail Single Tenant -- Commercial - Office -- Commercial - Medical -- Commercial - Industrial -- Commercial - Hospitality -- Residential - Student Housing -- Residential - Multi-Family Apartments -- Residential - Hospice

Infrastructure & Royalty-Based Investments

Private investment vehicles that invest in infrastructure or royalty-based businesses, assets and interests may be underwritten and structured to provide steady streams of dividend income over long-term time horizons. These investments are well-suited to providing steady annual cash dividends to fund the operations of Diné College and Navajo Technical University. These investments limit the exposure to rapid changes in the value of publicly-traded securities to create a more dependable source of income, when structured properly. And, occasionally, market conditions can provide excellent opportunities to exit investments at a substantial profit.

Alternatives Asset Class

Infrastructure & Royalty-Based - Direct Investments

STRATEGY	Invest directly or private investment vehicles that invest in infrastructure or royalty-based businesses, assets and interests located in the U.S. Investments are intended to be held indefinitely or until such time as market conditions provide an attractive exit.
OBJECTIVE	Generate high steady annual dividend income and an annualized internal rate of return between 10% and 15%.
INVESTMENT TYPE	-- 100% Equity Ownership -- Control Positions -- Participation as a Minority Owner -- Mezzanine Debt and Bridge Loans
STAGE OF DEVELOPMENT	-- Acquisitions of existing infrastructure -- Equity capital for select new infrastructure developments -- Acquisitions of royalty interests in producing, proven properties with some remaining development -- Acquisitions of working interests (equity) in producing, proven properties with some remaining development
TARGET SECTORS	-- Infrastructure - pipelines, transmission, oil and gas -- Infrastructure - pipelines, gathering systems, oil and gas -- Infrastructure - midstream gas processing -- Royalty interests - oil and gas with hedging -- Royalty interests - other minerals with hedging, if available -- Working interests - oil and gas with hedging



DINÉ COLLEGE

THE HIGHER EDUCATION INSTITUTION OF THE NAVAJO

Board of Regents

DC-OCT-2334-18

RESOLUTION OF THE BOARD OF REGENTS DINÉ COLLEGE

Respectfully asking the Navajo Nation Council to fund Diné College and Navajo Technical University in the amount of \$60 million (\$30 million a piece) from the Síhasin Fund to establish an endowment for educational, research scholarship projects.

WHEREAS:

1. The Diné College Board of Regents is empowered to exercise authority and control over Diné College and is responsible for the accomplishment of the Diné College purposes, 10 NNC § 2003 (2005 ed.); and
2. The Dine College is a non-profit post secondary educational institution chartered by the Navajo Nation Council in 1968 for the purposes of providing educational opportunities to the Navajo people and others in areas important to the economic and social development of the Navajo Nation and other purposes, 10 NNC § 2002; and
3. The Navajo Nation Council established the Síhasin Fund as a way to invest in the Navajo Nation and one of the priorities was Education; and
4. Diné College and Navajo Technical University have been collaborating on areas of mutual interest and to the benefit of the entire Navajo Nation; and
5. Diné College and Navajo Technical University understands the need to find alternative and innovate ways to fund program expansion, research and scholarships to make college more accessible, improve the lives of Navajo and meet the needs of a growing workforce within the Navajo Nation; and
6. Diné College and Navajo Technical University will leverage the interest from these strategically and in a way that allows for the institution to leave the principal untouched; and
7. Diné College Board of Regents has created the Diné College Foundation for the purpose outlined in this resolution

NOW THEREFORE BE IT RESOLVED THAT:


1. The Diné College Board of Regents approves a resolution that respectfully asks the Navajo Nation Council to fund Diné College and Navajo Technical University in the amount of \$60 million (\$30 million a piece) from the Sihasin Fund to establish an endowment for educational, research and scholarship projects.
2. The Diné College Board of Regents hereby authorizes, directs, and empowers the College President to perform all actions deemed necessary and proper to effectuate the purposes of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Diné College Board of Regents at a duly called meeting held in Tuba City, Arizona at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 0 abstained, this 12th day of October, 2018.

ATTACHMENT(S)

1. Joint Sihasin Fund proposal from Diné College and NTU


Greg H. Bigman, President
Diné College Board of Regents

MOTION: Regent Dr. Lewis Jr.

SECOND: Regent Dennison

**RESOLUTION OF THE
BOARD OF REGENTS OF
NAVAJO TECHNICAL UNIVERSITY**

Requesting the Navajo Nation Council Approve the Appropriation of \$60,000,000 (Sixty Million Dollars) from Sihasin Funds to Diné College and to Navajo Technical University that Shall be Shared Equally by the Two Higher Education Institutions of the Navajo Nation to Provide the Opportunity for the Two Institutions to Meet their Respective Strategic Goals.

WHEREAS:

1. The Board of Regents of the Navajo Technical University is responsible for the administration, operations and the development of policy as stated in Navajo Nation Council Resolution CO-58-16, enacted on November 10, 2016, that amended the University's enabling legislation, codified at 15 N.N.C. §§1201- 1210; and
2. The Board of Regents of Diné College and the Board of Regents of Navajo Technical University are each responsible for the administration, operations and the development of policy for their respective institutions; and
3. Pursuant to each of their enabling legislation, Diné College and Navajo Technical University are organized as institutions of higher learning for the purpose of providing post-secondary education programs that serve both the academic and vocational/technical needs of the Navajo Nation and its citizens; and
4. Diné College and Navajo Technical University were created by the Navajo Nation Council with the mission to educate Navajo Nation members as a means to promote the education, economic development, as well as cultural and environmental preservation and enhancement within the Navajo Nation; and
5. The Board of Regents of Navajo Technical University have considered and determined the strategic goals and priorities that will best meet their educational mission from the Sihasin Funds; and
6. The Board of Regents of Navajo Technical University determined that a joint request to the Navajo Nation Council for an appropriation of \$60,000,000 (Sixty Million Dollars) from the Sihasin Funds to Diné College and to Navajo Technical University that shall be shared equally by the two higher education institutions of the Navajo Nation to provide the opportunity for the two institutions to meet their respective strategic goals and priorities.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Regents of Navajo Technical University hereby request that the Navajo Nation Council approve the appropriation of \$60,000,000 (Sixty Million Dollars) from the Sihasin Funds to Diné College and to Navajo Technical University that shall be shared equally by the two higher education institutions of the Navajo Nation to provide the opportunity for the two institutions to meet their respective strategic goals.
2. The Board of Regents of Navajo Technical University hereby direct the President to do all things necessary to effectuate the purpose of this resolution as approved by the Board of Regents of Navajo Technical University.

CERTIFICATION

I hereby confirm that that resolution was discussed and considered by the Board of Regents of the Navajo Technical University at a duly called meeting held in Churchrock, New Mexico, at which a quorum was present and that this resolution was passed by a vote of 4 in favor, 0 opposed and 0 abstained on the 14th day of October, 2018.

(Signature)

Tom Platero, Chairperson
NTU Board of Regents



DINÉ COLLEGE

THE HIGHER EDUCATION INSTITUTION OF THE NAVAJO NATION SINCE 1968

ENDOWMENT ESTABLISHMENT POWER

INTRODUCTION

Diné College and Navajo Technical University are requesting \$60 million to create an endowment. Part of the interest from the endowment will be used to create a foundation for each institution, which will be dedicated to raising funds for programs, capital expenses, and increasing the size of the endowment in order to ensure long-term sustainability. The total funding requested is \$60 million or, \$30 million for each institution. The idea is that no principal will be touched. Any projects will come from a portion of the interest earned from prudent investments.

AUTHORITY

Within the following enabling legislations, Diné College has the authority to establish a foundation and possible business ventures to the benefit of the institution and Navajo Nation.

Higher Education Act

In accordance with the Higher Education Act of 1965, Tribal Colleges or Universities qualify for funding under the Tribally Controlled College and Universities Act of 1978 and specifically the Navajo Community College Act (25 U.S.C. 640a). In accord, Sec. 316.C (20 U.S.C 1059c) establishes the Authorized Activities of Tribally Controlled Colleges and Universities. Additionally, under the Authorized Activities sub-section three Endowment Fund states that Diné College "may use not more than 20 percent of the grand funds provided under this section to establish or increase an endowment fund at the institution."

Diné College Charter

Diné College is chartered and established as a nonprofit educational institution owned by the Navajo Nation, to act for and on behalf of the Navajo Nation Council within its area of responsibility defined in the TITLE 10, N.N.C, Chapter 19, Diné College that amended the charter previously granted by Resolution CN 95-98 of the Navajo Nation Council. Diné college shall have the authority as a distinct and semi-independent agency of the Navajo Nation Council, within the limits and guidelines set forth to conduct its activities within the Navajo Nation or elsewhere.

In accordance with the Diné College Charter § 2018. Bonds, bonds of the college shall be authorized by resolution adopted by the vote of an absolute majority of the Board of Regents. On October 12, 2018, the Dine College Board of Regents approved resolution DC-OCT-2334-18, to request the Navajo Nation Council to fund an endowment for educational, research and scholarship projects.

Dine College Foundation

On February 9, 2018, the Dine College Board of Regents approved Resolution DC-FEB-2296-18 to create the Dine College Foundation. The Dine College Foundation received its Certification of Incorporation filed on April 7, 2018 (File No. 102350).

For more information please contact Dr. Charles Roessel 928.724.6669 or email at cmroessel@dinecollege.edu.



DINÉ COLLEGE

THE HIGHER EDUCATION INSTITUTION OF THE NAVAJO

Board of Regents

DC-FEB-2296-18

RESOLUTION OF THE BOARD OF REGENTS DINÉ COLLEGE

Approval of Resolution creating the Diné College Foundation.

WHEREAS:

1. The Diné College Board of Regents is empowered to exercise authority and control over Diné College and is responsible for the accomplishment of the Diné College purposes, 10 NNC § 2003 (2005 ed.); and
2. The Diné College is a non-profit post secondary educational institution chartered by the Navajo Nation Council in 1968 for the purposes of providing educational opportunities to the Navajo people and others in areas important to the economic and social development of the Navajo Nation and other purposes, 10 NNC § 2002; and
3. The Diné College Board of Regents recognizes the need to seek new sources of funding if the college intends to meet the needs of the Navajo Nation and its emerging workforce; and
4. The Diné College Foundation purpose shall be to support Diné College by under taking tasks in support of the college which may be outside of the ordinary scope of college activities; and
5. The Diné College Foundation will be a non-profit corporation but may engage in business activities outside of the scope and mandate of Diné College such as entering into contracts for the benefit of the College, forming profit making busieness entities beneficial to the College, forming an alumnae association and planning activities for such association, and any and all other activities which might benefit the College; and
6. The initial Board of Directors will be the current members of the Board of Regents of Diné College; and
7. The Bylaws of the Diné College Foundation and the Articles of Incorporation of the Diné College Foundation articulate the organization and functions of the foundation

NOW THEREFORE BE IT RESOLVED THAT:

1. The Diné College Board of Regents hereby authorizes, by resolution, the creation of the Diné College Foundation.
2. The Diné College Board of Regents hereby authorizes, directs, and empowers the President to perform all actions deemed necessary and proper to effectuate the purpose of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Diné College Board of Regents at a duly called meeting held in Tsaile, Arizona at which a quorum was present and that same was passed by a vote of 5 in favor, 0 opposed and 0 abstained, this 9th day of February, 2018.

ATTACHMENT(S)

1. Exhibit A, Proposed Diné College Foundation By-Laws
2. Exhibit B, Proposed Diné College Foundation Articles of Incorporation


Greg H. Bingham, President
Diné College Board of Regents

MOTION: Regent Dennison
SECOND: Regent Hoskie

Diné College Foundation

DCF-JUL-0058-19

RESOLUTION OF THE BOARD OF DIRECTORS DINÉ COLLEGE FOUNDATION

Approval of Diné College Foundation Master Investment Policy, Appendices and Exhibits.

WHEREAS:

1. The Diné College Foundation Board of Directors is empowered to exercise authority and control over the Diné College Foundation and is responsible for the accomplishment of the Diné College Foundation purposes under its Articles of Incorporation; and
2. The Diné College Foundation is a non-profit corporation established by the Diné Board of Regents in 2018 for the purposes of supporting the goals and objectives of Diné College; and
3. The Diné College Foundation will operate in line with being a 501 (c) 3 non-profit foundation and report accordingly to the Diné College Foundation Board of Directors; and
4. The Diné College Foundation is a non-profit corporation established by the Diné Board of Regents in 2018 for the purposes of supporting the goals and objectives of Diné College; and
5. Diné College has contracted with Mette Associates, LLC, a registered investment advisor and Navajo-owned firm, (a.k.a. Tallsalt Advisors) to provide Diné College with investment advisory services; and

6. The Board of Directors of Diné College Foundation in fulfilling its fiduciary duty wishes to approve the Diné College Foundation Master Investment Policy, Appendices and Exhibits to provide directions, clarity and affirm the investment goals, objectives and preferences of the current Board of Directors and to ensure the policies are in the best interest of Diné College Foundation; and
7. Mette Associates, LLC and the Diné College Finance, Audit and Investment Committee recommends, after consultation with the Board of Directors of Diné College Foundation to approve the Diné College Foundation Master Investment Policy and Appendices as indicated in the attached document.
8. Diné College Board of Regents has authorized use of its investment advisor, Mette Associates, LLC (a.k.a Tallsalt Advisors), until such time that Diné College Foundation can fund its own financial advisor.

NOW THEREFORE BE IT RESOLVED THAT:

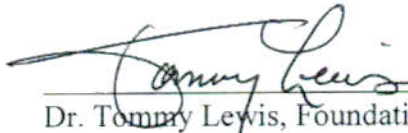
1. The Board of Directors of Diné College Foundation hereby approves the Diné College Foundation Master Investment Policy, Appendices and Exhibits as indicated in the attached documents.
2. The Board of Directors of the Diné College Foundation will participate in training related to direct investments.
3. The Board of Directors of the Diné College Foundation hereby authorizes, directs, and empowers the acting CEO of the Diné College Foundation, to perform all actions deemed necessary and proper to effectuate the purposes of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Diné College Foundation Board of Directors at a duly called meeting held in Window Rock, AZ at which a quorum was present and that the same was passed by a vote of 6 in favor, 0 opposed, and 0 abstained this 31st day of July, 2019.

ATTACHMENT

1. Diné College Foundation Master Investment Policy, Appendices and Exhibits.

A handwritten signature in black ink, appearing to read "Tommy Lewis", is written over a horizontal line.

Dr. Tommy Lewis, Foundation President
Diné College Foundation Board of Directors

MOTION: Director Bigman

SECOND: Director Toadecheenie



NAVAJO NATION CORPORATION ACT

CERTIFICATE OF INCORPORATION

To all to Whom these Presents Shall Come, Greeting:

I, the Manager of the Business Regulatory Department, DO HEREBY CERTIFY
that ***THE DINE COLLEGE FOUNDATION***
(Non-Profit)
File Number: 102350

a corporation organized under the laws of the jurisdiction of the Navajo Nation, was on
the 17th day of April, 2018
authorized to transact business within the Navajo Nation as a DOMESTIC Corporation.

I FURTHER CERTIFY that this corporation has filed all affidavits and required
documents and paid all filing fees required and, therefore, is incorporated as a Domestic
Corporation.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the official seal of the
Navajo Nation Corporation Act at Window
Rock, Arizona, this 17th

day of April, 2018 A.D.

Beverly J. Coho
Beverly J. Coho
Manager, Business Regulatory Department

ARTICLES OF INCORPORATION OF THE DINÉ COLLEGE FOUNDATION

The undersigned natural person, acting as the incorporator of the corporation under the Navajo Nation Corporation Code, hereby adopts the following Articles of Incorporation for such a corporation.

ARTICLE I

The name of the corporation shall be "The Dine College Foundation".

ARTICLE II

The period of duration of the corporation shall be perpetual.

ARTICLE III

The purpose of the corporation shall be to support of Diné College by under taking task in support of the University which may be outside of the ordinary scope of University activities which shall any and all lawful affairs for which a non-profit corporation may be formed.

ARTICLE IV

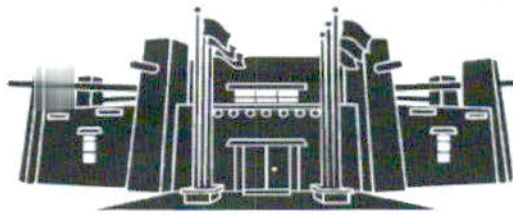
The corporation may engage in business activities outside of the scope and mandate of Diné College such as entering into contracts for the benefit of the College, forming profit making business entities beneficial to the College, forming an alumnae association and planning activities for such association, and any and all other activities which might benefit the College.

ARTICLE V

The Name of the Register Agent of the Corporation shall be Dr. Charles "Monty" Roessel whose address is 1 Circle Drive, Tsaile, Navajo Nation (AZ) 86556.


ARTICLE VI

The Diné College Foundation shall be a non-profit corporation without members. The number of directors constituting the initial Board of Directors shall be Greg Bigman, Theresa Hatathlie, Dr. Tommy Lewis Jr., Anderson Hoskie, Felisha Adams, Nelson S. BeGaye, Johnson Dennison, and all with the address of 1 Circle Drive, Tsaile, Navajo Nation (AZ) 86556, who shall serve until their successors are chosen according to the Bylaws.



MEMORANDUM

To : Hon. Daniel E. Tso, Council Delegate
Navajo Nation Council

From : 
Ron Haven, Attorney
Office of Legislative Counsel

Date : August 30, 2019

Re : AN ACT RELATING TO HEALTH, EDUCATION AND HUMAN SERVICES,
BUDGET AND FINANCE, NAABIK'ÍYÁTI' AND NAVAJO NATION
COUNCIL; APPROVING AND ADOPTING THE SÍHASIN HIGHER
EDUCATION INITIATIVE FUND AND FUND EXPENDITURE PLAN
PURSUANT TO 12 N.N.C. §§ 2501 - 2508

As requested, I have prepared the above-referenced proposed resolution and associated legislative summary sheet pursuant to your request for legislative drafting. The resolution drafted is legally sufficient. However, as with any legislation, it can be subject to review by the courts in the event of proper challenge. Also, understand that the Speaker is authorized to refer this proposed resolution to other committees than those stated in the title.

As you may be aware, this matter was previously introduced in the 23rd Navajo Nation Council. Legis. no. 0410-18. It failed. This bill is being reintroduced with one change which is inserted at Section Four, paragraph C. This addition (at the request of Dine College) reads as follows:

"D. The interest earnings or income from Síhasin Funds in the Síhasin Sustainable Higher Education Initiative Fund shall be expended only pursuant to an annual plan developed and recommended by Diné College and Navajo Technical University as approved and adopted by the Health, Education and Human Services Committee of the Navajo Nation Council."

You are advised and encouraged to review the proposed resolution to ensure that it is drafted to your satisfaction. If you are satisfied with the proposed resolution, please sign it as "sponsor" and submit it to the Office of Legislative Services where it will be given a tracking number and sent to the Office of the Speaker for assignment.

If the proposed resolution is unacceptable to you, please contact me at the Office of Legislative Counsel and advise me of the changes you would like made to the proposed resolution. Ahéhee'.

OLC # 19-448-1

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: 0263-19

SPONSOR: Daniel Tso

TITLE: An Action Relating To Health, Education And Human Services, Budget And Finance, NAABIK'IYATI' And Navajo Nation Council; Approving And Adopting The Sihasin Higher Education Initiative Fund And Fund Expenditure Plan Pursuant To 12 N.N.C. §§ 2501 – 2508

Date posted: September 3, 2019 at 5:44 PM

Digital comments may be e-mailed to comments@navajo-nsn.gov

Written comments may be mailed to:

Executive Director
Office of Legislative Services
P.O. Box 3390
Window Rock, AZ 86515
(928) 871-7586

Comments may be made in the form of chapter resolutions, letters, position papers, etc. Please include your name, position title, address for written comments; a valid e-mail address is required. Anonymous comments will not be included in the Legislation packet.

Please note: This digital copy is being provided for the benefit of the Navajo Nation chapters and public use. Any political use is prohibited. All written comments received become the property of the Navajo Nation and will be forwarded to the assigned Navajo Nation Council standing committee(s) and/or the Navajo Nation Council for review. Any tampering with public records are punishable by Navajo Nation law pursuant to 17 N.N.C. §374 *et. seq.*

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW SUMMARY

LEGISLATION NO.: 0263-19

SPONSOR: Honorable Daniel Tso

TITLE: An Act Relating To Health, Education And Human Services, Budget And Finance, Naabik'iyáti' And Navajo Nation Council; Approving And Adopting The Síhasin Higher Education Initiative Fund And Fund Expenditure Plan Pursuant To 12 N.N.C. §§ 2501 – 2508

Posted: September 03, 2019 at 5:44 PM

5 DAY Comment Period Ended: September 8, 2019

Digital Comments received:

Comments Supporting	<i>None</i>
Comments Opposing	<i>None</i>
Inconclusive Comments	<i>None</i>



Legislative Tracking Secretary
Office of Legislative Services

9/9/19 8:00AM
Date/Time