



STATE OF THE NAVAJO NATION ADDRESS

PRESIDENT JOE SHIRLEY, JR.

PRESENTED TO THE

21ST NAVAJO NATION COUNCIL

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Speaker Morgan, Mr. Chief Justice, Vice President Ben Shelly, Navajo Nation Council delegates, relatives and guests, *Ya'at'eeb!* I'd like to wish each and every one of you a happy, healthy and prosperous new year.

The holiday season and new year was made better for many elderly, families, and children through the generous and charitable acts of our good friends Patrick Byrne, CEO of Overstock.com, and Eddie Basha of Bashes' Diné Markets. Mr. Byrne donated \$25,000 to the Navajo Nation to purchase turkeys so that many Navajo families could enjoy a holiday meal. Mr. Basha also personally donated 500 turkeys worth approximately \$8,000. In addition to these generous gifts, the Spirit of Sovereignty Foundation donated \$5,000 to the Navajo Nation for the purchase of toys and clothing for Navajo children in need this past Christmas season.

Vice President Shelly, Navajo Nation First Lady Vikki Shirley, and our executive staff spent many days traveling to deliver turkeys to families in remote areas throughout the Navajo Nation. The First Lady and her staff were also involved in the first "Shop with a Cop" holiday event where youth participants were able to make Christmas purchases from donations received by sponsors. This holiday event and the collection of donations was coordinated by Ms. Vanessa Holiday and Ms. Sherry Begay of the Navajo Nation Department of Behavioral Health Services, and Sergeant



Tyrone Benally of the Kayenta District of the Navajo Nation Division of Public Safety. The Office of the First Lady also participated in the annual Toys for Tots event. Through the hard work and efforts of many people, more than 17,000 toys were delivered to children throughout the Navajo Nation. And Bashas' Diné Markets, in conjunction with the First Lady's office, coordinated a holiday food drive with drop-off locations around Navajoland.

It was through selfless volunteer deeds like these that many Navajo children who may have otherwise gone without experienced the joy of receiving a gift at Christmastime, and many Navajo families received food items for a holiday meal. Caring for others in this way is what demonstrates the true meaning of giving throughout the holiday season.

Ladies and gentlemen, it is an honor to present the State of the Navajo Nation address and to share with you our accomplishments, challenges and vision for the future.

Despite historical obstacles, and difficult as it has always been for the Nation, our Administration continues to work to develop the Navajo economy. Only economic development will put us on a path to the self-sufficiency we once knew as a people. In our way of life, it takes thinking, planning and action to arrive at success. At long last, this is the year when the deep and common desire of our people to stand on their own again will begin to bear fruit, and we, as a Nation, take the first true steps to return us to independence.

With the people's approval of gaming in 2004, we have worked diligently to make Navajo a true gaming tribe. While plans for the Church Rock casino are progressing well, our Administration continues to seek opportunities to bring additional resources to the Nation through our gaming rights. I am pleased to announce today that the Navajo Nation has become the first tribe ever to invoke the pooling provisions of its gaming compact with the State of Arizona.

Last Wednesday, we placed our excess gaming devices not needed for our gaming operations into a pool and invited other Arizona gaming tribes to bid on them. As a result of this historic auction, three of the larger Arizona gaming tribes offered bids that will result in almost \$8



million per year for the next 18 years. This means that the Navajo Nation will earn more than \$140 million from this one auction. This approach also ensures that the Nation will keep all the gaming devices it could possibly need for its four planned Arizona casinos. Because of this, the Navajo Nation will quickly become a dominant force within the Arizona gaming market. I commend our Navajo Nation Gaming Regulatory Office director, Eddie Lockett, Jr., and Steve Hart, the Nation's gaming counsel of the Lewis & Roca law firm, for arranging this successful and profitable auction. I recommend approval of these agreements when they go before the Intergovernmental Relations Committee.

Work to develop the Church Rock casino remains our top priority and is moving forward. Through the leadership of Budget & Finance Committee Chairman LoRenzo Bates, Resources Committee Chairman George Arthur, Navajo Nation Controller Mark Grant, and the Nation's Budget & Finance, Resources, and Investment committees, plans are underway to authorize the use of \$35 million from the Land Acquisition Trust Fund to finance our Church Rock casino development. The funds will be in the form of a loan to the Gaming Enterprise from the Navajo Nation and will earn a premium interest rate. The Land Acquisition Trust Fund will be replenished as soon as alternative financing arrangements are completed. I support this financing option in order to fast-track our Church Rock development plans.

In addition, the topographical survey and traffic study for the Church Rock property has been completed. The Navajo Nation Gaming Enterprise is in the process of negotiating appropriate construction access permits from the New Mexico Department of Transportation. Once that's done, the Nation should receive an access permit within 45 days. Navajo Nation Gaming Enterprise CEO Robert Winter has retained a Navajo-owned engineering firm to do the required soil surveys within the next 30 days. The Gaming Enterprise will select a project architectural firm this week to prepare preliminary drawings for the casino. As previously reported, the development will be a "sprung structure" with modular supplements.



It also pleases me to report that more than the expected number of Navajos with casino work experience have applied for jobs at the Church Rock casino. The Gaming Enterprise has received approximately 250 applications for its 200-plus positions. Once this casino and others are operational, we will begin to reap the benefits in terms of employment for our people and additional revenue for our Nation.

The Gaming Enterprise has analyzed other sites for casino locations. It has determined that the most profitable location in Arizona is within the Leupp Chapter near the Twin Arrows exit along Interstate 40. An archeological survey has been conducted, and it appears that approximately 100 acres is suitable for development. The Leupp Chapter has voted to withdraw the 100 acres for use as commercial development. This site has great potential. Mr. Winter reports that if all goes as planned, this site provides the best chance throughout the Navajo Nation for the development of a destination resort. In addition to the casino, which will have about 800 slot machines, plans include a hotel, RV Park and conference center, as well as other amenities.

The Gaming Enterprise also reports that the pro forma is completed for the northern Navajo area. The locations examined include *Tse Daa Kaan*, Shiprock, and Upper Fruitland. A decision will be made in short order where it would be the most feasible to build a casino in our northern agency. The Gaming Enterprise is also working to complete a financial pro forma for the Coal Mine/Cameron areas. Soon thereafter, the Enterprise will be in a position to complete its casino development plans.

Ladies and gentlemen of the Council, I'd like to take a moment to report on another of our successful enterprises, the resurgence of the Navajo Agricultural Products Industry. Its recent successes reflect well upon both the Legislative and Executive branches of the Navajo Nation.

As you may recall, the Navajo Nation Council became concerned with losses incurred by NAPI in the late 1990s. The Bureau of Indian Affairs commissioned a study by the Mid-Kansas agricultural group which made recommendations largely consistent with those of the Nation's own officials. Through legislation developed cooperatively by the Executive and Legislative



branches in 2001, NAPI was comprehensively restructured. Since then, the Economic Development Committee has exercised its oversight role and further refined NAPI's Plan of Operation to permit it to operate more profitably on a national and international basis. The Plan of Operation was amended to allow NAPI to agree to limited waivers of its sovereign immunity when it purchases or leases vehicles and equipment. NAPI has established a subsidiary company to allow it to participate in futures and hedging activities on the Chicago and Kansas City Boards of Trade.

In short, NAPI's financial performance over the past six years has been one of steadily-increasing profits. Its audited financial statements for the NAPI fiscal year ending May 31, 2007, show a profit of \$4.8 million. It is pleasing to report that NAPI is exceeding its projections for the current fiscal year, as well. Its banking relationships are strong. It has reinvested more than \$3.1 million of its retained earnings in capital improvements at the farm for such things as grain storage facilities, a state-of-the-art potato fresh-pack operation, and the finest modern farm equipment.

New opportunities seem to follow such success. Contractors are offering solid prices for the privilege to grow potatoes and other crops on the NAPI farm. NAPI is investigating rail facilities to enhance marketing opportunities. Three significant value-added agricultural processing ventures are actively being considered. These are a processing venture for snack foods, a greatly-expanded cattle feed lot, and a potato processing facility. For this venture, NAPI management has the advantage of being able to use some of the analysis and experience that NAPI acquired under the leadership of one of your colleagues, Budget & Finance Committee Chairman LoRenzo Bates.

Further, substantial growth in NAPI's profits and employment of Navajo people will require the federal government to live up to its promises. In legislation passed in 1962, and after more than a decade of negotiations, Congress memorialized an agreement among the Navajo Nation, the State of New Mexico, and the United States. In that 45-year-old agreement, the Navajo Nation concurred that some San Juan River Basin water could be transported into the Rio Grande Basin in



exchange for a 110,630-acre irrigated farm, with a diversion right of 508,000 acre-feet of water per year. Although the San Juan Diversion was completed on time, the Navajo Indian Irrigation Project is more than a quarter-century behind schedule. The demand for NAPI land is intense, but NAPI has only 70,000 of the promised 110,630 acres to work with. We now need to work together to rectify this injustice to the Navajo people.

On July 10, 2006, the Navajo Nation Business Leasing Regulations of 2005 were approved. These regulations permit the Navajo Nation to administer, manage, and approve business site leases that are governed by the regulations. Soon afterward, the Navajo Nation Business Site Leasing Management Plan was approved. These set forth the policies for administering and managing business site leases.

All businesses operating within the Navajo Nation are required to pay a surety bond. Recently, however, the Division of Economic Development discovered that most insurance and bonding companies would not bond small businesses located within the Nation. Their reluctance stems from uncertainty about the newly approved regulations and questions about enforceability of tribal court judgments.

The refusal of bonding companies to issue bonds for the small businesses within the Navajo Nation hurts our small business owners and the Nation's ability to foster economic growth. For this reason, I will issue an Executive Order to authorize the Division of Economic Development as the "Managing Entity" to waive the surety bond requirement. Instead, the Division will be empowered to accept Certificates of Deposits, Letters of Credit, or cash deposits, all which serve the purpose of a bond. This waiver will help our small business owners obtain their business site leases, and, in turn, move to develop our economy and provide new jobs for our people. The Executive Order will stay in effect until the Economic Development Committee formally approves the necessary amendments to allow alternative options for surety purposes.

Our Administration continues to advocate for the health, safety, and welfare of the Navajo Nation. Over many years, far too many lives have been lost because of dangerous driving



conditions along U.S. 491. Today, I report that after many months of negotiations, and working closely with the Transportation and Community Development Committee and the Resources Committee, we have overcome the legal and political obstacles and have finally received an unconditional commitment from the State of New Mexico to expand the north segment of this critically-important highway.

I am grateful for the leadership of Vice President Shelly during several meetings with the New Mexico State Department of Transportation and Transportation Secretary Rhonda Faught. I'm also grateful to Navajo Nation Department of Justice attorney John Rutherford for his guidance. The commitment and hard work of Division of Community Development Director Arbin Mitchell, Department of Transportation Director Tom Platero, and all our transportation staff also should not go unrecognized. Their attention to detail is what helped to resolve all outstanding issues with the state. Council Delegate Jerry Bodie collected well over 100 signatures in support of the amended terms and conditions, and Council Delegates Danny Simpson and David Rico stood by us every step of the way. Through everyone's hard work, we now have assurances from the state that U.S 491 will be made safer for our Navajo people, and work is scheduled to begin in June. On behalf of our people, my thanks to each of these individuals for their perseverance.

In closing, members of the Council, I want to take a moment to remember and recognize a true protector of our land, the late Arlene Luther. At the time of her passing earlier this month, Ms. Luther was the department manager for the Navajo Nation's Environmental Protection Agency's Waste Regulatory Compliance Department. As all who knew her have said, she worked tirelessly for the Navajo EPA for 27 years. Ms. Luther was from Coppermine, Arizona, and was among the first generation of Native American environmental professionals. She helped create and build our EPA into the pre-eminent Native American environmental department in the country. Her warmth and love of her people was well-known and felt by all who knew her. Her lasting legacy is reflected in her successful 10-year-long commitment to persuade the federal EPA



that the radioactive-contaminated land around the Northeast Church Rock Uranium Mine site was actually located on Navajo land, and so qualified for federal cleanup. At last, that began last year. Ms. Luther's knowledge and experience is irreplaceable, and Native people everywhere suffered a tremendous loss with her passing. She will be greatly missed.

Ladies and gentlemen of the Council, I thank you and hope that you have a successful and productive Winter Session.