

THE NAVAJO NATION
LEGISLATIVE BRANCH
INTERNET PUBLIC REVIEW PUBLICATION



LEGISLATION NO: _0150-24_

SPONSOR: Shaandiin Parrish

TITLE: An Action Relating to the Budget and Finance Committee; Authorizing the Navajo Nation President to Execute Documents to Incorporate the October 2023 Term Sheet - Attached as Exhibit A to BFJA-04-24 - Into the Second Amended Loan Agreement with the Navajo Nation Gaming Enterprise

Date posted: July 03, 2024 at 4:40PM

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SUMMARY OF PROPOSED LEGISLATION

Tracking No. 0150-24

DATE: July 3, 2024

**RE: AN ACTION RELATING TO THE BUDGET AND FINANCE COMMITTEE;
AUTHORIZING THE NAVAJO NATION PRESIDENT TO EXECUTE
DOCUMENTS TO INCORPORATE THE OCTOBER 2023 TERM SHEET
- ATTACHED AS EXHIBIT A TO BFJA-04-24 - INTO THE SECOND
AMENDED LOAN AGREEMENT WITH THE NAVAJO NATION GAMING
ENTERPRISE**

PURPOSE OF THIS LEGISLATION:

to authorize the Navajo Nation President to execute documents to incorporate the October 2023 Term Sheet into the Second Amended Loan Agreement between the Navajo Nation and the Navajo Nation Gaming Enterprise.

FINAL AUTHORITY and VOTE REQUIREMENT:

The Budget & Finance Committee has final authority. A simple majority vote is required.

OLC No. 24-367-1

5-DAY BILL HOLD PERIOD
Website Posting Time/Date
Posting End Date: 07-08-24
Eligible for Action: 07-09-24

1 PROPOSED STANDING COMMITTEE RESOLUTION
2 25th NAVAJO NATION COUNCIL - Second Year 2024

3 Introduced by:

4 
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6 Primary Sponsor

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8 Tracking No. 0150-24
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10 AN ACTION

11 RELATING TO THE BUDGET AND FINANCE COMMITTEE; AUTHORIZING
12 THE NAVAJO NATION PRESIDENT TO EXECUTE DOCUMENTS TO
13 INCORPORATE THE OCTOBER 2023 TERM SHEET - ATTACHED AS
14 EXHIBIT A TO BFJA-04-24 - INTO THE SECOND AMENDED LOAN
15 AGREEMENT WITH THE NAVAJO NATION GAMING ENTERPRISE
16

17 BE IT ENACTED:
18

19 SECTION 1. AUTHORITY

20 The Budget and Finance Committee is a standing committee of the Navajo Nation Council that
21 is authorized to review, and make recommendations concerning budgeting and management of
22 all Navajo Nation funds. 2 N.N.C. §300(A) and §301(B)(2).
23

24 SECTION 2. FINDINGS

- 25 A. The Navajo Nation made a fixed-income security investment in the Navajo Nation Gaming
26 Enterprise (“NNGE”) through an Amended, Restated and Consolidated Loan Agreement
27 dated April 3, 2012 (the “2012 Loan Agreement”).
28 B. In the 2012 Loan Agreement, the Navajo Nation and NNGE amended, restructured and
29 consolidated certain loans made to NNGE for it to finance construction and other costs for
30 all the casinos owned and operated by NNGE (the “Initial Loans”) and to provide additional

1 financing in the original principal amount of \$30,000,000.00 to NNGE (the “2012 Additional
2 Financing”) for the expansion of a hotel located at Twin Arrows Navajo Casino Resort (the
3 Initial Loans and the 2012 Additional Financing are referred to herein as the “Gaming
4 Loan”).

5 C. On November 21, 2017, the Budget and Finance Committee passed Resolution No. BFN-
6 39-17, which approved a term sheet for the restructuring of the Gaming Loan, which was
7 then outstanding in the amount of \$208,759,393.00.

8 D. BFN-39-17 also authorized the President of the Navajo Nation to execute a Second
9 Amended, Restated and Consolidated Loan Agreement between the Navajo Nation and
10 NNGE (the “Second Amended Loan Agreement”). The Second Amended Loan Agreement
11 was executed on May 18, 2018, but was effective as of December 1, 2017.

12 E. On May 23, 2018, NNGE and the Navajo Nation entered into a Loan Agreement (Sihasin
13 Travel Center Project) (the “Travel Center Loan Agreement”), under which the Navajo
14 Nation loaned NNGE \$4,000,000.00 from the Sihasin Fund (the “Sihasin Loan”) for the
15 purpose of developing the Twin Arrows Travel Center. In addition to the Sihasin Loan, the
16 Nation provided an additional \$6,000,000.00 in direct funding from the Sihasin Fund to
17 NNGE for the development of the Travel Center.

18 F. On March 13, 2020, Navajo Nation Executive Order No. 001-20 declared a state of
19 emergency due to the COVID-19 virus in regional areas surrounding the Navajo Nation,
20 pursuant to which NNGE closed all four casino properties on March 17, 2020.

21 G. During the COVID-19 pandemic, NNGE closed its casinos and was under occupancy
22 restrictions and operational mandates for 1,039 days – approximately two years and ten
23 months. This resulted in the loss of approximately \$229.5M in revenues, \$70.9M in EBITDA
24 profit, and the depletion of the NNGE’s \$55.9M in cash reserves and set asides to cover fixed
25 operating costs, employee salaries and healthcare, subordinate debt, and other Navajo Nation
26 obligations (the “Pandemic-Related Restrictions and Losses”).

27 H. These Pandemic-Related Restrictions and Losses adversely impacted the ability of NNGE to
28 make debt service payments, leading NNGE and the Navajo Nation to postpone debt service
29 payments, to engage in good faith discussions and negotiations for repayment under the
30 Second Amended Loan Agreement, and to address potential amendments or to restructure

1 the Second Amended Loan Agreement.

2 I. The Controller and NNGE entered into a Limited Forbearance Agreement (“Original
3 Forbearance Agreement”) dated August 19, 2020 that provided, among other things, that the
4 Navajo Nation would forbear from enforcing its rights and remedies under the Second
5 Amended, Restated Loan Agreement as well as that certain Loan Agreement (Sihasin Travel
6 Center Project) dated May 23, 2018 (the “Travel Center Loan Agreement”) for Specified
7 Violations (as defined in the Original Forbearance Agreement) through December 31, 2020.

8 J. Due to ongoing Pandemic-Related Restrictions and Losses, NNGE requested that the
9 Controller extend the forbearance period to June 30, 2022. NNGE and the Controller then
10 negotiated an Extended and Modified Forbearance Letter (the “Extended Forbearance”).

11 K. In light of continuing Pandemic-Related Restrictions and Losses and ongoing discussions
12 between the parties, a total of six extended and modified limited forbearances were executed,
13 ultimately extending the period of forbearance to September 30, 2023 (the “Extensions”).

14 L. The Navajo Nation Controller and NNGE have exchanged and negotiated several new term
15 sheets to restructure the Gaming Loan over the course of several months.

16 M. After consultation with the Investment Committee and the Controller’s consultant Sovereign
17 Finance, the Controller prepared a new revised term sheet (“October 2023 Restructuring
18 Term Sheet”) for the Second Amended Loan Agreement. The October 2023 Restructuring
19 Term Sheet was approved by the Budget and Finance Committee in Resolution No. BFJA-
20 04-24. BFJA-04-24 is attached hereto as **EXHIBIT 1**.

21
22 **SECTION 3. AUTHORIZATION FOR PRESIDENT’S EXECUTION OF DOCUMENTS**

23 The Budget and Finance Committee hereby authorizes the Navajo Nation President to execute
24 any and all documents, as necessary and appropriate, to incorporate the October 2023
25 Restructuring Term Sheet, attached as EXHIBIT A to Resolution No. BFJA-04-24, into the
26 Second Amended Loan Agreement between the Navajo Nation and NNGE.

27
28 **SECTION 4. EFFECTIVE DATE**

29 This Action shall become effective in accordance with 2 N.N.C. §301(B) and 2 N.N.C. §221(C).
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1 **SECTION 5. SAVING CLAUSE**

2 If any part of this Action is determined invalid by the Supreme Court of the Navajo Nation, or
3 by a Navajo Nation District Court without appeal to the Navajo Nation Supreme Court, the
4 remainder of this Action shall be the law of the Navajo Nation.

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