

Navajo Nation Trust Funds ASU Tempe Campus

- Introduction & Welcome
- Presentation
- Discussion/Q & A

PERMANENT TRUST FUND HISTORY

BY PETERSON ZAH



A SEED IS PLANTED

1985 - NN received \$217 million.

- Result of the NN taxation program put into full operation.
- NN just won the *Kerr-McGee v. Navajo Nation* case - U.S. Supreme Court
- NN renegotiated all coal, pipeline right of way, oil and gas leases
- Increased royalty payments to NN

Questions

- What do the Navajo people and Council do with \$217 million?
- Keep in mind the needs of the Navajo people in 1985 are the same today....

CJY-53-85: AUTHORIZATION OF PERMANENT FUND

- 1985 N.N. Tribal Council created and authorized a Permanent Fund for the N. N.
- Each year 12% of all projected Tribal revenue is invested into the Fund
- No fund income shall be expended for a period of 20 years from date of first contribution (1986-2007)

Continue...

- Thereafter, 95% of the fund income may be expended in accordance with a plan for its use covering at least a 5 year period. The plan would be approved by N.N. Council resolution provided that the expenditure of income in any fiscal year shall not exceed the income earned that year.
- Remaining 5% of income would be reinvested in the Permanent Fund
- All expensed directly associated with the administration and management of the fund shall be paid from the fund income expenses, such as payment to investment advisor and management fees.

DEFINITIONS

- **PRINCIPLE** = Fund deposited for investment
- **FUND INCOME** = Interest generated from the principle

Purpose of the Permanent Fund

- Permanent Fund was established to provide a future source of income (\$) to replace the depleting natural resources (coals, oil, gas)
- Permanent Fund would generate interest from tribal contributions to rebuild the reserve (\$) for future use.



Permanent Fund Work Group Members (2002)

- Peterson Zah – (Chairperson) Ft. Defiance Agency
- Peggy Scott – (Vice-Chairperson) NN Office of OPVP Designee
- Dr. Manley Begay Jr. – Speaker NNC Designee
- Robert Billy Whitehorse – Shiprock Agency
- Alfred Yazzie – Chinle Agency
- Walter Begay Jr. – Western Navajo Agency
- Bennie Cohoe – Eastern Navajo Agency

NNC established the PFWG

- To create the first 5 year plan for expendable income from the Permanent Fund

Local Governance Trust Fund

- CD-84-00 established the Local Governance Trust Fund (LGTF).
- Fiscal Year 2007 the LGTF will receive 50% of the Permanent Fund Income for Certified Chapters
- Only 45% of the Permanent Fund Income will be available to plan for by the Permanent Fund Work Group
- 5% will be reinvested

Purpose of Public Hearing

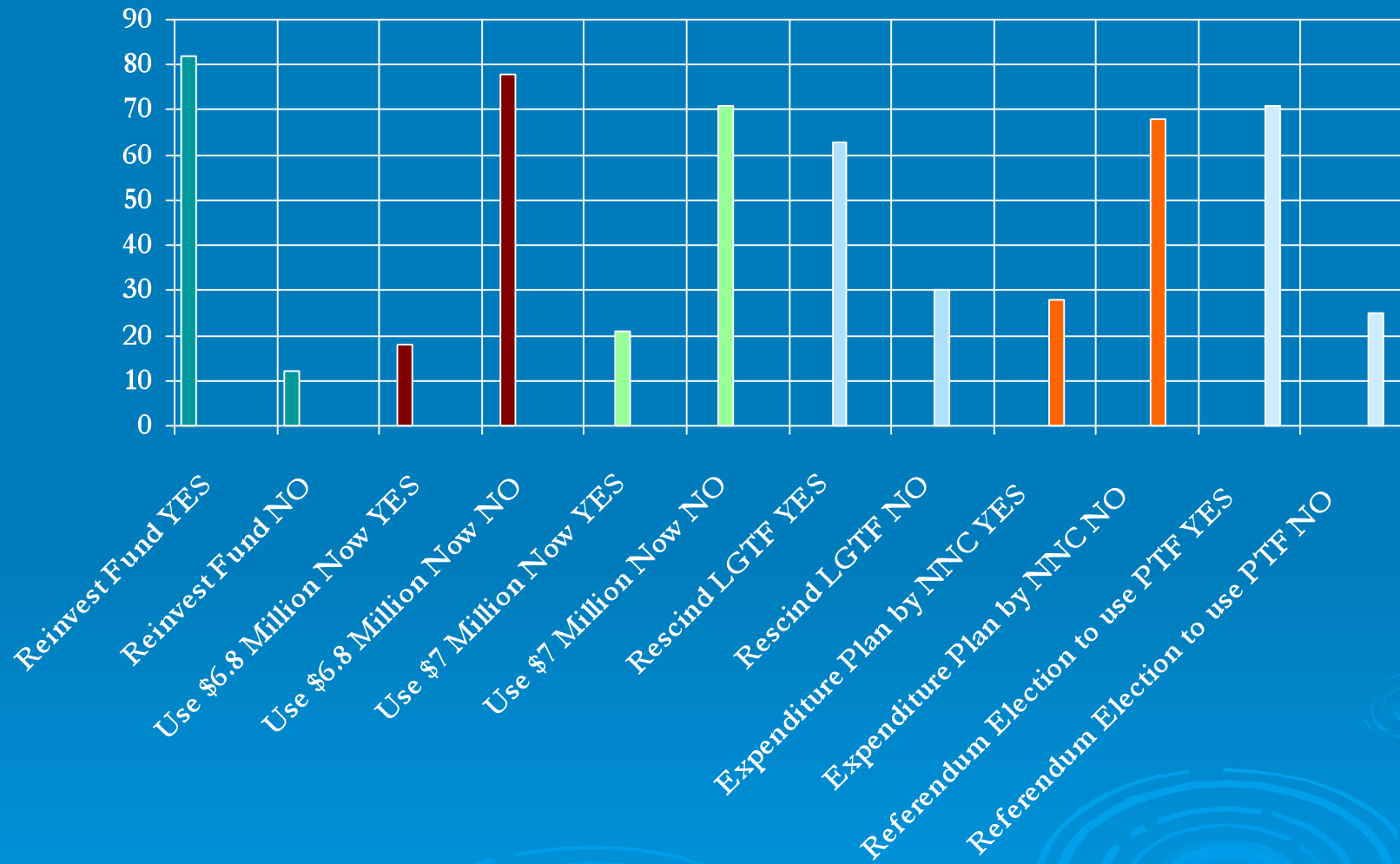
- The purpose of this public hearing is to provide public education and to get public input and recommendation on the proposed use of the Permanent Fund.



Public Hearing Locations: 2003

- 6/5/03 - Ft. Wingate
- 6/14/03 - Phoenix
- 6/21/03 - Tuba City
- 6/28/03 - Shiprock
- 7/11/03 - Ft. Defiance
- 7/12/03 - Chinle
- 7/26/03 - Kayenta
- 8/17/03 - Albuquerque
- 9/13/03 - Phoenix
- 10/11/03 - Oak Springs

Results of Survey & Public Hearings



5 Recommendations - PFWG

1. Develop a vision with a strategic plan for the NN
2. Reinvest PF for 5 years
3. Repeal diversion of PF income by LGTF
4. Resist further diversion and collateralization of PF
5. Establish a mechanism for determining future expenditures of PF income

Who Takes Care of Navajo Trust Fund Money? (3/97)

Fixed Income Managers

- Barrow, Hanley, Mewhinney & Strauss, Inc.
- Sovran Capital Management

Investment Consultant/ Advisor

- R.V. Kuhn & Associates

Custodian Bank

- Northern Trust Company

Equity Managers

- Newbold's Asset Management
- Chancellor LGT Asset Management
- Smith Barney Capital Management

The Permanent Trust Fund belongs to the Navajo People. If we all Protect and take care of these funds, it could last forever.

Under Navajo Tribal law, the only way the principle trust funds can be taken out of the bank is if two-thirds of the Navajo Nation Council votes to do so, and two-thirds of the Navajo people (registered voters) approve it through a referendum vote.

8 TRUST FUNDS ESTABLISHED 1984 – 1986

- 1.) Chapter Government Nation Building Fund
= \$60,000,000 million
- Interest earned & distributed to 110 chapters
each year
- 2.) College Scholarship Fund
= \$20,000,000 million
- Interest earned & distributed for students use
- 3.) Vocation Education Scholarship
= \$6,000,000 million

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- 4.) Handicap able Trust Fund
= \$7,000,000 million
- 5.) Elderly Senior Citizens Trust Fund
= \$7,000,000 million
- 6.) Navajo Academy/Preparatory School
=\$1,000,000 million
- 7.) Land Acquisition Funds (est. 1993)
= \$50,000,000 million
- 8.) Permanent Fund
=\$958,000,000 million (expected to reach \$1 billion summer of 2007)

NNC Committee Proposals

2 EXAMPLES

- Budget & Finance Committee established a sub-committee on the Permanent Fund and recommended using Fund income to build more jails, pay off loans, and debts.
- Judiciary Committee had indicated using the Fund income to build Tribal Courts

How Can Kee & Bah Make A Difference?

- Educate – self, family, friends
- Voice concerns – written & verbal to your chapters/delegates/NN officials
- Attend meetings
- Keep informed via newspapers, chapter & council reports
- Insist your NN elected officials be accountable to their constituents.

“KNOWLEDGE IS POWER”

“EDUCATION IS OUR WEAPON”

Contact Information

Peterson Zah

Pete.zah@asu.edu

480-965-5793

Jaynie Parrish

jparrish@asu.edu

480-727-8325

Website: www.navajotrustfunds.com

Office Location: ASU Tempe Campus, Agriculture Bldg 216

Your Input



Additional



Major U.S Coal Mines

Data for: 2005

Next Release Date:

September 2007

From the Energy Information Administration Official
Energy Statistics of the U.S. Government

- # 16 Navajo Mine/BHP Navajo Coal Co.
- # 19 Kayenta Mine/Peabody Western Coal Co.
- #20 San Juan South/San Juan Coal Co.
- #37 McKinley/Pittsburg & Midway Coal Mining

Mining Companies on Navajo

- BHP Billiton
- Peabody Coal Company
- Four Corners Mine
- P & M Mine