



THE NAVAJO NATION

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**FOR IMMEDIATE RELEASE**

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## **Navajo Nation Investment Committee Votes to Protect the Future of the Navajo People; Rejects \$90 Million Loan to Navajo Nation Oil and Gas Company**

Window Rock- On July 6, 2016, the Navajo Nation Investment Committee (NNIC) voted 4-0 to reject a \$90 million loan of Navajo Nation trust funds to the struggling Navajo Nation Oil and Gas Company (NNOGC).

NNOGC has been in default under a \$90 million loan since December due to the declining price of oil. The oil and gas market is in a period of great uncertainty. The price of oil pitched sharply downward in 2014 with prices dropping from \$90-\$100/barrel to \$60/barrel. In January 2016 the market saw a 12-year low of \$31/barrel. The 2016 outlook remains highly uncertain. Due to this great uncertainty, the NNIC made this crucial decision to not bail out the NNOGC in order to protect the Navajo Nation's trust assets.

Attorney General Ethel Branch noted "The purpose of the Nation's Permanent Trust Fund was to protect the Navajo Nation and the Navajo people against the decline or cessation of our natural resources-based revenue. That time is upon us. The proposed NNOGC loan would have us sink our closely protected and carefully grown trust funds into the very risk those funds were designed to protect against."

Long-time Auditor General Elizabeth Begay explained "The risk outweighs the reward. We wouldn't be fulfilling our fiduciary duty by putting \$90 million of the Nation's trust funds at risk like this."

Karis Begaye, Counsel to the President, noted that "We are entrusted by the Navajo Nation to make the best fiduciary decisions possible. These are often both tough and hard decisions. We made this decision in the best interest of the Navajo Nation."

Controller Jim Parris, Chair of the Committee, said "I think the Committee made the right decision in upholding its fiduciary duty to the Navajo people who have entrusted these funds to the Committee. It's our fiduciary duty as a Committee to protect the Nation's trust funds, and to ensure maximum returns with respect to those funds."

It is possible that other facets of the Nation that are not bound by a similar fiduciary obligation will consider providing assistance of some sort to NNOGC.

The Permanent Trust Fund makes up most of the Nation's Master Trust and was established by visionary leaders of the Nation who recognized the depletable nature of the Nation's largely natural resources-based revenues. Those leaders sought to develop other sources of revenue to replace future lost income from natural resources and to protect future generations. The Permanent Trust Fund was established in 1985 with the meager investment of \$26 million. Today the Master Trust is in excess of \$2.5 billion. In the last year alone, the Master Trust generated over \$65 million in interest earnings.

The Master Trust is managed by the six members of the Nation's Investment Committee, who include the Controller of the Navajo Nation, an appointee of the Navajo Nation President, the Chair of the Nation's Budget and Finance Committee, an appointed member of the Budget and Finance Committee, the Auditor General of the Navajo Nation, and the Attorney General of the Navajo Nation.

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