

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

23RD NAVAJO NATION COUNCIL - Third Year, 2017

AN ACTION

RELATING TO THE BUDGET AND FINANCE COMMITTEE; RECOMMENDING THE
AMENDMENT TO 12 N.N.C. § 820(H) OF THE APPROPRIATIONS ACT AND
1320(A) OF THE BOND FINANCING ACT TO INCREASE THE LONG-TERM
DEBT LIMIT

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Budget and Finance Committee is a standing committee of the Navajo Nation Council and exercises oversight authority over budget and finance for the purposes of recommending to the Navajo Nation Council the adoption of resolutions designed to strengthen the fiscal and financial position of the Navajo Nation and to promote the efficient use of the fiscal and financial resources of the Navajo Nation. 2 N.N.C. §§ 300(A) and 300 (C) (3).
- B. The Appropriations Act may be amended by the Navajo Nation Council upon the recommendation of the Budget and Finance Committee of the Navajo Nation Council.
- C. The Bond Financing Act may be amended by a majority vote of the full membership of the Navajo Nation Council upon the recommendation of the Budget and Finance Committee. 12 N.N.C. § 1370.

SECTION TWO. FINDINGS

- A. The current long-term debt limit is insufficient due to the outstanding debt obligation of the Navajo Nation.
- B. It is the best interest of the Navajo Nation to amend 12 N.N.C. § 820(H) and 1320(A) in the manner described below.

SECTION THREE. AMENDMENTS TO TITLE 12

The Budget and Finance Committee of the Navajo Nation Council recommends amendments to the Navajo Nation Code 12 N.N.C. § 820(H) of the Appropriations Act and 1320(A) of the Bond Financing Act, as follows:

NAVAJO NATION CODE ANNOTATED
TITLE 12. FISCAL MATTERS
CHAPTER 7. APPROPRIATIONS

§820. OVERALL BUDGET POLICIES

- H. Long-Term Debt. Annual debt service for long term debt shall not exceed ~~eight~~ sixteen percent ~~(8%)~~ (16%) of annual recurring revenue and long-term debt shall not be authorized until the impact debt service on the annual operating budget, including sinking fund contributions, has been analyzed and a determination has been made.

NAVAJO NATION CODE ANNOTATED
TITLE 12. FISCAL MATTERS
CHAPTER 13. BOND FINANCING ACT

§1320. LONG TERM DEBT POLICIES

- A. Per 12 N.N.C. § 820(H), Long-term debt limitation, A annual debt service for long-term debt shall not exceed the sum of (i) ~~eight~~ sixteen percent ~~(8%)~~ (16%) of annual unrestricted recurring revenue, and (ii) project annual project revenue, as calculated by the Controller, and long-term debt shall not be authorized until the impact of annual debt service on the annual operation budget,

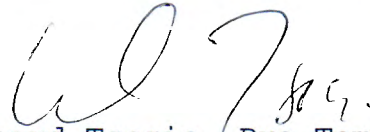
including sinking fund contributions, has been analyzed and a determination has been made the debt service payments are in compliance with this Section. For purposes of this Section, "annual debt service" payments for long-term debts shall only include the payments of scheduled principal, interest, costs associated with any credit enhancement device and other bond-related costs reasonably estimated to be or become payable in connection with any long-term debt consisting of a general obligation bond of the Navajo Nation or any other bond backed by the full faith and credit of the Navajo Nation which is not subject to annual appropriation by the Nation, except that (i) with respect to balloon indebtedness, the amount of debt service taken into account shall, at the option of the Controller, assume that such long-term debt is to be amortized over a 25 year period, beginning on the date of such calculation, on a level debt service basis and at a rate of interest (reasonably determined by the Controller as of the time of calculation) equal to the average rate at which governmental unit could reasonably expect to borrow over a term of 25 years, (ii) the interest on variable rate indebtedness shall be calculated at a rate equal to an assumed fixed rate of interest equal to the rate set forth in The Bond Buyer Revenue Bond Index most recently published in The Bond Buyer, or if such index is no longer published, as set forth in such other comparable index reasonably determined by the Controller, and (iii) no debt service shall be included for any commitment indebtedness unless an unreimbursed draw has been made with respect to any commitment indebtedness. "Project annual project revenue" shall refer to annual revenues generated by a capital improvement or other project financed by the full faith and credit of the Navajo Nation, as certified to the Controller on an annual basis by a financial advisor, feasibility consultant, accountant or other appropriate professional service provider acceptable to the Controller.

SECTION FOUR. RECOMMENDING AMENDMENT

The Navajo Nation Council Budget and Finance Committee hereby recommends the proposed amendments to the Appropriations Act at 12 N.N.C. § 820(H) and the Bond Financing Act at 12 N.N.C. § 1320(A).

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 3 in favor and 0 opposed, this 4th day of April, 2017.

A handwritten signature in dark ink, appearing to read 'L. Tsosie', is written above the printed name.

Leonard Tsosie, Pro Tem Chairman
Budget and Finance Committee

Motion: Honorable Tuchoney Slim, Jr.

Second: Honorable Lee Jack, Sr.