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## Zah Sees Uncertainty Ahead and Continues to Caution the Public About Rushing to Spend the Permanent Trust Fund

WINDOW ROCK—Continuing to preserve the Navajo Nation Permanent Trust Fund is critical to the future of the Navajo People, says Peterson Zah, who is often credited for establishing several trust funds and sometimes referred to as the father of Navajo Trust Funds.

This past April was the 31th anniversary of the tribe winning \$217 million in the historic Kerr-McGee v. Navajo Nation case in the U.S. Supreme Court. The taxation dispute spurred the lawsuit which served to establish the initial investment of over \$26 million to create the Permanent Trust Fund. The other trust funds that have been established are Chapter Government Nation Building Fund, College Scholarship Fund, Vocational Education Scholarship, Handicap Trust Fund, Elderly Senior Citizen Trust Fund, Navajo Academy/Preparatory School, and later Land Acquisition Fund and Veterans Trust Funds.

“When the 15th Navajo Nation Council approved the Permanent Trust Fund legislation they did so because they wanted to provide a source of income for future generations and to replace depleting natural resources such as coal, timber, oil and gas,” said Zah.

He continued by emphasizing “these delegates were visionary leaders, fully committed to serving the public. They made sacrifices, always spoke Navajo in their deliberation, respected each other’s views, and acted in the best interest of the Nation. Vice Chairman Edward T. Begay and I were extremely fortunate and blessed to have served with them.”

In establishing the Permanent Trust Fund in 1985, the 15th Council mandated that 12 percent of all tribal revenue be invested in the trust fund and restricted from spending for a period of 20 years. The trust fund has two layers of financial controls: the first layer requires two-thirds votes by the Navajo Nation Council to authorize a referendum vote and the second layer requires approval by two-thirds of the Navajo voters before the principle can be touched. This control helps to preserve the principle. Another provision was a 20-year restriction from expending the principle’s interest. It mandates that before 95 percent of the interest can be spent, a 5-year expenditure plan be approved and the remaining five percent be

reinvested in the principle. The PTF matured in 2006 meaning its interest became eligible for spending. The restrictions are to allow the fund to grow.

Anticipating potential revenue, the Navajo Nation Council, in October 2002, created a citizen Work Group comprising of a representative from five agencies to develop a fund expenditure plan for the PTF. The work group, chaired by Zah, held seven public hearings on and off the Nation. The work group did not develop an expenditure plan but submitted five recommendations. The overwhelming advice was to not spend but to reinvest the interest until the fund reaches \$1 billion.

Ever since the fund matured in 2006, the Council has made attempts to expend the PTF principle and interest. Attempts have even been made to amend the tribal code that governs the fund, but each of those efforts has failed.

During all these years, Zah with a small group of volunteers and certain members from the 15th Navajo Nation Council have been safeguarding the fund and interest so that it can reach its present combined value of over \$2.77 billion for all trust fund investments. This year, the 23rd Navajo Nation Council in working closely with the Office of the President and Vice President, developed and approved a 5-year plan to expend \$150 million of fund interest for water infrastructure, economic development projects and agricultural projects.

In September 2014, the Nation also received another large settlement: \$554 million from the federal government’s mismanagement of the tribe’s trust asset. In accordance with the Navajo Nation’s Appropriations Act, 12 percent was deposited into the PTF, two percent in the Land Acquisition Fund and four percent into the Veterans Trust Fund. In addition, nearly eight percent was set aside for attorney fees, which left \$409.9 million. The Council established the Navajo Nation Síhasin Fund on December 31, 2014. Public hearings were then held to collect input from Navajo people on how best to expend the \$409.9 million.

“Historically, there is pressure to reach into other fund reserves and

spend more,” said Jim Store, a member of the 15th Navajo Nation Council. The easy access to funds is evident when evaluating the Sihasin Fund. The Sihasin Fund does not have the same financial controls as the Permanent Trust Fund. In fact, it only requires a vote of two-thirds by the Navajo Nation Council and the expenditure plan contains very broad criterion. The expenditure plan has no expectations for due diligence or a return on investments.

Almost a year later, there are numerous proposals to spend the Sihasin Fund. They include projects from communities and the enterprises. One proposal is a \$10 million request to fund the Twin Arrows Travel Center. Other proposals include \$8 million grant, \$3.5 million for convenience stores, and \$4.5 million for police sub-station.

Zah is troubled by some proposals and urges that proposals be beneficial and revenue generating.

For example, water. Zah said that in the next few years water will become a big issue for everyone, not just Navajos because of a projected southwest water shortage.

“We have to be ready when and if that day comes. If we spend any money now it should be going towards water efforts. People in the urban and metropolitan areas live by water conservation rules. California has mandatory water usage restrictions. In Nevada, Lake Mead is now at an all-time low. These stories about water shortage are troubling,” said Zah.

Another critical area is the youth, added long-time tribal leader Charley Long, now a Gallup McKinley County Probate Judge. “There are a lot of social issues going on right now impacting our

youth. We need to develop well thought-out and effective programs to help them become responsible and hardworking. There is not enough Federal funding to meet the needs of our youth for education, job creation and economic opportunities,” he said. “Our youth are facing a crisis. In 2014, the Obama administration wrote a report called the “Native Youth Report,” a status report. Obama called Native youth conditions a national crisis.”

Over the past two decades, Zah, along with a small group of volunteers and certain members from the 15th Navajo Nation Council, has been a strong advocate of protecting the Nation’s Permanent Trust Fund from improper expenditure and ensuring disclosure to the public. In the next few weeks he will launch a public education program, create a web site and recruit volunteers to help continue to inform the public about protecting the Nation’s reserves to secure the future of the Navajo Nation.

“It is important for the public to know about these funds and to remind our tribal leaders that the reserves are for our grandchildren and their children and so on,” said Robert Salabye, a member of the 15th Navajo Nation Council and a tribal health advocate. The Permanent Trust Fund serves a means for potential income and it needs to be safeguarded: the current interest alone averages about \$65 million a year.

“Our financial officials recently reported the Permanent Trust Fund alone generated \$65 million interest for last year and they are projecting the same amount this year. And, if the economy improves so would the interest for the Permanent Trust Fund,” said Navajo Nation President Russell Begaye.

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