LEGISLATIVE SUMMARY SHEET Tracking No. 0147-16

DATE: May 4, 2016

TITLE OF RESOLUTION: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES AND NAVAJO NATION COUNCIL; ADOPTING THE SÍHASIN FUND TWIN ARROWS TRAVEL CENTER DEVELOPMENT EXPENDITURE PLAN PURSUANT TO RESOLUTION CD-68-14 AND 12 N.N.C §§2501 – 2508

PURPOSE: This resolution, if approved, will approve funding for the construction and development of the Twin Arrows travel center from the Sihasin Fund.

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

OLC No. 16-392-1

5-DAY BILL HOL	LD PERIOD: <u>Resources & Development Comm</u>	ittee
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Eligible for Action	PROPOSED NAVAJO NATION COUNCIL RESOLUTION	ICE
2	23 rd NAVAJO NATION COUNCIL - Second Year, 2016 Naa'bik'iyati' Commit	tee
3	THEN	ICE
4	Navajo Nation Cou	ncil
5	UN /Mi	
6	(Prime Sponsor)	
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8	TRACKING NO. 0147-16	¢
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10	AN ACTION	
11	RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE	
12	AND NAABIK'ÍYÁTI' COMMITTEES AND NAVAJO NATION COUNCIL;	
13	ADOPTING THE SÍHASIN FUND TWIN ARROWS TRAVEL CENTER	
14	DEVELOPMENT EXPENDITURE PLAN PURSUANT TO RESOLUTION CD-	
15	68-14 AND 12 N.N.C §§2501 – 2508	
16		
17	BE IT ENACTED:	
18		
19	Section One. Authority	
20	A. The Navajo Nation Council is the governing body of the Navajo Nation. 2	
21	N.N.C. §102 (A).	
22	B. The Naabik'iyati' Committee of the Navajo Nation Council is empowered to	
23	review all proposed legislation which requires final action by the Navajo Nation Council.	
24	2 N.N.C. §164(A)(9).	
25	C. The Budget and Finance Committee of the Navajo Nation Council is	
26	empowered to review and recommend to the Navajo Nation Council the budgeting,	
27	appropriation, investment, and management of all funds. 2 N.N.C. §300(8)(2).	
28	D. The Resource Development Committee of the Navajo Nation Council is	
29	empowered to exercise oversight authority over economic and community development,	
30	commerce and trade, and public utilities and telecommunications. 2 N.N.C. §500 (C).	
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	No. 16-392-1	

Section Two. Findings

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

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

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

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

E. The 2014 Act mandated that the net proceeds and earnings thereon received by the Navajo Nation from the settlement of *Navajo Nation v. United States*, No. 06-945L, be deposited into the Síhasin Fund and managed and invested to provide financial

support and/or financing for (1) the planning and development of regional infrastructure supporting economic and community development, including housing, within the Navajo Nation; and/or (2) education opportunities for members of the Navajo Nation. See 12 N.N.C §2501 and §2502 (A).

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

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

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

I. The Office of the Controller reported that as of January 1, 2016, the amount of the Sihasin Fund Principal is Four Hundred Eighty Seven million Nine Hundred Ninety Thousand Eight Hundred Forty One Dollars and Ninety One Cents (\$487,990,841.91) with interest earnings of Four Hundred Fifty Eight Thousand Four Hundred Thirty One Dollars and Seventy Five Cents (\$458,431.75).

J. On April 9, 2015, the Naabik'íyáti' Committee adopted Resolution No. NABIAP-20-15 establishing the Naabik'íyáti' Síhasin Fund Subcommittee to "review and evaluate the Public Hearing comments and recommendations from the Navajo People" and "recommend to the Naabik'íyáti' Committee and Navajo Nation Council financial support and/or financing plan(s) for the purposes designated in CD-68-14 [Navajo Nation Breach of Trust Settlement Act of 2014, establishing the Síhasin Fund]".

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K. Between April 2015 and April 2016, the Naabik'íyáti' Síhasin Fund Subcommittee, assisted by the Office of Legislative Services, Office of the Speaker, and Office of Legislative Counsel, met on at least sixteen (16) occasions in either work sessions or official meetings to review and evaluate the Public Hearing comments and recommendations from the Navajo People; hear proposals from Navajo Nation entities, chapters, programs and officials; and develop an expenditure plan(s) for the Síhasin Fund Principal and Income consistent with the purposes set forth in the 2014 Act.

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

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

N. In February of 2016, upon recommendation of the Naabik'íyáti' Síhasin Fund Subcommittee, the Navajo Nation enacted Legislation No. CJA-12-16 adopting the Síhasin Fund Bulk Water and Wastewater Development and Sanitation Deficiency System (SDS) Project Expenditure Plans for the planning and development of a comprehensive and cohesive nationwide bulk water delivery system necessary to support sustainable economic and community development, including housing, throughout the Navajo Nation. O. Legislation No. CJA-12-16 specifically set forth that following the adoption of the Bulk Water and Wastewater Development and Sanitation Deficiency System (SDS) Project Expenditure Plans, the Naabik'íyáti' Síhasin Fund Subcommittee would consider project specific economic and community development expenditure plans for funding under Section 2505 of the 2014 Act.

P. The Navajo Nation Gaming Enterprise ("NNGE") presented the Naabik'íyáti' Síhasin Fund Subcommittee with information that since 2011, the Navajo Nation (which includes the Navajo-Hopi Land Commission and Office, the Division of Economic Development, the Division of Natural Resources, other Navajo Nation programs, and the Twin Arrows Task Force), the Office of Navajo Hopi Relocation, the Navajo Nation Oil and Gas Company ("NNOGC"), and the NNGE have planned and advocated for a convenience store and gas station at the Twin Arrows Interstate 40 interchange since the inception of the Twin Arrows Casino Navajo Resort ("TANCR"); and these parties have worked together to advance the development of the Twin Arrows Travel Center ("TA Travel Center") to initially include egress to TANCR, a convenience store, gas station and trucker service station with separate diesel island and temporary parking area for truckers, at the Interstate 40 interchange; and this work includes multiple market studies, master plans, a "Retail Site Analysis", environmental studies, archaeological and geotechnical studies and design documents.

Q. In December of 2014, the Resources Development Committee passed Resolution RDCD-106-14, attached as Exhibit A, approving the Twin Arrows Master Plan which includes plans for multiple businesses at Twin Arrows, specifically including the Twin Arrows Travel Center as an anchor tenant at the northeast corner of the Interstate 40 Twin Arrows exit roundabout, and directing the Navajo Nation Enterprises to commercially develop Twin Arrows.

R. NNGE also presented the Naabik'íyáti' Síhasin Fund Subcommittee with studies showing that the development and establishment of the TA Travel Center under the ownership and management of NNGE will:

1. provide a positive financial return to NNGE, as well as attract visitors to and compliment the amenities offered at the TANCR;

 provide a positive return to the Navajo Nation through the creation of permanent jobs, as well as construction jobs for several trades, tax revenues from retail sales and construction, and business site lease fee revenues, as well as expand markets for Navajo goods and opportunities for Navajo entrepreneurs; and

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 stimulate capital and economic multiplier effects for the western portion of the Navajo Nation.

S. NNGE additionally presented the Naabik'íyáti' Síhasin Fund Subcommittee with information that the development of essential utilities necessary to operate the TA Travel Center will establish the utilities infrastructure necessary to support future development of approximately two hundred acres in the western portion of the TANCR area, including other ancillary businesses such as retail establishments, fast food restaurants, a RV Park, tourism facilities and similar developments.

T. NNGE further informed the Naabik'íyáti' Síhasin Fund Subcommittee that it had information that the Hopi Tribe was currently in the planning phase of developing a convenience store and gas station in the vicinity of Twin Arrows and that due diligence studies indicated that the market share for the TA Travel Center would be dramatically improved and remain positively impacted in the long-term if it was in operation before Hopi opened a similar establishment.

U. NNGE assured the Naabik'íyáti' Síhasin Fund Subcommittee that as of February 18, 2016, the TA Travel Center was project ready in Phase II of the Architectural and Engineering Services for Design Development and Construction Services with site and building construction able to begin in summer 2016, with an opening date of late spring 2017, if funding in the amount of ten million dollars (\$10,000,000.00) was immediately secured.

V. Lastly, NNGE informed the Naabik'íyáti' Síhasin Fund Subcommittee that so far NNGE had contributed over two million dollars (\$2,000,000.00) in in-kind development costs supporting the TA Travel Center project, e.g., telecommunications, electricity and water/wastewater infrastructure; land costs; and development costs. W. The Naabik'íyáti' Síhasin Fund Subcommittee has determined that the TA Travel Center Development Expenditure Plan, attached as Exhibit B, submitted by NNGE meets the 2014 Act requirement for the "planning and development of regional infrastructure supporting economic and community development, including housing, within the Navajo Nation". See 12 N.N.C. §2502 (A) (1).

X. The Naabik'íyáti' Síhasin Fund Subcommittee has also determined that the substantial in-kind contribution NNGE has already made towards the TA Travel Center project satisfies the 2014 Act requirement that "leveraging of the [Síhasin] Fund by way of guaranteeing loans, match funding, direct funding in part and other weighted uses of the Fund shall be favored over direct funding in whole". 12 N.N.C §2502 (B).

Y. The Naabik'íyáti' Síhasin Fund Subcommittee further determined that the forty percent (40%) debt obligation assumed by NNGE in order to finish construction of the TA Travel Center facilities additionally satisfies the 2014 Act requirement that "leveraging of the [Síhasin] Fund by way of guaranteeing loans, match funding, direct funding in part and other weighted uses of the Fund shall be favored over direct funding in whole". 12 N.N.C §2502 (B).

Z. The Naabik'íyáti' Síhasin Fund Subcommittee additionally determined that it was in the best long-term interest of the Navajo Nation to provide the financial support necessary to develop the TA Travel Center and recommends to the Navajo Nation Standing Committees and the Navajo Nation Council that the TA Travel Center be funded as an economic development expenditure plan through the Síhasin Fund as the Síhasin Fund TA Travel Center Development Expenditure Plan, attached as Exhibit B, under section 2505 of the 2014 Act.

AA. After considering the recommendations of the Naabik'íyáti' Síhasin Fund Subcommittee, the Navajo Nation Council hereby determines that it is in the best interests of economic development on the western portion of the Navajo Nation to fund the Síhasin Fund Twin Arrows Travel Center Development Expenditure Plan, attached as Exhibit B.

Section Three. Approval and Adoption of Expenditure Plan

A. The Navajo Nation hereby approves and adopts the Síhasin Fund Twin Arrows Travel Center Development Expenditure Plan, attached and incorporated herein as Exhibit B.

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B. The Navajo Nation hereby approves and adopts total funding for the Síhasin
Fund Twin Arrows Travel Center Development Expenditure Plan in the amount of \$10,
000,000.00 (ten million dollars) during Navajo Nation Fiscal Year 2016 as follows:

- Direct funding from Síhasin Fund Principal in the amount of \$2,500,000.00 (two million five hundred dollars) to the Navajo Nation Gaming Enterprise for the planning, development and construction of infrastructure necessary to support the Twin Arrows Travel Center and ancillary developments;
- Direct funding from Síhasin Fund Principal in the amount of \$3,500,000.00 (three million five hundred thousand dollars) to the Navajo Nation Gaming Enterprise for the planning, development and construction of the Twin Arrows Travel Center facilities;
- 3. Loan funding from Síhasin Fund Principal in the amount of \$4,000,000.00 (four million dollars) to the Navajo Nation Gaming Enterprise for the planning, development and construction of the Twin Arrows Travel Center facilities; and
- 4. The loan funding to the Navajo Nation Gaming Enterprise shall be repaid, including interest, to the Síhasin Fund through a loan agreement approved by the Budget & Finance Committee with loan terms of fifteen-year term, fifteen-year amortization and 1.5% interest rate.

C. The Síhasin Fund funds allocated for the Twin Arrows Travel Center Development Expenditure Plan may be further leveraged by bond or loan financing pursuant to the Navajo Nation Bond Financing Act, 12 N.N.C. §1300 et seq., as amended, using Síhasin Fund Earnings for repayment and financing costs upon the recommendation of the Budget and Finance Committee and approval by a two-thirds (2/3) vote of all members of the Navajo Nation Council.

Section Four. Approval and Adoption of Expenditure Plan Administration

1	А.	The Navajo Nation hereby approves administration of the Síhasin Fund			
2	Twin Arrows Travel Center Development Expenditure Plan as follows:				
3	1.	The funds allocated to NNGE shall not lapse on an annual basis pursuant to			
4		12 N.N.C. §820 (N) until such time as the Twin Arrows Travel Center, as			
5		set forth in Exhibit B, is fully constructed and operating.			
6	2.	The funds allocated to NNGE shall be administered through a loan			
7		agreement negotiated by the Navajo Nation Controller and approved by the			
8		Budget and Finance Committee which shall at least include provisions that:			
9		a. NNGE shall have the authority and responsibility to administer			
10		and use the Síhasin Funds allocated solely to design, plan and			
11		construct the Twin Arrows Travel Center and infrastructure set			
12		forth in Exhibit B;			
13		b. The funds allocated to NNGE shall be released by the Office of the			
14		Controller to pursuant to a Construction Plan(s); and			
15		c. NNGE shall return any and all cost-savings to the Síhasin Fund			
16		once the Twin Arrows Travel Center is fully constructed.			
17	3.	NNGE shall account for and be held accountable for the expenditure of			
18		Síhasin Fund funds and shall administer such funds pursuant to a Fund			
19		Management Plan approved by the NNGE Board of Directors which shall at			
20		least include provisions that:			
21		a. The accounting and financial records for the Síhasin Fund funds,			
22		including the loan funds, shall be kept separate from other Navajo			
23		Nation Gaming Enterprise funds and accounts; and			
24		b. The use of the Síhasin Fund funds, including the loaned funds,			
25		shall be audited on an annual basis with such audit report			
26		submitted to the Naabik'íyáti' Committee, Office of the			
27		Controller, and Office of the President and Vice-President.			
28	В.	NNGE shall report the status of the construction of the Twin Arrows Travel			
29	Center, as	well as the status of the Síhasin Fund Twin Arrows Travel Center			
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Development Expenditure Plan to the Naabik'íyáti' Committee and Office of the President and Vice-President on a quarterly basis.

Section Five. Effective Date

The Síhasin Fund Twin Arrows Travel Center Development Expenditure Plan, as set forth above, shall become effective pursuant to 12 N.N.C. §2505.

Section Six. Directives

A. All Navajo Nation programs and personnel, specifically including, but not limited to, the Office of Controller and Twin Arrows Task Force, shall take all steps necessary to expeditiously implement the Síhasin Fund Twin Arrows Travel Center Development Expenditure Plan consistent with the provisions set forth above.

B. The Navajo Nation Gaming Enterprise and Navajo Nation programs named in this legislation shall be held accountable for the progress of tasks and/or projects under their responsibility and control after the funds for such projects have been distributed by the Office of Controller and shall report on a semi-annual basis to the Navajo Nation Council on the progress for their respective tasks and projects.

Office of Legislative Counsel Telephone: (928) 871-7166 Fax # (928) 871-7576

TO:

FROM:



Honorable LoRenzo Bates Speaker 23rd Navajo Nation Council

MEMORANDUM

Honorable Leonard Tsosie 23rd Navajo Nation Council

Levon B. Henry, Chief Legislative Counsel Office of Legislative Counsel

SUBJECT: AN ACTION RELATING TO RESOURCES AND DEVELOPMENT, BUDGET AND FINANCE AND NAABIK'ÍYÁTI' COMMITTEES AND NAVAJO NATION COUNCIL; ADOPTING THE SÍHASIN FUND TWIN ARROWS TRAVEL CENTER DEVELOPMENT EXPENDITURE PLAN PURSUANT TO RESOLUTION CD-68-14 AND 12 N.N.C §§2501 – 2508

Pursuant to your request, attached is the above-referenced proposed resolution and associated legislative summary sheet. Based on existing law, the resolution as drafted is legally sufficient. However, as with all legislation, it is subject to review by the courts in the event of a challenge.

The Office of Legislative Council confirms the appropriate standing committee(s) reviews based on the standing committees powers outlined in 2 N.N.C. §§ 301, 401, 501, 601 and 701. Nevertheless, "the Speaker of the Navajo Nation Council shall introduce [the proposed resolution] into the legislative process by assigning it to the respective oversight committee(s) of the Navajo Nation Council having authority over the matters for proper consideration." 2 N.N.C. § 164(A)(5).

Please review the proposed resolution to ensure it is drafted to your satisfaction. If this proposed resolution is acceptable to you, please sign it where it indicates "Prime Sponsor", and submit it to the Office of Legislative Services for the assignment of a tracking number and referral to the Speaker.

If the proposed resolution is unacceptable to you, or if you have further questions, please contact me at the Office of Legislative Counsel and advise me of changes you would like made to the proposed resolution. You may contact me at (928) 871-7166. Thank you.

DATE: May 4, 2016

THE NAVAJO NATION LEGISLATIVE BRANCH INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0147-16__

SPONSOR: Leonard Tsosie

<u>TITLE: An Action Relating To Resources And Development, Budget And Finance</u> <u>And NAABIK'IYATI' Committee And Navajo Nation Council; Adopting The</u> <u>Sihansin Fund Twin Arrows Travel Center Development Expenditure Plan</u> <u>Pursuant To Resolution CD-68-14 And 12 N.N.C. §§2501 - 2508</u>

Date posted: May 04, 2016 at 7:15 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.: 0147-16

SPONSOR: Honorable Leonard Tsosie

TITLE: <u>An Action Relating To Resources And Development, Budget And Finance</u> <u>And NAABIK'IYATI' Committee And Navajo Nation Council; Adopting The</u> <u>Sihasin Fund Twin Arrows Travel Center Development Expenditure Plan Pursuant</u> <u>To Resolution CD-68-14 And 12 N.N.C. §§2501 - 2508.</u>

Posted: May 04, 2016 at 7:15 PM

5 DAY Comment Period Ended: May 9, 2016

Digital Comments received:

Comments Supporting	None
Comments Opposing	1. Lawrence A. Ruzow
Inclusive Comments	None

Executive Director Office of Legislative Services

5/10/2016 - 8:40 m

Date/Time

Page 1 of 1

Twin Arrow Travel Center--Proposed Legislation--_0147-16

Lawrence Ruzow <laruzow@gmail.com>

Fri 5/6/2016 9:20 AM

To:comments <comments@navajo-nsn.gov>;

Good Morning:

Perhaps it is in the exhibits to the proposed legislation which do not appear online, but I saw no reference to how the Twin Arrows Travel Center will benefit Navajos whose families on December 22, 1974 were residents of the lands later partitioned to the Hopi Tribe,

The TANCR lands were acquired pursuant to 25 USC 640d-10 and that section provides:

(h) Administration of lands transferred or acquired

The lands transferred or acquired pursuant to this section shall be administered by the Commissioner until relocation under the Commission's ⁵ plan is complete <u>and such lands shall be used solely for the</u> <u>benefit of Navajo families residing on Hopi-partitioned lands as of December 22, 1974</u>: *Provided*, That the sole authority for final planning decisions regarding the development of lands acquired pursuant to this subchapter shall rest with the Commissioner until such time as the Commissioner has discharged his statutory responsibility under this subchapter.

Lawrence A. Ruzow 602-826-6281