$554 Million Mismanagement
Trust Settlement with US Government

Prepared by: Office Of Controller
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$554 Million Settlement

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$554 Million - Settlement Fees and Set Asides Breakdown

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Amount</td>
<td>$554.0 M</td>
</tr>
<tr>
<td>Less 8% Lawyer Fees</td>
<td>$44.3 M</td>
</tr>
<tr>
<td>Less 12% Perm Fund Transfer</td>
<td>$66.5 M</td>
</tr>
<tr>
<td>Less 2% Land Acquisition</td>
<td>$11.1 M</td>
</tr>
<tr>
<td>Less 4% Veterans Trust</td>
<td>$22.1 M</td>
</tr>
<tr>
<td>Total Remaining</td>
<td>$409.9 M*</td>
</tr>
</tbody>
</table>

* This is the amount that will be deposited into Navajo Nation account.
What/Where/How/When

• The options for the Settlement Funds
  – Create A New Fund
  – Add to General Funds
  -- Add to Permanent Fund
  -- Add to Master Trust

• How to accomplish the options
  – Legislation would be needed for the use of the funds.

• When to implement the options
  – Once the settlement funds are received and decision on what to do with the funds the implementation will start

• Where should the funds be used.
  Projects  What kind of projects- Retail/CIP
How to add to Master trust

• Create Legislation for allocation to each fund
• Once added funds can be invested and start earning interest.
• If no Legislation, then net amount will go into General Fund revenue, then to UUFB
Purpose of New Fund

1. Debt service for bond issue: retail projects, infrastructure projects, large scale industrial development.

2. Create a yield portfolio to generate cash
Investment Strategy

**PROS**

1. Predictable cash flows
2. Saves the Principal amount.
3. Only the interest amount can be spent.

**CONS**

1. Cannot spend Principal.
2. Subject market conditions.
Cash Flow Example

<table>
<thead>
<tr>
<th>Year</th>
<th>Principle</th>
<th>Interest</th>
<th>Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>YR 1</td>
<td><img src="image1.png" alt="Cow" /></td>
<td><img src="image2.png" alt="Calf" /></td>
<td>$$$</td>
</tr>
<tr>
<td>YR 2</td>
<td><img src="image1.png" alt="Cow" /></td>
<td><img src="image2.png" alt="Calf" /></td>
<td>$$$</td>
</tr>
<tr>
<td>YR 3</td>
<td><img src="image1.png" alt="Cow" /></td>
<td><img src="image2.png" alt="Calf" /></td>
<td>$$$</td>
</tr>
<tr>
<td>YR 4</td>
<td>0 [?]</td>
<td>No more Calves</td>
<td></td>
</tr>
<tr>
<td>YR 5</td>
<td>0 [?]</td>
<td>No more Money</td>
<td></td>
</tr>
</tbody>
</table>
Presentation is available for download at

www.nnooc.org
$554 Million Settlement

Thank you
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Questions?