

**RESOLUTION OF THE  
NAVAJO NATION COUNCIL**

**Establishing the Local Governance Trust Fund and Appropriating  
\$2,400,000 from the Unreserved Undesignated Fund Balance**

**WHEREAS:**

**1. The Navajo Nation Council is the governing body of the Navajo Nation, pursuant to 2 N.N.C. Section 102(A); and**

**2. On April 27, 1998, the Navajo Nation Council enacted the Local Governance Act, 26 N.N.C. Section 1, et seq., through Resolution CAP-34-98; and**

**3. The Local Governance Act is legislation of historical magnitude that greatly expands the ability of chapters to choose their own form of government and make their own decisions about matters of local concern. It will ultimately have the effect of greatly reducing the influence of the central Navajo Nation Government over the chapters and governance at the chapter level; and**

**4. The Council recognized that the transition into full implementation of the Local Governance Act would require the financial support of the Navajo Nation Government. At Resolved Paragraph Four of CAP-34-98 the Navajo Nation Council stated:**

**The Navajo Nation Council further recognizes that appropriations are needed to finance the local governance legislation. A permanent local governance trust fund shall be established to assist the Navajo Nation Chapters, subject to the availability of funds.**

**However, to date no legislation has been presented to establish such a trust fund; and**

5. Implementation of the Local Governance Act has been slow during Fiscal Years 1999 and 2000. Only one chapter has become governance certified pursuant to the provisions of 26 N.N.C. Section 102. The delays in implementation of the Act may in part be the result of the fact that funding for this project has not been provided through the establishment of a local governance trust fund; and

6. Presentation and adoption of a local governance trust fund would be in the best interests of the Navajo Nation and People as it could be used as a means of encouraging chapters to become governance certified and exercise the expanded governmental authority conveyed to them by the Act. It would also comply with the directive of Resolved Clause Four of CAP-34-98 to establish such a fund; and

7. The plan of operation for the Local Governance Trust Fund contained in Exhibit One will establish a trust fund which will encourage chapters to become governance certified and will help speed full implementation of the Local Governance Act; and

8. A sufficient level of funding for the trust fund is critical if implementation of the Act is to succeed. It is therefore in the best interests of the Navajo Nation to waive the Appropriations Act and other statutes to appropriate monies from the Unreserved Undesignated Fund Balance as the initial contribution to the Local Governance Trust Fund; and

9. The Budget and Finance Committee and the Transportation and Community Development Committee have adopted resolutions recommending that the Navajo Nation Council create the Local Governance Trust Fund with an initial appropriation as outlined in this resolution. Exhibits Two and Three.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Navajo Nation Council hereby establishes the Local Governance Trust Fund, as set forth in Exhibit One and appropriates \$2,400,000 from the Unreserved Undesignated Fund Balance as the initial contribution to the Local Governance Trust Fund.

2. The Navajo Nation Council further waives the Appropriations Act and other applicable statutes of the Navajo Nation for this appropriation.

**CERTIFICATION**

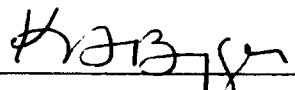
I hereby certify that the foregoing resolution was duly considered by the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona) at which a quorum was present and that the same was passed by a vote of 67 in favor, 0 opposed and 0 abstained, this 14<sup>th</sup> day of December 2000.

  
Andy Ayze, Speaker Pro Tem  
Navajo Nation Council

Motion: Peterson Yazzie  
Second: Robert Whitehorse

**ACTION BY THE NAVAJO NATION PRESIDENT:**

1. I hereby give notice that I will not veto the foregoing legislation, pursuant to 2 N.N.C. Section 1005 (C)(10), on this 27<sup>th</sup> day of December 2000.

  
\_\_\_\_\_  
Kelsey A. Begaye, President  
Navajo Nation

2. I hereby veto the foregoing legislation, pursuant to 2 N.N.C. Section 1005(C)(10) this \_\_\_\_ day of \_\_\_\_\_ 2000 for the reason(s) expressed in the attached letter to the Speaker.

\_\_\_\_\_  
Kelsey A. Begaye, President  
Navajo Nation

# EXHIBIT ONE

12 N.N.C. section 1159, *et seq.*

Navajo Nation  
Local Governance Trust Fund

## Section 1159. Purpose

The purpose of the Local Governance Trust Fund is to provide an incentive for chapters to attain governance certification, as well as allow them organizational funding so they can develop programs and services in line with their goals, the Local Governance Act and Navajo Nation policy. Additionally, the Fund will provide a continuing source of revenues to governance-certified chapters.

## Section 1160. Establishment

There is established the "Navajo Nation Local Governance Trust Fund" (Fund) with an initial appropriation as approved by the Navajo Nation Council. Additional appropriations may be made from time to time by the Navajo Nation Council.

- A. Beginning in Fiscal Year 2002, each year the Navajo Nation Council shall budget a sum equal to at least two (2) percent (%) of any and all projected revenue of the Navajo Nation, including, but not limited to, revenues received from taxes, oil and gas mining/minerals, timber, land rentals, right of way payments, interest/dividends, gain on sale of securities and other revenue producing activities for transfer to the Fund; this provision shall terminate at the end of Fiscal Year 2006.
- B. Beginning in Fiscal Year 2007, the Fund shall annually receive fifty percent (50%) of the income available from the Navajo Nation Permanent fund pursuant to 12 N.N.C. section 905.
- C. Any monies deposited into the fund, plus accrued interest, shall be used only as provided in the Fund plan of operation.

**Section 1161. Fund Management**

All amounts of money deposited in the Fund shall be invested as soon as is reasonably practical in accordance with the following provisions:

- A. The Fund shall be invested in accordance with the degree of care exercised by reasonable and prudent managers of large investments and invested to produce maximum growth with a reasonably high degree of safety.
- B. The management of investments shall be vested with the Investment Committee of the Navajo Nation. All investment objectives shall be approved by the Budget and Finance Committee of the Navajo Nation Council and appropriate investment agreements or contracts executed accordingly.

**Section 1162. Definition of Principal and Income**

- A. “Fund income” means all earnings (interest, dividends, etc.) generated by the fund principal.
- B. “Fund principal” means the initial deposit of monies by the Council, any additional Navajo Nation Council appropriations, and any contributions made by any other parties or entities.

**Section 1163. Expenditure of Fund Principal**

- A. An incentive program is established to assist chapters in becoming governance certified in the manner set forth in 26 N.N.C. section 102. Fund principal and interest may be expended for this program in the following manner:
  - 1. Each chapter which is, or becomes, governance certified, pursuant to 26 N.N.C. section 102 of the Local Governance Act, shall receive a grant of \$160,000 at the time of governance certification or, if already governance certified at the time of adoption of the Fund, upon final adoption of the Fund legislation.

2. Incentive monies distributed to the chapters pursuant to this provision shall in no event exceed \$160,000 per chapter as a one-time grant.
- B. With the exception of Fund principal designated in Paragraph A of this section, Fund principal shall not be expended except pursuant to a referendum adopted by two-thirds vote of all registered Navajo voters. The Navajo Nation Council may place such a "Referendum to Expend Fund Principal" on the ballot of any primary, general or special election by a two-thirds vote of the full membership of the Navajo Nation Council.

### Section 1164. Expenditure of Fund income

Fund income shall be expended as follows:

- A. Four percent (4%) of the average annual market value of the Fund shall be distributed annually to governance-certified Navajo chapter based upon a formula recommended by the Transportation and Community Development Committee of the Navajo Nation Council and established by the Budget and Finance Committee of the Navajo Nation Council. The amount of funds to be distributed pursuant to this provision shall not exceed the total of Fund income, as determined by section 1161(B), then available in the Fund. In conformity with the Local Governance Act, 26 N.N.C. section 1, *et seq.*, each governance certified chapter shall determine the most appropriate use of all funds received with the following exceptions:
  1. Chapters may not use the distribution from this funds for per capita distributions.
  2. Chapters may not use the distribution from this funds for the purchase of agricultural products for distribution or resale to chapter members.
  3. Chapters may not use the distribution from this funds to pay for training or instructional expenses of chapter officials or chapter employees, including travel expenses incident to training or instruction.
  4. Chapters may not use the distribution from this funds to pay stipends or meeting attendance fees to chapter officials or employees.

5. Chapters may not use the distribution from this funds to pay travel expenses of any kind to chapter officials or chapter employees.
  6. Chapters may not use the distribution from this funds to purchase motor vehicles for the use of chapter officials or employees.
- B. Of the four percent (4%) of the average annual market value to be distributed pursuant to sub-paragraph (A) of this section, a maximum of 95% of the proceeds will be used for distribution to the chapters as set forth above and a minimum of five percent (5%) will be used for administrative purposes as set forth in section 1167.

### **Section 1165. Annual Audited Report**

The Fund shall be audited annually, and the Navajo Nation shall include the Fund in its annual audit and report. The report shall be distributed to the members of the Navajo Nation Council, governance-certified chapters and interested members of the Navajo public.

### **Section 1166. Amendments**

Any section herein may be amended at the recommendation of the Transportation and Community Development Committee and adopted by a two-thirds vote of the full membership of the Navajo Nation Council, except that section 1163 may only be amended as provided for in section 1163(B).

### **Section 1167. Expenses**

All annual expenses directly associated with the administration and management of the Fund shall be paid from the fund income as approved by the Budget and Finance Committee of the Navajo Nation Council. Such expenses shall include investment advisory and management fees, audit costs and other related expenses, all pursuant to duly approved and executed contracts for such services.

# EXHIBIT TWO

BFO-85-00

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

### Recommending Establishment of the Local Governance Trust Fund and Appropriation of \$2,400,000 from the Unreserved Undesignated Fund Balance

#### WHEREAS:

1. The Budget and Finance Committee of the Navajo Nation Council is delegated authority to review and recommend fiscal legislation to the Navajo Nation Council, pursuant to 2 N.N.C. sections 372(C) and 373(B)(1); and

2. On April 27, 1998, the Council enacted the Local Governance Act, 26 N.N.C. section 1, et seq., through Resolution Number CAP-34-98; and

3. The Local Governance Act is legislation of historical magnitude that greatly expands the ability of chapters to choose their own form of government and make their own decisions about matters of local concern. It will ultimately have the effect of greatly reducing the influence of the central Navajo Nation government over the chapters and governance at the chapter level; and

4. The Council recognized that the transition into full implementation of the Local Governance Act would require the financial support of the Navajo Nation Government. At Resolved Paragraph Four of CAP-34-98 the Council stated:

The Navajo Nation Council further recognizes that appropriations are needed to finance the local governance legislation. A permanent local governance trust fund shall be established to assist the Navajo Nation Chapters, subject to the availability of funds.

However, to date no legislation has been presented to establish such a trust fund; and

5. Implementation of the Local Governance Act has been slow during Fiscal Years 1999 and 2000. Only one chapter has



become governance certified pursuant to the provisions of 26 N.N.C. section 102. The delays in implementation of the Act may in part be the result of the fact that funding for this project has not been provided through the establishment of a local governance trust fund; and

6. Presentation and adoption of a local governance trust fund would be in the best interests of the Navajo Nation and People as it could be used as a means of encouraging chapters to become governance certified and exercise the expanded governmental authority conveyed to them by the Act. It would also comply with the directive of Resolved Clause Four of CAP-34-98 to establish such a fund; and

7. The plan of operation for the Local Governance Trust Fund contained in Exhibit One will establish a trust fund which will encourage chapters to become governance certified and will help speed full implementation of the Local Governance Act; and

8. A sufficient level of funding for the trust fund is critical if implementation of the Act is to succeed. It is therefore in the best interests of the Navajo Nation to waive the Appropriations Act and other statutes to appropriate monies from the unreserved undesignated fund balance as the initial contribution to the Local Governance Trust Fund; and

9. By Resolution TCDCJY-75-00, attached hereto as Exhibit "A", the Transportation and Community Development Committee of the Navajo Nation Council recommended the establishment of the Local Governance Trust Fund as set forth in Exhibit One.

**NOW THEREFORE BE IT RESOLVED:**

1. The Budget and Finance Committee of the Navajo Nation Council hereby recommends establishment of the Local Governance Trust Fund, as set forth in Exhibit One and the appropriation of \$2,400,000 from the Unreserved Undesignated Fund Balance as the initial contribution to the Local Governance Trust Fund.

2. The Budget and Finance Committee of the Navajo Nation Council further recommends the waiver of the Appropriations Act and other applicable statutes of the Navajo Nation for this appropriation.

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Budget and Finance of the Navajo Nation Council at a duly called meeting at Ramah, Navajo Nation (New Mexico), at which a quorum was present and that the same was passed by a vote of 4 in favor, 1 opposed and 0 abstained, this 24th day of October, 2000.



Lorenzo Bedonie  
Chairperson

Motioned: Albert E. Ross, Jr.  
Seconded: Bennie Shelly

# EXHIBIT THREE

TCDCJY-75-00

## RESOLUTION OF THE TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE OF THE NAVAJO NATION COUNCIL

### Recommending Establishment of the Local Governance Trust Fund

WHEREAS:

1. The Transportation and Community Development Committee of the Navajo Nation Council is delegated extensive authority regarding the implementation of the Local Governance Act, pursuant to Title 26 of the Navajo Nation Code; and

2. On April 27, 1998, the Navajo Nation Council enacted the Local Governance Act, 26 N.N.C. Section 1, et seq., through Resolution CAP-34-98; and

3. The Local Governance Act is legislation of historical magnitude that greatly expands the ability of chapters to choose their own form of government and make their own decisions about matters of local concern. It will ultimately have the effect of greatly reducing the influence of the central Navajo Nation Government over the chapters and governance at the chapter level; and

4. The Navajo Nation Council recognized that the transition into full implementation of the Local Governance Act would require the financial support of the Navajo Nation Government. At Resolved Paragraph Four of Resolution CAP-34-98 the Navajo Nation Council stated:

The Navajo Nation Council further recognizes that appropriations are needed to finance the local governance legislation. A permanent local governance trust fund shall be established to assist the Navajo Nation Chapters, subject to the availability of funds.

However, to date no legislation has been presented to establish such a trust fund; and

5. Implementation of the Local Governance Act has been slow during Fiscal Years 1999 and 2000. Only one chapter has become governance certified pursuant to the provisions of 26 N.N.C. Section 102. The delays in implementation of the Act may in part be the result of the fact that funding for this project has not been provided through the establishment of a local governance trust fund; and

6. Presentation and adoption of a local governance trust fund would be in the best interests of the Navajo Nation and People as it could be used as a means of encouraging chapters to become governance certified and exercise the expanded governmental authority conveyed to them by the Act. It would also comply with the directive of Resolved Clause Four of Resolution CAP-34-98 to establish such a fund; and

7. The Plan of Operation for the Local Governance Trust Fund contained in Exhibit One will establish a trust fund which will encourage chapters to become governance certified and will help speed full implementation of the Local Governance Act; and

8. A sufficient level of funding for the trust fund is critical if implementation of the Act is to succeed. It is therefore in the best interests of the Navajo Nation to waive the appropriation required by 12 N.N.C. Section 901 for Fiscal Year 2001 only and instead appropriate those monies as the initial contribution to the Local Governance Trust Fund.

**NOW THEREFORE BE IT RESOLVED THAT:**

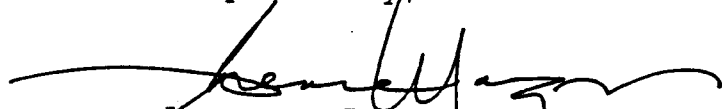
1. The Transportation and Community Development Committee of the Navajo Nation Council hereby recommends establishment of the Local Governance Trust Fund, as set forth in Exhibit One.

2. The Transportation and Community Development Committee of the Navajo Nation Council further recommends waiver of the appropriation required by 12 N.N.C. Section 901 for Fiscal Year 2001 only and recommends that those monies be appropriated as the initial contribution to the Local Governance Trust Fund.

3. The Transportation and Community Development Committee of the Navajo Nation Council recommends that \$160,000 be allocated to Shonto Chapter as they are already governance certified pursuant to Resolution TCDCS-98-99.

**CERTIFICATION**

I hereby certify that the foregoing resolution was duly considered by the Transportation and Community Development Committee of the Navajo Nation Council at a duly called meeting at Window Rock, Navajo Nation (Arizona), at which a quorum was present, and the same was passed by a vote of 4 in favor, 0 opposed, and 0 abstained, this 11th day of July, 2000.



Lawrence T. Morgan  
Chairperson  
Transportation and Community  
Development Committee of the  
Navajo Nation Council

Motion: Joe Salt  
Second: Alfred L. Yazzie

**RESOLUTION OF THE  
TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE  
OF THE NAVAJO NATION COUNCIL**

**20<sup>th</sup> NAVAJO NATION COUNCIL—Fourth Year, 2006**

AN ACTION RELATING TO COMMUNITY DEVELOPMENT; APPROVING THE  
TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE'S LOCAL  
GOVERNMENT IMPROVEMENT FUNDS POLICIES AND PROCEDURES

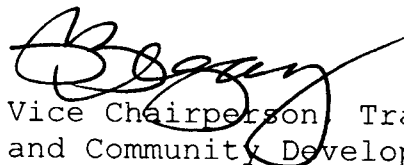
**BE IT ENACTED:**

1. The Navajo Nation hereby approves the  
Transportation and Community Development Committee's Local  
Government Improvement Funds Policies and Procedures  
attached hereto as Exhibit A.

2. The Navajo Nation hereby directs the Division  
Director for the Division of Community Development and the  
Department Manager for the Capital Improvement Office to  
carry out the Local Government Improvement Funds Policies  
and Procedures to the best of their abilities.

**CERTIFICATION**

I hereby certify that the foregoing resolution was  
duly considered by the Transportation and Community  
Development Committee of the Navajo Nation Council at a  
duly called meeting at Window Rock, Navajo Nation  
(Arizona), at which a quorum was present and the same was  
passed by a vote of 4 in favor and 0 opposed, this 26<sup>th</sup> day  
of October, 2006.



Vice Chairperson Transportation  
and Community Development  
Committee

Motion: Edward V. Jim, Sr.  
Second: David Rico

**TRANSPORTATION AND COMMUNITY DEVELOPMENT COMMITTEE  
OF THE NAVAJO NATION**

**LOCAL GOVERNMENT IMPROVEMENT FUNDS  
POLICIES AND PROCEDURES**

**Section 1. Purpose**

The Local Government Improvement Fund was established to improve the lives of people by bringing waterline and powerline projects together with indoor plumbing and rural electrification projects. This Fund addresses the indoor plumbing and rural electrification aspect not currently met with capital improvement funds. In this way, it maximizes the Navajo Nation's investment in infrastructure by match funding waterline and powerline projects.

The purpose of these policies and procedures is to set forth how the Local Government Improvement Funds shall be administered.

**Section 2. Definitions**

"Local Government Improvement Funds" means those funds set aside in the annual budget process to address the local government improvement needs including but not limited to housewiring and bathroom additions.

**Section 3. Local Government Improvement Requests**

Local governments shall submit requests using the form attached hereto as Attachment 1, and consistent with the timeline identified herein. Two copies of the request shall be submitted to the Capital Improvement Office, and one retained by the requestor for its records.

**Section 3. Technical Assistance**

Requesters may seek technical assistance from the Local Governance Support Center, Capital Improvement Office, Community Development Block Grant Department, and Design and Engineering Services Department.

**Section 4. Selection of Requests**

All requests shall be reviewed by a Selection Committee. The Selection Committee shall be convened for the sole purpose of ranking the requests for Local Government Improvement Funds.

The Selection Committee shall be comprised of five members appointed by the Division Director for the Division of Community Development. One member shall be an accountant, one shall be an engineer, one shall be an architect, one shall have access to information on the utilities available within the Nation, and one shall have access to information on the facilities within the Navajo Nation. All members must be familiar with principles of project management.

The Selection Committee shall submit a written recommendation to the Division Director for the Division of Community Development based upon the point system. A member of the Transportation and Community Development Committee shall present such recommendation to the Transportation and Community Development Committee with the Division Director providing technical assistance to explain such recommendation. If approved, the Transportation and Community Development Committee shall pass a resolution approving the projects. The Selection Committee, Division Director for the Division of Community Development, and the Transportation and Community Development Committee shall utilize the timeline set forth herein.

**Section 5. Points Allocation System**

The Selection Committee shall utilize the following Points Allocation System, with a maximum of 10 points possible.

- A. Need or urgency to be addressed .....(0-3 points)
- B. Identification, commitment and percentage from other funding sources.....(0-4 points)
- C. Reasonableness of project schedule .....(0-1 points)
- D. Total projected costs of materials, construction, fees, clearances, designs, and the like .....(0-2 points)

**Section 6. Timeline**

The following timeline will be utilized for this fiscal year.

Notice that the Nation is accepting Local Government Improvement Funds requests	1st Monday in October
Training period on how to fill out request forms	2 <sup>nd</sup> Monday in October
Due date for Local Government Improvement Fund requests	3rd week in October (delivered to CIO by 5:00 p.m. MST or postmarked)
Selection Committee's working period	4 <sup>th</sup> week in October through the 1 <sup>st</sup> week in November



Transportation and Community Development Committee's approval by resolution	3 <sup>rd</sup> week in November
Notification of awards to local governments	4 <sup>th</sup> week in November

**Section 6. Duties of the Capital Improvement Office and Division of Community Development**

The Capital Improvement Office shall accept the requests, log them in, assign them tracking numbers, review for required documentation and convene the Selection Committee. The Capital Improvement Office shall work diligently to provide the technical assistance, as well as to ensure the request forms are complete. The Division Director for the Division of Community Development shall oversee the activities of the Capital Improvement Office to ensure that the staff is logging in proposals and implementing a tracking system. Additionally, the Division shall assist the Capital Improvement Office in convening the Selection Committee.

The Transportation and Community Development Committee shall serve as legislative oversight to make sure the Capital Improvement Office is providing technical assistance, logging in proposals, implementing a tracking system and convening the Selection Committee.

**Section 7. Amendment**

These policies and procedures may be amended by the Transportation and Community Development Committee of the Navajo Nation Council upon recommendation of the Capital Improvement Office.