



BEN SHELLY PRESIDENT
REX LEE JIM VICE PRESIDENT

THE STATE OF THE NATION

President Ben Shelly and Vice President Rex Lee Jim

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*M*r. Speaker, Mr. Vice President, Members of the Navajo Nation Council, since we took office in 2011, this is our twelfth appearance before this distinguished body. It is our duty to report the progress of the nation, as we give you this quarter's report. Distinguished guests, visitors, and to the Navajo people welcome to the beginning of a new fiscal year.

According to the traditions of our elders, we have entered a new year as we complete the summer season by harvesting our crops and prepare for the cold months ahead. We are blessed to have a great amount of rain since I last addressed this council.

As we welcome the Navajo New Year, I want to tell you the state of the Navajo Nation is strong and continues to grow strength. The challenges our people have overcome for generations have only made us strong and the challenges we face in current times is making us stronger for our children and grandchildren. In their



times, they will realize our power of our culture and language and use it to carry our way of life.

Our future is clearly in energy. In the United States there are more than 400 coal fire generating plants, all of them subject to clean air quality standards and new EPA compliance regulations.

Our MOU with Lawrence Livermore National Laboratory has been beneficial to our energy portfolio. In September, we visited coal fire generating stations in Alabama, using clean coal technology, the first in the United States. Carbon Capture Sequestration is a proven method, where pollutants are removed from the coal fuel source, and carbon is captured.

There are two methods: Pre-combustion and post-combustion. The pre-combustion method is used for new coal-fire power plants whereupon pollutants and carbons are removed, the fuel is burned, electricity is generated, with zero emissions of pollutants and carbon.

The post-combustion technology is for existing coal fire power plants, where the fuel source is burned, electricity is generated, and pollutants and carbon are removed following combustion. The pollutants are stored in an ash pond. The carbon is either stored underground, or sold to companies that specialize in using the carbon for Enhanced Oil Recovery.



There are many carbon pipelines across the country. There is a carbon pipeline in the four corners area, where several power grids intersect.

Our future in coal is secure. With these technologies, our abundant supply in coal, and the safe removal of all pollutants, and zero emission of carbon dioxide, energy production with coal will remain a center part of our energy future.

We are learning our oil fields hold million of more barrels of crude oil. The viscosity of oil in deeper wells is difficult to bring to the surface. With the use of carbon, we can recover oil, just as they are in other states, producing several thousands more barrels of oil a day, while meeting environmental regulations and concerns.

Southern Company in Georgia, Alabama, and Mississippi has been meeting with our new Navajo Energy Transitional Company, LLC, in demonstrating their capability. They own and operate 26 coal fire generating plants, and are a leader in clean coal. They have been researching carbon capture and sequestration for the last five years in partnership with the U.S. Department of Energy. We have learned that there is \$8 billion available for coal fire power plants to make retrofits to their existing facilities, or for new power plants to meet environmental regulations.



During our meeting with NTEC at the Northern Navajo Nation fair, I asked the Council to pass the proposed energy policy. It is a comprehensive document in which we poured nearly three years of work into, in order to set the stage and the future for energy. With our abundance of resources, both natural and renewable, it makes perfect sense to have a policy to guide us in decades to come. Our partnership with the U.S. Department of Energy's two national laboratories has given us direction and sound foundation.

As you deliberate on the energy policy tomorrow, I am asking you to take another look at Section 4, in keeping the policy focused on energy. Balance is something we are achieving in our new direction of clean coal.

We have been advised, with our new direction in clean coal, we will shore carbon credits, which hold a value. We will sell them to other power producing companies in North America as they do their part in coming into compliance.

The opportunities in our energy future continue to unfold. As we look back in our history, our Navajo leadership decided to mine and sell coal. A 1939 Navajo Tribal Council resolution reads, "An accounting system will be set up which will provide for the operation of this enterprise as a cooperative, by which Navajo coal operators will be paid for coal delivered to this central marketing



place at stipulated periods after the sale of this coal has been effected.”

Renewable energy is also our destiny. In September, we opened a 45,000 square foot facility in Fort Defiance, the very first solar manufacturing and assembly plant in Indian country. The thin film solar panels will be sold in the United States, and in foreign countries bearing on each panel, “Made in the Navajo Nation, USA.” Naabeeho Power is now recruiting workers, and with their production at full capacity, in three shifts, they will reach 400 new jobs. Naabeeho Power will also sell their panels to the U.S. Department of Defense, Mexico, Singapore, and developing markets worldwide.

The production of the new panels will be used to build the new 40 megawatt solar farm at the Shush bi Toh industrial park at Iyanbito.

This month we signed a third contract for a study at the Paragon Resource Ranch for renewable energy development. The U.S. Department of Energy is funding the study to determine the capacity of 22,000 acres for renewable energy, and a second survey for 17,000 acres for a solar farm. The third contract is a P.L. 93-638 contract, to select one of six sites for development, to make the site



project ready for solar energy. These projects will begin after the studies are complete next year.

This year we will continue our technological improvements. We will have our very own, 911 program emergency on the Navajo Nation utilizing the new broadband network. Our Telecommunication Regulatory Commission will create a way to bring a next generation 911, responsive to emergencies where 911 calls are handled here, and not from far away locations. As 911 calls are made today, they are answered in places like Durango, Albuquerque, St. Johns, Show Low, and Flagstaff.

The Health, Education and Human Services Committee alongside the Law and Order Committee have worked collectively with the Telecommunications Regulatory Commission in making the changes to the law to allow the Navajo Nation Telecommunications to be the lead agency for the 911 program.

With the new 911 system, emergencies will be handled internally, cutting down on delays in responses. Police and emergency medical services will be executed without delay. We will have a more responsive emergency service delivery system.

Our Telecommunications Regulatory Commission will soon be issuing CCN licenses to regulate the TelCom industry. The first CCN has been issued to a brand new Navajo-owned telecommunications



carrier. Navajo Pillars Telecommunications, Inc. will provide phone service in Blue Gap and Smoke Single, Arizona, to nearly 1,000 homes. It is new businesses like Navajo Pillars who are catching the vision of our new middle mile broadband and knowing the growth in the technology industry for years to come.

In January 2011, as we took office we made technology a priority in this government. Knowing that the world is advancing in the digital age, we've placed a major emphasis on connectivity. In August, we opened the first Data and Network Operating Center on the Navajo Nation. Operating in Shiprock, the new 6,400 square foot facility is an achievement we can all rally around, and celebrate the new jobs in technology. The center is now open to serving the data needs of the Navajo Nation. The *tier three* site is fully secured with redundant power sources and two fiber pathways.

Our natural climate, high elevation, and solid foundation are idea for data storage and disaster recovery. Companies across the United States will find the Navajo Nation a safe place for their company's information and digital storage. It is the first of more to come.

We are pleased with the advances we have made in commerce. We are asking, under the Business Opportunity Act, that all companies doing work with the Navajo Nation, in sub-contracting,



do so with Navajo sub-contractors. The local economy will remain strengthened, and more and more Navajo businesses will grow.

In September, we passed amendments to the Veterans Trust Fund, to draw from the fund to build Veteran homes, make repairs and renovations on others, while employing Veterans. Funds will be equally distributed to the five agencies to build 15 homes per agency using the existing waiting list. The rating factors include Veteran status, Gold Star Mothers, surviving spouses, elder status, homelessness, overcrowded conditions, and substandard dwelling conditions. The project period will begin a week from today, and continue into the coming Spring. Repairs and renovations to existing homes will also be made.

This month, I vetoed \$3 million for the former Bennett Freeze. The legislation was done incorrectly. I have asked for the legislation to be done correctly. We will ensure that the land status be solely under Navajo Nation jurisdiction, and that a comprehensive plan for the prudent use of the \$3 million be made before I reconsider.

Last month, an Integrated Resource Management Plan was presented by a consultant that outlines collaboration, technical activities, NEPA requirements, and roles and responsibilities. The BIA has spent \$1.1 million of the original \$1.2 million enacted in FY2012. The remaining amount was subject to across the board



cuts and the sequester reduction. Data and interviews are being conducted, with the plan underway, completion is expected next year, and concluding in 2015. A Memorandum of Understanding has been prepared that the Integrated Resource Management Plan will be collectively undertaken the Navajo Nation and the BIA. I want it to be clear the jurisdiction of the Navajo Nation prevails over BIA.

Before the end of last fiscal year, a U.S. House of Representatives team came here to determine the future of the Office of Navajo Hopi Indian Relocation, a federal office in Flagstaff. Congress is in debate to phase out the federal office by defunding it for FY 2014. The federal office is responsible for the relocation of our affected Navajo families displaced by the Navajo Hopi Land Settlement Act, an action by Congress. I said to them, if they cannot fund us, we will allow our people to go back from where they were chased off. We will have to redo the relocation policy all over again.

Vice President Rex Lee Jim and I were privileged to be a part of the AdvancED Education Summit in Albuquerque earlier this month. Defining Learner Success in the Digital Age, this year's theme, was a great success. It brought school board members, teachers, administrators, and parents together impressing upon us all to protect our inherent sovereignty by preserving our cultural and language. It is critical for us to bridge western education and Navajo



language and culture today, to retain our identity, our heritage, our sovereignty, and ultimately our land base.

Technology in our education is a growing part of learning among our students. There are more computers in the classroom, more mobile devices and hand-held units, such as the iPad and the Kindle. Our students are using these devices for entertainment, social media, and reaching out to the world around them. Now with direction we are going with the use of technology, leaders in education like Dr. Anslem Davis, Jr., are bridging the two worlds. Members of the Council, the Vice President and I applaud Dr. Davis and his team for finding ways to bring the best of western education, culture and language, with the world of technology together.

As we move toward the conclusion of this year, we are proud of the accomplishments made in this quarter, and this year. The new highways, N-20 in western Navajo is a significant achievement. The continuation of Highway 491 from Shiprock to Gallup, and the highway near Torreon. Advances in our government, the re-strengthened 164 A and B process, and the Divisions assuming applicant assessments for employment opportunity will be done more efficiently.

We are moving forward, but in doing so, we must monitor congressional appropriations. Let us prepare for the next fiscal



year. We must be prudent in spending because next year's revenues are uncertain.

We are enriched today with what we see all over the Navajo Nation. Yesterday, the Vice President began the Run Across the Navajo Nation, which began in LeChee and will conclude in Nageezi this week. It's a demonstration in our commitment to health, in becoming a healthier Navajo Nation. It takes commitment and personal choice from each of us. How we eat, what we choose, more exercise, and more self-discipline are steps toward a healthier nation. We all can do so together.

Mr. Speaker, and Members of the Navajo Nation Council, the Vice President and I remain committed to the progress in this government and to the nation as we work together for the Navajo people. We grant you success in this session. May the Holy Ones be with you and grant you guidance.

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