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**MINUTES
of the
SECOND MEETING
of the
INDIAN AFFAIRS COMMITTEE**

**July 26, 2012
Jicarilla Apache Nation Administration Building, Dulce
July 27, 2012
Beclabito Chapter House**

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The second meeting of the Indian Affairs Committee (IAC) was called to order by Senator John Pinto, co-chair, on Thursday, July 26, 2012, at 10:23 a.m. at the Jicarilla Apache Nation (JAN) Administration Building in Dulce. Committee members, staff and the audience introduced themselves. Levi Pesata, president, JAN, offered an invocation.

Present

Rep. James Roger Madalena, Co-Chair
Sen. John Pinto, Co-Chair
Rep. Ray Begaye
Rep. Sandra D. Jeff (7/26)
Sen. Lynda M. Lovejoy
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez (7/27)
Rep. James E. Smith

Absent

Sen. Rod Adair
Rep. Patricia A. Lundstrom
Sen. Richard C. Martinez
Sen. George K. Munoz
Sen. John C. Ryan

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Advisory Members

Rep. Eliseo Lee Alcon (7/26)
Rep. Ernest H. Chavez
Rep. Debbie A. Rodella
Rep. Nick L. Salazar (7/26)

Sen. Eric G. Griego
Sen. Stuart Ingle
Sen. Timothy Z. Jennings
Rep. Ben Lujan
Rep. Antonio "Moe" Maestas
Sen. William E. Sharer

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Damian Lara, Legislative Council Service (LCS)
Peter Kovnat, LCS
Melissa Candelaria, LCS
Theresa Rogers, LCS

Guests

The guest list is in the meeting file.

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Handouts

D Copies of all handouts and written testimony are in the meeting file.

Thursday, July 26

Welcome and Status Update — Jicarilla Apache Nation

President Pesata indicated that his second term in office expired in September and introduced his successor, Ty Vicente, president-elect, JAN, as well as Ernest Petago, vice president-elect, JAN. There are 5,000 inhabitants in Dulce, 3,000 of whom are enrolled tribal members. President Pesata said that the JAN employs over 1,000 people and has 75 service departments. The JAN is a self-sustaining government, but the drop in the price of oil and natural gas has impacted its ability to be self-sustaining. The unemployment rate on the reservation is 30%.

President Pesata discussed the state's Severance Tax Permanent Fund. The severance tax is not imposed on the tribe, but it is imposed on non-Indian companies that produce energy minerals on tribal land.

The JAN is currently developing projects to better serve tribal members, including an independent power authority, 140 new apartments and a dialysis unit. A local dialysis unit will save tribal members significant time and money as they currently must travel to Farmington or Durango to receive dialysis. The JAN is also developing a gravel operation to generate money for the tribe.

Next, President Pesata spoke of the need to strengthen the Indian Education Act. His suggestions are to tie approval of school budgets to tribal consultation; to provide more autonomy to local schools; to stop grading schools; to change the way teacher evaluations are done; and to not hold back third graders. President Pesata said that third grade is a time when students are excited about school; to hold them back then would have a deep emotional impact. If a student needs to be held back, he suggested doing so earlier, perhaps in first grade.

President Pesata discussed state-tribal relations and said that recent relations with the legislature have been good, but that relations with the executive branch could be improved. He noted that the State-Tribal Collaboration Act is a good law, but has not borne results. President Pesata noted that the JAN provides the state with significant revenue via oil and gas taxes, but that it receives little in return — just a few loans from the New Mexico Finance Authority and an agreement to provide water to Gallup once the pipeline is completed. The JAN wants the state to fix and maintain state roads on the reservation, especially NM 537, which is neglected in Rio Arriba County.

Some of the JAN's most pressing concerns are the possibility that oil and gas companies may begin leaving the state; the current low oil and gas prices; the lack of housing; the need for adequate wildfire response; state/tribal jurisdiction concerning domestic matters; the availability of medical care to tribal members; and the ongoing need of capital outlay projects.

President Pesata rounded out his presentation by mentioning that the JAN is one of the tribes negotiating the new gaming compact and is working with the governor's office to work out some of the sticking points.

Upon a motion by Representative Begaye, seconded by Representative Rodella, and without objection, the committee requested that a letter be written to the Department of Transportation (DOT), District 5, to request a new traffic light in Dulce, removal of a traffic island and the improving and widening of NM 537. The letter to the DOT should note the possibility of a private/public partnership to maintain NM 537 and the state highway yard, a possible memorandum of understanding and the fact that the DOT has been unresponsive to prior attempts by the JAN to resolve this.

When asked how many Jicarilla tribal member children speak Apache, President Pesata said the majority of Jicarilla are 18 to 23, and there is work being done to preserve the language, but there is language loss. Part of the Indian Education Act is to provide money to local schools to maintain traditional languages, and the JAN is planning to utilize the money this upcoming school year.

Leon Reval, public relations officer, JAN, spoke about technological and educational improvements. He said that the state should pay for roads to support tourism in the area. Mr. Reval said that there is a plan to build a cultural center, although it is currently a low priority. The committee stressed that the community needs to take an active role in Native children's education, including Native language acquisition.

In an effort to address some of the concerns raised by members of the JAN, a committee member commented on the gas tax, transportation and road issues and the need to hold a meeting with DOT Secretary Alvin C. Dominguez, the directors of the seven transportation districts and the chair of the House Transportation and Public Works Committee. Then the committee member said that the 5% severance tax is unfair and should be done away with and that everyone should be given money for infrastructure. Finally, upon a motion by Representative Jeff, seconded by Representative Begaye, and without objection, the committee requested that a letter be written to New Mexico's congressional delegation to have the Indian Health Service improve services.

Capital Outlay Projects

Arthur P. Allison, secretary, Indian Affairs Department (IAD); Duane Duffy, deputy secretary, IAD; Lillian Brooks, administrative services director, IAD; and Jerry Sandoval, economic development director, IAD, discussed capital outlay projects that are active or ending in fiscal year 2012. There are 14 closed capital outlay projects, 12 remaining projects and 14 new projects. Capital outlay has gone from \$90 million to \$13 million. Mr. Duffy noted that Rosemary Whitegeese, chief financial officer, IAD, will be working with the Department of Finance and Administration (DFA) to oversee Native capital projects. Mr. Sandoval introduced Theresa True, senior economic development and tourism specialist, IAD, and said that with one more hire, the IAD will have filled all its full-time-equivalent positions and have 15 employees.

Next, Mr. Sandoval discussed his transition from the Economic Development Department (EDD) to the IAD and said that the IAD is developing its own Economic Development Division. Mr. Sandoval discussed Senate Memorial 61 (2012) and the promotion of Native American enterprise, as well as a study that would look at Native employment percentages at casinos. He also said that the Community Development Financial Institutions Fund from the United States Department of the Treasury is also very important, as is the Tribal Economic Development Advisory Council.

Finally, Mr. Sandoval addressed a concern from the previous IAC meeting about the DFA taking on the auditing role from the IAD by saying the DFA is already set up and staffed to do this and that it is more efficient to do it that way.

In response to a question from the committee about duplication of EDD efforts with tribal liaisons, Secretary Allison said that the policy of the IAD is to look at not only state but also federal funding for economic development and that there is no duplication of effort. Mr. Sandoval said that the EDD liaisons prioritize their regions and only after that do they prioritize the tribes' economic development. He ended by reiterating that tribes are still a priority.

The committee requested that Mr. Sandoval, Secretary Allison, EDD Secretary Jonathan L. Barela and Tourism Department Secretary Monique Jacobson attend the Gallup-area meeting to see if there is duplication with departments and to answer the question, "Are we wasting resources by having the IAD do the work of agencies' tribal liaisons?". Secretary Allison said that duplication merits looking into, but to be careful what the committee asks for, because Native issues are finally being addressed.

Responding to a question about how Native enterprise could look for specific designations in order to get some federal and state support, Mr. Sandoval said there are enterprise zone designations, but the last appropriation for enterprise zones was 10 years ago by the federal government. A lot of pueblos have the 8(a) designation, which is a business development/ mentoring program administered by the federal Small Business Administration, but do not know what to do with it. The IAD is working with the tribes to educate them to take advantage of the various designations.

Secretary Allison noted that the Pueblo of Zia has already committed \$7 million of a \$35 million project and that the IAD is looking at getting tax increment financing money to fund the next phase of the project. He said that is one way the IAD is supporting economic development of the tribes. Also, Secretary Allison wants to seek federal Department of Housing and Urban development block grants to supplement state money.

Next, Mr. Lara read a state proclamation to outgoing President Levi Pesata.

State-Tribal Consultation Protocol for New Mexico Health and Human Services Departments

The presenters were Secretary Allison; Sidonie Squier, secretary, Human Services

Department (HSD); Dr. Mike Landen, M.D., Department of Health (DOH); Jason Sanchez, director, Administrative Support Division, Aging and Long-Term Services Department (ALTSD); Ray Espinosa, director, Indian Area Agency on Aging, ALTSD; Yolanda Berumen-Deines, secretary, Children, Youth and Families Department (CYFD); and Bernie Teba, Native American liaison, CYFD.

Secretary Squier spoke about the HSD's relationship with the tribes and how government-to-government formal communication is critical. The HSD has three tribal liaisons, one for Medicaid, one for behavioral health and one for the office of the secretary. Regarding Medicaid Centennial Care, Secretary Squier said that the HSD met with almost 900 Native consumers and providers to implement it in the most effective manner. Regarding the quality of the services provided with Centennial Care, Secretary Squier said that the HSD is spending money but they do not yet know what they are buying. She did note that managed care organization employees will receive cultural diversity training. Secretary Squier finished by saying that co-pays generally do not apply to the tribe and that the HSD is taking it one step further and asking the federal government to allow a waiver of co-pays for Native customers at non-tribal medical facilities. In response to a question about some tribes taking their Indian Health Service money to administer their own health services, Secretary Squier said the department is consulting with and will continue consulting with the Pueblo of Jemez, which is self-administering medical services.

Dr. Landen discussed data sharing to better understand disease in Native populations. He also mentioned tribal health and wellness events around the state. Some of the DOH priorities include school-based health centers, suicide intervention, breast and cervical and comprehensive cancer screening, immunization, tobacco use prevention, oral health and diabetes prevention control and education. In response to a question about long-term care for those with disabilities, Dr. Landen said that it is difficult to offer the expensive services that are required for the long-term care of those with disabilities, especially with a diminished budget. The committee asked staff to find out how many tribal liaisons the DOH employs and what their jobs entail, as well as who the IAD is directly working with from each executive department.

Next, Mr. Sanchez and Mr. Espinosa discussed how individuals can obtain resources from the state for the elderly. Mr. Sanchez also noted that there is an Alzheimer's program being implemented as well.

Secretary Berumen-Deines introduced Mr. Teba, who discussed policy changes at the CYFD to help Native communities. Mr. Teba said that the CYFD has had great success working with Native communities and said he believes that is because the tribal liaison at the CYFD works very closely with the secretary. Mr. Teba also noted that he used to work at the EDD and that there is a \$1.8 million bonding capacity for tribal bonding from the EDD.

Secretary Berumen-Deines also mentioned that she is working to pass legislation to better share background information on potential employees on tribal land, especially where there have been issues of abuse or neglect. She said that Representative Madalena sponsored a bill last

year, but it was a short session and time ran out. Then, in response to a question about Casa San Jose, Secretary Berumen-Deines said that there were complaints, and that for safety reasons investigations were done.

Finally, a committee member expressed the hope that people would watch the Public Broadcasting Service (PBS) show on suicide that evening as it is an important issue in Native communities and is only being addressed sporadically. Also, the committee member asked the department secretaries who were present to better use their budgets to serve the elderly, as they are often unable to get transportation, to get food delivered or to use state services effectively.

To end the presentation, Secretary Allison said that he has worked well with the other secretaries presenting.

Indian Gaming Compact Negotiations Process

Secretary Allison, Deputy Secretary Duffy and Autumn Monteau, general counsel, IAD, noted that Jessica Hernandez, general counsel for Governor Martinez, is negotiating the Indian gaming compacts on behalf of the state. The secretary assigned Ms. Monteau to work for the department regarding the compact though the IAD is in a support role only, and not part of the negotiating team.

Ms. Monteau discussed the existing compacts, the 2001 compact, which will expire in 2012, and the 2007 compact, which will expire in 2037. The five tribes that are parties to the 2001 compact — the JAN, the Mescalero Apache Tribe, the Navajo Nation, the Pueblo of Acoma and the Pueblo of Pojoaque — have asked the state to enter negotiations.

Once the state and tribes have agreed upon a proposed compact, the governor will submit it to the Legislative Committee on Compacts for possible suggested modifications, and the legislature can then approve or disapprove the compact.

In response to a question from the committee, Ms. Monteau said that the governor does not have a time limit to negotiate and that the compacts could expire. Secretary Allison said that the governor wants to move this along speedily, and so that will probably not be an issue. Ms. Monteau noted that the state is required to negotiate in good faith. The committee requested an update on this issue for the last IAC meeting this interim to learn if there have been any other meetings between the tribes seeking new compacts and the state.

In response to a question, Mr. Lara said the Senate Committees' Committee and the speaker of the house would name the Legislative Committee on Compacts, which is made up 50%-50% Democrat-Republican, and 50%-50% house and senate.

At 5:25 p.m., the meeting recessed for the day.

Friday, July 27

The second day of the second meeting of the IAC was called to order by Representative Begaye on Friday, July 27, 2012, at 10:05 a.m. at the Beclabito Chapter House. Committee members, staff and the audience introduced themselves. Frank John, Sr., vice president, Beclabito Chapter, Navajo Nation, offered the invocation.

Upon a motion by Representative Madalena, with a second by Senator Rodriguez, without objection, the minutes from the first IAC meeting were adopted.

Upon a motion by Senator Lovejoy, with a second by Representative Madalena, with objection from Representative Powdrell-Culbert, the committee was asked to write a letter to ask the secretary of transportation and the DOT district engineers that have Indian nations, tribes or pueblos in their areas to come before the committee with their maintenance and improvement plans for roads. A committee member urged the committee to let the transportation subcommittee deal with this issue, as the gas tax issue will already be dealt with in a way that includes all Native leadership and DOT leadership, and not in a piecemeal manner. Another legislator said this is about road maintenance in rural areas with Native populations and that it needs its own discussion.

In response, Melissa Kelly, community services coordinator, Beclabito Chapter, said that she is working with the local federal Bureau of Indian Affairs (BIA) offices out of Gallup and Shiprock to fix some washed-out culverts and to repair a 12-mile stretch of road.

George Kelly, Jr., president, Beclabito Chapter, Navajo Nation, and David Tom, council delegate, Beclabito Chapter, welcomed the committee. There are 1,000 members of the Beclabito Chapter, including 600 registered voters, and it is 17 miles from the Shiprock turnoff. President Kelly said that Beclabito has a four-year strategic plan for projects, some of which are state-funded. Beclabito became a Local Governance Act (LGA) certified chapter in 2012. The time line shows that the chapter resolution occurred on February 21, 2010, the DOT traffic study was on September 17, 2010, the DOT road safety audit (RSA) was completed in May 2012 and the RSA was finalized on June 25, 2012. According to President Kelly, the Beclabito Chapter faces safety hazards related to roads and needs turn-off lanes and street lights.

The chapter complex serves a variety of purposes and consists of a chapter house, a senior citizen center, a Head Start school, a community health building, a warehouse, a picnic area, a store and the Yucca Heights housing units.

President Kelly outlined the things that the Beclabito Chapter seeks from the state: improving NM 64; paving BIA Route 5113 and the senior citizen parking lot; finishing the surveying project; building a multipurpose community center and an addition to the chapter house (from the infrastructure capital improvement plan list); wiring, plumbing, septic and weatherization work to bring 80% of the houses that currently do not meet acceptable requirements up to code; and providing emergency preparedness help.

Nicole Luna, college student, Beclabito Chapter, spoke of her desire to succeed at San

Juan College and then go to Fort Lewis College to study veterinary medicine. She hopes to see a state scholarship for average students. She said that average students sometimes need to take time off to take jobs to support themselves and their dependents and that scholarships would help defray the costs they face. She also thinks the Beclabito Chapter needs a recreation center for younger people to congregate.

The committee noted that the Beclabito Chapter got state funds to build the senior citizen center and discussed getting the parking lot paved and getting a pedestrian overpass. In response to a question regarding whether school bus route funds can be accessed to improve some of the transportation issues, President Kelly said that they can only access a force account, which is an expense account that is funded by the employment of a labor force, such as garbage collection and street maintenance. A legislator made clear to President Kelly that people will ask what other sources of funding they are looking at and urged him to have an answer at the ready.

In response to a question about houses that are not up to code, President Kelly said that they are private residences, not Federal Housing Administration homes. The committee noted that the housing issues may be helped by getting the out-of-code units grandfathered in to the Construction Industries Division of the Regulation and Licensing Department.

A committee member noted that the Public Education Department Secretary-Designate Hanna Skandera refused to separate the Kirtland school district and urged her to reconsider.

Agricultural Science Center

Dr. Mick O'Neill, professor and Jose Fernandez Memorial Chair in Crop Production, Agricultural Science Center at Farmington, New Mexico State University (NMSU Farmington), gave an overview of the center. He said that San Juan College has the highest Native American population of any two-year college in the U.S. and that is one of the reasons why NMSU Farmington partnered with it. Dr. O'Neill said that it is important to note that San Juan County has over 19,000 active oil and gas wells and that approximately 12,500 new wells are expected over the next 20 years.

Dr. O'Neill covered topics ranging from weed control to a pollinator plant project and discussed the center's gardening for health program. He said that the center has built a scape demonstration garden where there are sections that use no water next to a section that uses 40% of the typical amount of water, next to a section that uses 60% of the typical amount of water.

When asked if he is seeking legislation, Dr. O'Neill said that the center could no longer cover the gap in staffing by reallocation of funds and seeks to have reinstated the \$80,000 reduction in budget. In response to a question about the relationship between the center and the Navajo Nation, Dr. O'Neill said that it works with the Navajo Nation, but also with local chapters along the San Juan River. According to both the Beclabito Chapter and the center, they look forward to working together, perhaps to form a pilot project for drip irrigation agriculture.

Carrie Tingley Youth Advisory Project

Shade Rodriguez, student, V. Sue Cleveland High School, discussed the Carrie Tingley Youth Advisory Project and expressed hope that state and Navajo representatives will tour the facility and collaborate with the facility to help families with health care issues.

A legislator noted that a tour was done by state and Navajo officials a few years ago and advocated doing do so again.

Bond Proceeds Expenditures for Capital and Tribal Infrastructure Project Fund Projects

Ryan Gleason, director, Local Government Division, DFA, Ms. Monteau and Mr. Duffy discussed bond proceeds expenditures for the Capital Projects Fund and the Tribal Infrastructure Project Fund (TIF) projects.

Ms. Monteau said that the state finances certain capital projects through the issuance of severance tax bonds. These bonds can be either tax-exempt or taxable. Tax-exempt status remains throughout the life of the bonds, but this status can be lost if certain applicable federal laws do not remain satisfied. Under federal law, tax-exempt bond proceeds may only be used for capital projects, not operating expenses, and this applies to TIF and capital outlay projects. Under state law, according to the Severance Tax Bonding (STB) Act, Section 7-27-10.1 NMSA 1978, the 5% of the estimated bonding capacity that goes to TIF projects may only be used for "direct project costs". This language is specifically included in the provision related to the TIFs standing appropriation of funds. Taxable bond proceeds may be used for any project allowed under the Tribal Infrastructure Act, but only the "direct costs" of that project. Thus, operating expenses and indirect expenses cannot be reimbursed with STB funds.

The committee discussed the fact that this leads to equipment being leased in lieu of purchased, which costs the state money. In response to a question about how the joint powers agreement (JPA) affects this agreement between two sovereign governments and the possible waiver of the policy regarding no reimbursement for purchased equipment, Ms. Monteau said that this is how the law works. Ms. Monteau explained that equipment that is not part of a capital project (i.e., laptops, worktables, etc.) cannot be reimbursed. She said that if it is leased equipment, that amount can be reimbursed. So, if the equipment becomes an asset, it is not reimbursable. Once the equipment has been purchased, reimbursement is impossible.

In response to the question about JPAs, Mr. Gleason said that in entering into JPAs, the DFA cannot violate state or federal law. So when looking at TIFs, the DFA must square what it does or what it okays others to do with Internal Revenue Service (IRS) rules, state appropriation rules and state authorization rules. To make the change the committee is seeking would, at a minimum, require changing state law and perhaps federal law before it can move forward. There may, however, be a way to calculate the value of the equipment over the course of the project, such as the depreciation schedule in the Internal Revenue Code. Currently, state law does not allow that action. A question about a cell tower, which is regarded as a fixed asset, and the computer that is required to run it, which is an operating expense, was an example Mr. Gleason stated that illustrates the differences between capital costs and operating expenses.

A committee member discussed the difference between a tax fund and a bond. To be bonded, a project must be bonded for 10 years. There are no businesses operating in the area that will lease the necessary equipment. Regardless, if the business did exist, the business would have to be bonded by the Navajo Nation as well. The committee noted that the law creates a conflict with statute and reality.

President Kelly said that, currently, the Beclabito Chapter has paid \$11,000 in equipment and a \$25,000 consultant fee. President Kelly asked how to make a computer a fixed asset for reimbursement. He noted that the classification schedule is preventing pueblos, tribes and chapters from moving ahead with projects. The rules are preventing tribes from accessing money that the legislature has already appropriated to them.

Mr. Gleason said that the words in the statute matter. If "furnish" was used, it would likely improve this situation. It is not, so the DFA cannot reimburse in this case.

Ms. Monteau said that the reimbursement issue in this case is resolved and no reimbursement is forthcoming. Mr. Lara said that the project was approved when the money was coming from general fund money and not STB funds. Ms. Monteau said that the department looked into it, but that does not change the outcome.

In response to a question from the committee regarding the chance that the \$36,000 be made into an appropriation from the general fund or if there can be an extension of the reimbursement decision to reach a better outcome, Mr. Gleason said that the issue is not only the source of funding, it is also what the project is stated to accomplish. If the project is to create a plan, there will be a plan. There will not be a computer on which to save that plan, or a file cabinet in which to store the maps of the plan. The law will not allow it to be another way. In fact, if it had been done that way, there would likely be a negative audit by the Legislative Finance Committee.

The committee considered whether changing the funding source midstream and having the TIF board come back and amend the language would allow for reimbursement.

A committee member addressed the audience and said that there needs to be better planning for requests, and not just a slew of requests on Indian Day during session. People who are seeking capital outlay need to plan ahead and be careful with language.

Local Government Act: Direct Funding for Certified Chapters

Luralene Tapahe, assistant attorney general, Department of Justice, Navajo Nation, Ms. Monteau and Mr. Gleason discussed Title 26 of the Navajo Nation Code, the LGA and getting direct funding for certified chapters.

Certified chapters are allowed to enter into agreements with the state as long as they are approved by the Intergovernmental Relations Committee of the Navajo Nation Council. But there is a catch-all provision that the agreement must not run contrary to Navajo law. Ms.

Tapaha said that LGA-certified chapters can be their own fiscal agents, but that even where there was reimbursement for a project, the project is usually paid out of the Navajo Nation general fund, and this is the fund that should be reimbursed. She said that when the money comes from a LGA-certified chapter, the money should go back to the chapter.

In response to the question of whether one certified chapter may use another certified chapter as its fiscal agent, Ms. Tapaha said that she needs to analyze that from a legal standpoint. Because there is a specific delegation of authority to specific chapters, it is her opinion that they cannot then re-delegate that authority.

After a committee member asked if certified chapters can sell, rent or lease property, Ms. Tapaha said yes, they do have the authority. They would need money to do it and must keep in mind that trust land property has some limits. If the land is off the Navajo Nation and is fee land, then it can be leased, but to make that fee land into trust land is a complicated process. She explained that land withdrawals were approved by advisory committees, which predate chapters as local governing entities. So to clear up the land withdrawal, one must trace back to the time of the withdrawal to see which law applies. Accordingly, chapters can seek general funds from the state to purchase land, but only if they follow the requirements of the LGA.

When asked to clarify "but not limited to" in Section 103D of the LGA, Ms. Tapaha said that the LGA tried to provide governance and authority to the certified chapters without appearing to indicate that the authority did not already exist. Removing the "but not limited to" language is among some amendments to the LGA that are currently being considered.

To clarify whether an asset belongs to the chapter or the Navajo Nation, Ms. Tapaha said that it is tricky. She noted that the Navajo Nation insures all these assets, so while there appears to be autonomy as far as certified chapters and the LGA, when there are problems, it is the Navajo Nation that fixes them. However, according to a provision in the Navajo Nation Code, certified chapters do have the power to sole source projects.

Next, Anita Hayes, manager, Hogback Chapter, Navajo Nation, discussed \$300,000 that was given to the Hogback Chapter. Originally, \$500,000 was provided to the chapter for a major powerline project. At that time, the Hogback Chapter was not LGA-certified, so the money was to be managed by the Navajo Nation. The project's slated time ran out, so the legislator that originally secured the funding got the money reauthorized. By the time the funding was reauthorized, the Hogback Chapter was LGA-certified.

The Navajo Nation did not finish the project, but the Hogback Chapter did, and then, when it was reimbursed, the Hogback Chapter spent that money on other powerlines, following the intent of the project. However, Navajo Nation funds were used originally, so Ms. Tapaha said that the money should then have been reimbursed to the Navajo Nation and not to the Hogback Chapter.

In a response to a question about how reimbursement works when money is appropriated

to the Navajo Nation and earmarked for a non-LGA certified chapter, but becomes an LGA-certified chapter after the appropriation, Ms. Monteau said that the state can only reimburse the entity with which it has the agreement.

To close, the committee asked Ms. Tapahe for a copy of the proposed revisions to the LGA and she agreed.

At 3:30 p.m., the meeting adjourned.

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