



COMMONWEALTH CASINO COMMISSION
Commonwealth of the Northern Mariana Islands
Unit 13 & 14, Springs Plaza, Chalan Pale Arnold, Gualo Rai
P.O. Box 500237, Saipan, MP 96950
Telephone: +1 (670) 233-1857/58
Facsimile: +1 (670) 233-1856
E-mail: info@cnmicasinocommission.com



MINUTES
March 29, 2017

I. PRELIMINARIES:

A. Call to Order.

Chairman Juan M. Sablan welcomed IPI representatives and members of the public, and called the meeting to order at 10:14 A.M. on Wednesday, March 29, 2017, at the Joeten-Kiyu Public Library (Technology Room) in Susupe, Saipan.

B. Roll Call.

Commissioners present at the meeting were: Juan M. Sablan (Chairman), Joseph C. Reyes (Vice Chairman), Justin S. Manglona (Secretary), Alvaro A. Santos (Treasurer) and Martin DLG. San Nicolas (PA & MR Officer).

C. Adoption of Agenda.

Vice Chairman Reyes offered a motion to move item VI. Miscellaneous Matters under item IV. Old Business, and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.

Commissioner Santos made a motion to adopt the agenda as amended, and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.

D. Adoption of the Minutes. February 16 & 17, 2017

Commissioner Manglona made a motion to adopt the Minutes of February 16-17, 2017 with the Secretary's recommendations for a few minor changes and corrections, and was seconded by Commissioner San Nicolas. It was put to a vote and was unanimously approved.

Discussion: Commissioner Santos recommended that the format of the Commission meeting minutes be condensed as its current format is quite voluminous. He said that the current format's content is rather verbatim and could be trimmed down in length. He recommended that in the future, the meeting minutes should only include substance pertaining to recommendations, plans for action and actions taken. Commissioner Santos added that if the Commission needs more information or details, the recordings of the meeting can be accessed for further clarification.

The Chairman asked Ms. Ruth Ann P. Sakisat, Special Assistant to the Commission, if all the meeting recordings have been saved and archived to which she answered, yes. The Chairman said that he would take Commissioner Santos's suggestion into consideration for the next Commission meeting, and from there the Commission would decide which minute format to adopt.

The Director commented that transcribing the meeting minutes is a tedious job, and that sometimes it takes two individuals to complete the minutes. He said that the current lengthy format of the minutes is essential as the Commission is still fairly new to the gaming industry, and that it is good to have detailed descriptions as to what transpired and what was discussed in the meetings. He said that people would be looking back at these minutes as a resource someday.

II. REPORTS:

A. Report by the Chairman

Chairman Sablan informed the Commission that IPI is planning on moving into the new integrated hotel and casino facility at the end of the month. He said that there have been many meetings with IPI and the Commission staffs these past couple of weeks in preparation of the transition for the soft opening. He said that IPI has slated March 31, 2017 for its soft opening, but the Commission still has not received any reports or approvals from any government agencies such as the Department of Public Works (DPW), the Commonwealth Utilities Corporation (CUC), and the Division of Fire and Emergency Management Services (DFEMS).

He informed the Commission that he and Commissioner Manglona along with CCC staffs from all divisions attended the International Game Technology (IGT) training at the test bed facility in Afetna, San Antonio. He said that he learned about patron programs that should be looked into further before being implemented at the new casino facility. Overall, the IGT training was both beneficial and informative, and he is glad he was able to attend it.

Chairman Sablan informed the Commission he and several CCC staff joined IGT representatives on a site visit to see the locations of the installed surveillance cameras. He said that the site was very dusty which made it difficult to breathe causing him to exit the facility. Since then, the Commission has acquired new safety equipment such as masks with filters, goggles, vests, shoes, and hardhats for future site visits.

The Chairman informed the Commission that several CCC staff attended trainings in Las Vegas, Nevada, and AML and Financial Crimes Investigations training is coming up April 25-27, 2017 in Singapore. He said that a group of CCC staff from the divisions of audit, compliance, and enforcement and investigations will be visiting the IPI headquarters in Macau, Hong Kong with the assistance of Mr. Yiu Ling Kwong, CEO of IPI.

Commissioner Santos asked the Chairman what advantages does the IGT system have over the Bally system. Mr. Eugenio Sousa, VP for Security at IPI, informed the Commission that the IGT system provides a more user-friendly interface, a faster response system and a better operations support system compared to the Bally system. The Director informed

the Commission that it was basically a corporate decision to switch from the Bally system over to the IGT system, and that as far as he is aware, most casino jurisdictions are using the IGT system.

B. Report by the Executive Director

Teamwork: The Director commended CCC staff for working numerous hours in preparation for IPI's scheduled soft opening targeted for March 31, 2017 as of the last Commission meeting. He said that for the past couple of weeks, CCC staff has been working overtime to accommodate the licensing of IPI employees, the monitoring of all the gaming machines, tables, and other devices, the tracking and inventory of purchase orders and shipping manifests entering the commonwealth, the inspection of the dismantling of shipments at the test bed facility, and the assembly and installation of all the systems.

IGT Systems Installation: The Director informed the Commission that he has granted the movement of machines both from the dock to the test bed facility and from the test bed facility to the new IPRH facility. The Commission has also allowed the installation and the testing of the new IGT system. The Director explained that it was the Commission's understanding that the Electronic Gaming Machines (EGMs) i.e. slot machines, would be assembled and tested at the test bed facility, but due to time constraints and to avoid redundancy, the Commission granted the transfer of the EGMs to the new IPRH facility where the testing and certification were conducted by the Gaming Laboratories International (GLI) technicians. All GLI tests have been completed as of last Sunday, March 26, 2017, and the Commission has received some of the preliminary reports.

Surveillance & Monitoring Approval: The Director informed the Commission that he has granted the authorization of the monitoring and surveillance system (Dallmeier System) for the installation and testing in preparation of going live. He said that all the cameras have been installed and all the positioning of the tables and the machines has been placed. The system was turned on and tested, and was found to be functioning properly. He said that the Commission has also granted authorization to IGT to be installed in preparation of going live. The Commission has assigned a team to be based at the new property headed by Mr. Joseph Pangelinan, Enforcement Officer, and Chief Edward Cabrera. Note: The Director informed the Commission that the CCC staff had a little gathering at Micro Beach last Sunday as a farewell and show of appreciation to the technicians from IGT and Dallmeier before their departure.

Job Well Done: The Director reported to the Commission that it was our CCC staff that went over the entire IPRH facility and discovered that there were certain sections where the cage, the vault, and the count room were constructed with stucco and other gypsum board material which violates the CCC Minimum Internal Control Standards (MICS). Our CCC staff also found exposed wires under the slot machines and issues with the mantrap and the doors leading to the elevator which are currently being resolved. The Director commended CCC staff for recognizing IPI's violations and for working hard to ensure that all regulations and MICS are complied with and enforced. This matter was discussed with IPI's head of security, and the Commission was assured that the situation will be resolved immediately. The Director said that the MICS were put in place to protect IPI's bank, and therefore, IPI should follow the MICS. He reminded IPI that this matter must be resolved before the opening of IPRH.

The Director advised Mr. Kwong and Mr. Sousa for future phase one development purposes that better communication must be established between the system designers and the operators to avoid any more violations.

Pending Request from IPI: The Director informed the Commission that there is a pending request from IPI to entertain the Hong Kong chips, and that the Commission has begun the review process. He said that the Commission prefers to address this issue in a few months after IPRH opens so that the Commission can walk through the facility to see where would the Hong Kong chips be stored, which gaming room would the Hong Kong chips be used, and how the cage and cashier system would isolate the Hong Kong chips. The Director feels that the implementation of the Hong Kong chips is a valid request; however, the regulations currently state that no foreign chips are allowed. He further stated that the approval of this request depends on the outcome of the CCC walk-through of the new casino facility.

The Director informed the Commission that IPI has implemented a new ID card system that will replace the IDs that used at Best Sunshine Live in the T-Galleria. He asked that all the Commissioners make time tomorrow afternoon to get their photos taken for their new IPRH IDs at the San Antonio facility. He noted that the BSL IDs will expire on September 30, 2017.

Financial Standing: Balance as of February 28, 2017: est. at \$1.1M

a)	7170A -	\$ 2,403,114	Actual Amount Available: \$459,277
b)	7170-	\$655,670	
c)	7171-	\$753,395	(\$550,000 FY2018 Budget Request)
			(Will amend Budget Request to reflect the increase: \$203,395)

The Director informed the Commission that the funds from the increase will be allocated accordingly: \$75k for Professional Services, \$64k for Travel and \$64k for Training.

Office Rental:

The Director informed the Commission that the CCC's Office Lease will expire on March 31, 2017. The Commission has extended its lease of 4,000 sq. ft. of space for another year or up to March 31, 2018. However, the Commission needs about 6K to 8K sq. ft. of space. The Commission plans to stay at its currently location, and occupy the 2nd floor which will be constructed above our office, Units 13 & 14, which will give the Commission an additional 4K sq. ft. of space at the same rate of \$0.80/sq. ft. The Director said that the construction phase should be completed in four to five months. The Commission plans to have a new conference room for future Commission meetings. He noted that there will be stairs both inside and outside to access the CCC floor, and the rear parking lot will be expanded to accommodate additional parking spaces. He stated that the Commission will begin the process of relocating in mid-2017. The Director said that this is the best move for the Commission as CCC operations will continue with minimal disruption.

Car Lease:

The Director informed the Commission that the Car Lease for the white Kia Rio will expire on March 31, 2017, and that the Commission has exercised the option to purchase the vehicle at the end of the lease based on the bluebook value as it is still in good condition. Joeten Motors offered to sell the vehicle at \$11,295 plus Registration and Processing Fee of \$300.00 for a total of \$11,595.00. After this purchase, the Commission will own two vehicles.

House of Representatives:

The Director informed the Commission that its comments in reference to House Bill #20-38: *“To transfer the licensing and regulatory functions of the Department of Finance in respect to poker, pachinko and electronic gaming machines to the CCC.”* was submitted to the Chairman of House Committee on Ways & Means on March 14, 2017.

The Director explained to the Commission that the FY 2018 CCC Budget was amended after the Commission met with the Governor. Additional funds of \$1.4M and 20 new FTEs were requested from local accounts to cover costs associated with the opening of IPRH and the anticipated takeover of the administration and regulatory oversight of the electronic poker, e-gaming, and pachinko per H.B. 20-38.

Junket Applications:

The Director informed the Commission that it has received 18 Provisional Junket Operator License (PJOL) applications on record. The Commission has issued only one PJOL to Mr. Du Young Jang of Big Bang Entertainment, LLC. He reported that two PJOL applications were recently submitted with complete supporting documents and are currently being processed (Ma, Hong Yi and Zhang, Hong).

Summary of IPI’s Financial Performance for February 2017:

	January	February
(1) VIP Rolling Volume:	\$5,589,965,500	\$1,666,980,900
(2) Actual Revenue:	\$ 326,661,610	\$ 70,688,799
(3) GGRT:	\$ 16,368,116	\$ 3,534,440
(4) Total Vendor Transaction:	\$ 23,505,652	\$ 67,448,780

Approval Requirements from Other Government Entities: The Director informed the Commission that he wrote letters to various government agencies asking that they inform the Commission of issues involved in approving or “giving the green light” for the new property to open.

The Commission received some communications from the follow government entities:

- 1) The Secretary of Public Works informed the Commission that they are working closely with Mr. MK Lee, Construction Project Manager, with regards to the adherence of building codes and the submission of all required documents before they issue a Building Occupancy Permit.

2) The Department of Fire and Emergency Medical Services (DFEMS) informed the Commission that they are collaborating with the Department of Public Works (DPW) on the Fire Permit and related issues.

3) The Department of Labor (DOL) informed the Commission that they actively reviewing all labor related documents submitted by IPI with regards to its employees' employment status.

4) The Bureau of Environmental Health informed the Commission that they are working on the issuance of Food Handler's Permits and the Sanitary Licenses for the restaurants.

5) The Office of the Governor inquired about what other regulatory permits does IPI need to enable the March 31st opening.

Commission Issues in Need of Approval: The Director informed the Commission that IPI must write a formal request to the Commission to approve the following: 1) Dallmeier CCTV Camera and Monitoring System to go live; 2) All EGMs for the IPRH to go live; 3) Three Card Poker; 4) Relocation of the old Chips & Plaques (plan for storage and disposal); 5) IGT system to go live; and 6) Movement of the new chips to IPRH (after the wall issue is resolved). He further reported that the Commission has granted provisional approvals of the IGT System and Production Environment (casino operation i.e. Table, Slots, Cage, etc.). If the request is received, CCC is prepared to issue a 90 day approval, he said.

III. PUBLIC COMMENTS: None

IV. OLD BUSINESS:

A. Revenue Sharing Option & Rebate Agreement - Request for Approval

Chairman Sablan informed the Commission that the Revenue Sharing & Rebate Agreement was briefly discussed at the last meeting and was deferred pending the legal opinion of the Attorney General. He said that unfortunately, the Commission still has not received any legal opinion on this issue. Legal Counsel Michael Ernest informed the Commission that the AG's legal opinion is forthcoming shortly as it is still being processed and will be ready by the next Commission meeting. He said that this issue was assigned to an attorney who has just completed all the primary searches and is currently reviewing its secondary sources. He said that he just received a new opinion from the licensee on this issue today that needs to be considered. Chairman Sablan suggested that this issue be deferred until the next Commission meeting or after the Commission reviews the AGs legal opinion on this issue.

B. Extension of the Individual Casino Rebate Program - Request for Approval

Commissioner Santos made a motion to approve the Extension of the Individual Casino Rebate Program, and was seconded by Commissioner Manglona. It was put to a vote and was unanimously approved.

Discussion: The Director asked Mr. Kwong if IPI is ready to implement this program in which he responded yes. He then asked if the program would require the use of special

chips or just the regular chips to which his response was just regular chips. The Director asked Mr. Kwong if there would be an issue with IGT's tracking system, and Mr. Kwong assured the Commission that there would not be any issues.

C. Waiver of the Minimum Bankroll Requirements - Request for Approval

Chairman Sablan asked the Commission's Audit Manager, Mr. Charlie Atalig, to brief the Commission on the current Minimum Bankroll Requirements. Mr. Atalig explained to the Commission that the Minimum Bankroll Requirements basically requires the casino to have a minimum amount of cash in its vault to cover its patrons' winnings. He said that there is a formula in place to calculate the minimum bankroll which was suspended until IPRH casino opens. He said that in his opinion, it is prudent to have a minimum bankroll requirement in place as a protection for the patrons of the casino. Mr. Atalig informed the Commission that two days ago, Imperial Pacific Holdings Limited released its annual report which stated that as of December 2016, the casino had \$12.1M in cash and cash equivalents. He said that compared to the current required bankroll formula, the casino should have about 1% of their trailing twelve-month gross gaming revenue which would be approximately \$12.5M cash-on-hand or not less than \$15M at the casino and \$25M in a bank account or line of credit. He further explained that each time the gross gaming revenue amount changes, the formula will adjust, and the amount of the minimum bankroll will change accordingly.

The Director stated that Minimum Bankroll Requirement was not suspended in its entirety, however, it was transferred to the owners of the company to cover the costs to pay any patron who won.

Vice Chairman Reyes asked Mr. Atalig if the Commission is monitoring the amount of cash in the casino vault. Mr. Atalig informed the Commission that it does have access to the cash amount in the casino vault after the daily cash count, but the Commission does not have access to the amount in the licensee's bank accounts.

Chairman Sablan asked Mr. Charles McDonald, VP of Legal for IPI, about the status of procuring an irrevocable letter of credit from a U.S. based bank. Mr. McDonald informed the Commission that IPI tried applying at Bank of Saipan, but ran into some difficulties, but assured the Commission that they will continue their efforts. The Chairman told Mr. McDonald to research Hong Kong Bank because it has branches in Macau, Hong Kong and Guam. Mr. McDonald said that he will report their efforts on this matter to the Commission at the next Commission meeting.

Chairman Sablan suggested that the Commission defer this item until it receives an irrevocable letter of credit from a U.S. based bank. Mr. McDonald pleaded for the Commission to approve the waiver while IPI continues its efforts in getting an irrevocable letter of credit. He said that all their efforts have been unsuccessful because the banks on island are too small. He asked that the Commission take into consideration IPI's track record in paying their patrons. He said that the owners of the company will guarantee all patron winnings will be paid. Chairman Sablan told Mr. McDonald that the Commission would honor an irrevocable letter of credit over the owners' guarantee.

The Chairman asked Mr. McDonald to provide the Commission with a list of all of IPI's subsidiaries. The Director said that the Commission sent out a formal request for a list

of subsidiaries yesterday. He said that the Commission wants to know all of the subsidiaries that IPI has established, and the trial balances of those subsidiaries. Chairman Sablan and the Director agree that it really does not make sense for IPI to be investing millions of dollars in acquiring real estate all over the CNMI, and yet it is having problems securing the minimum bankroll of its own operation. The Director said that the Commission gave IPI 60 days to comply with the request. He said that the Commission has made numerous requests since IPI opened, but no attempts to satisfy the Commission's requests was made; this time around, the Commission's request is in black and white.

The Director suggested that Mr. Atalig review the formula for the Minimum Bankroll Requirement if an adjustment is needed, and if so, he could present the formula to the Commission at the next Commission meeting. The Director said that there is no use having a formula that is not feasible or doable by the licensee. Legal Counsel Ernest noted that the current formula is a workable formula as the licensee was involved in its development and agreed to it before the Commission.

Commissioner Santos made a motion to waive the Minimum Bankroll Requirements until the completion of IPRH not to exceed six months from August 2017 which will be March 2018 whichever comes first and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.

At 12 noon, Commissioner Santos made a motion to recess for lunch until 2:00 P.M., and was seconded by Vice Chairman Reyes. It was put to a vote and was unanimously approved.

Chairman Sablan called the meeting back to order at 2:10 pm on Wednesday, March 29, 2017 at the Joeten-Kiyu Public Library Technology Room. All Commissioners were present, therefore, a quorum was established.

D. Foreign Casino Chips: Hong Kong Chips - Request for Approval

The Director explained that the regulations restricts foreign chips but that it allows the Executive Director to authorize the use of foreign chips including the requested Hong Kong chips. He announced that IPI had previously submitted a request which is now being revisited in anticipation of the opening of the new facility and the use of such chips in certain VIP rooms. He informed the Commission that IPI had already submitted the design and denominations to the CCC. The next process is for IPI to sign the art work and provide the Commission a copy of the purchase order, he said. IPI's request includes a five-million dollars chip denomination, he added.

Vice Chairman Reyes expressed concern why IPI feels it is necessary to use Hong Kong chips. Mr. Eugenio Sousa, VP of Security, replied that the use of Hong Kong chips is simply because of guest preference. He elaborated that guests find the math to be less complicated with Hong Kong chips. He assured the Commission that although Hong Kong chips will be used, the financial reporting will be in US dollars. Furthermore, he clarified that the Hong Kong chips will not be placed in a separate cage, rather a separate window. He informed the Commission that the company has yet to decide whether to allow the play of dual chips on the same table or segregate a table specifically for use of the Hong Kong chips. He shared that in Macau, the chips are separated on the table with Hong Kong dollars to the left and Macau dollars to the right.

He announced that the CCC has decided to wait for Imperial Pacific Resort (IPR) to open and for the Commission to do a walkthrough to see where the chip banks and the vault would be located and to allow the process of approving the manufacture of the chips to continue in the meantime,

similar to the approach in approving the new chip design for IPR. He assured IPI that the process to approve IPI's request will be relatively quick as the necessary steps have already begun. He stressed that it is also very important for IPI to be comfortable with the segregation of the existing chips before another currency is introduced. Moreover, clarification is still needed with the issue of payment payout as it is still unclear whether it will be done electronically with conversions to be calculated at the cashiers or the cages. The Director notified IPI that this matter will be revisited in the next month or so depending on the opening of IPR. Meanwhile, Mr. Sousa informed the Commission that he will continue to work closely with the Director in this process.

V. MISCELLANEOUS MATTERS

A. Updates from IPI:

1. Construction Progress - Imperial Pacific Resort & Hotel

Mr. MK Lee, Project Manager, presented hard copies of the following report:

**IMPERIAL PACIFIC RESORT
PROGRESS REPORT (Up to March 24, 2017)**

PROGRESS/STATUS			
OVERALL COMPLETION PERCENTAGE			COMPLETION %
1	Piling Works	All piling works completed on March 25, 2016	100%
2	Structural Steel	-The steel work below level 3 (for low rise) is generally completed. -The steel erection was up to L12 for the Hotel Tower	100%
3	Reinforced Concrete	-Resort Hotel RC works was completed for the Manor House -North Wing in construction	90%
			100%
4	MEP Works	-Installation works for ductworks/trunking/piping from basement up to L2Z -MV switch board, RO and Chiller system installation were completed, pending testing and commissioning -Escalator installation was completed, elevator installation for 5 Nos. of BOH elevators are 80% completed	5%
			75%
5	Fitting-Out	-Interior fit-out for Grand Lobby and Main Casino -BOH Interior fit-out works	85%
			80%
6	Façade (Low Rise)	-Podium GRC and marble installation was in progress except for all elevations	60%

OFF-SITE IMPROVEMENT WORK

1	Sewage Connection	-The new S4 station and manhole precast concrete was completed -Pipe laying was completed	Phase 1 (temporary connection)	100%
2	Road Works and Water Quality Improvement	-Reconstruction in progress	Phase 1 (Darence Jack Road)	75%

END OF REPORT

Mr. Lee further updated the Commission with the following announcements:

The construction of Phase 1 is the main concentration of the project, however, work on phase II super structure for the tower is also ongoing and should be completed in mid-April. Construction of the roof level of the south wing tower and level 12 to 14 of the east tower are ongoing. Heavy hoisting of the structure beam will also be completed in mid-April. The interior of the resort hotel and the Level 2 VIP gaming area are presently being constructed. The estimated overall completion of the phase II will be at the end of 2017.

The Conditional Occupancy Permit from Department of Public Works (DPW) and the Conditional Fire Permit from the CNMI Fire Department for Phase I are anticipated to be received at the end of March. Inspections of the property in relation to the two permit applications were conducted at the end of February 2017, however, daily inspections continue as things are installed. The detail and scope of the conditional occupancy permit is still under discussions with DPW Secretary. A report will be provided after his next meeting with DPW Secretary and his team. All emergency evacuation routes have been cleared and ready for final inspection. Exposed wires under the slot machines have been addressed.

Vice Chairman Reyes asked MK Lee if the facility is ready for its Phase I opening on March 31, 2017. Mr. Lee announced that there's a meeting scheduled with the operations team to discuss final preparation details for the inside of the casino. He noted that not everything in the casino will open at once. This process will occur in different times and stages, he said. Vice Chair shared his opinion that the date of March 31, 2017 for the opening date is highly impossible. Mr. Lee noted that his report on the March 31, 2017 opening are based on forecasts conditional to receiving all necessary permits.

The Director inquired if the issues with the vault and cage reinforced walls have been rectified. Mr. Lee reported that they are presently putting up concrete blocks around the wall which should address the concerns raised by the Commission. Counsel Ernest demanded an explanation on how and why stucco was used for the walls of the vault and cage and who authorized and approved it which is in total violation of the MICS. He expressed frustration that it took a Commission Agent to pinpoint the apparent problem that not one of IPI's representatives was able to do so. He is worried what other areas of the project were sloppily completed for the sake of cutting cost and time. The Chairman reminded IPI that it's very important that all regulations and the MICS are followed to avoid future occurrences such as this.

The Chairman raised his concern about the safety of customers who are entering and exiting the building while construction is ongoing with the other phases of the project. He is worried about the movement of heavy equipment at such close proximity to the building. He's heard of incidences in China where debris and cranes fall on people walking close to the building and worries that something like this will happen at the IPR project.

Mr. Lee explained that all construction sites are relatively dangerous but it doesn't mean they're not safe. Construction sites have their own rules on safety management. The IPR will be classified as a temporarily occupied building which has a different set of rules as opposed to a fully occupied building. Rules such as the need for an egress plan for customers, employees and construction workers. There are ongoing discussions with DPW to determine what other set of rules will be stipulated in granting a conditional permit. The purpose of all the inspections from the different agencies is to determine whether the site is safe enough to be issued a permit. There are different agencies working collaboratively with the licensee and the contractor to ensure that everyone visiting the premises will be safe. Phase opening at the IPR is not the first of its kind. It happens all over the world, even in Macau and the US. From the contractor's standpoint, the customers, visitors and workers will be safe, MK Lee stated.

In response to Commissioner Santos' inquiries on the water supply, MK Lee informed the Commission that the water well is located at the west side of the building towards the beach. The drilling of the water well has been completed and certified by Bureau of Environmental and Coastal Quality (BECQ). A sample from the water well was taken and the result is forthcoming. The RO system is presently on a test run for over a month now. The commissioning of the system is almost complete and the sampling was already obtained for testing. However, the result of the test is still pending. There are two water wells but only one of them has been connected for use as of now. With both running, the water supply to the facility will be one hundred percent sufficient. The water wells and the water system will both be under the strict control of BECQ. Aside from the water wells, IPR is also connected to the Commonwealth Utilities Water system

as a back-up supply. The CUC system connection was already certified by CUC. Chairman Sablan commented that his main concern with water is that the general public is not affected by IPR's water demands. Mr. Lee assured the Commission that such an occurrence is unlikely to happen as CUC has control of the water supply to the facility. CUC had already informed IPR that they can only supply 51,000 gallons of water per day to them based on the calculations without affecting the general public in the vicinity. He again stressed that CUC water supply will only be needed as a back-up.

In response to Vice Chairman Reyes' inquiries on the power supply, MK Lee informed the Commission that IPR has double feeders from CUC. They also have a back-up generator that can supply a hundred percent power to the facility.

The Director asked Mr. Lee for an explanation surrounding the death of a construction worker. Mr. Lee first apologized that such an incident occurred. He explained that the death of the construction worker occurred in the early morning of March 22, 2017. The incident was immediately reported to OSHA. On March 24, 2017, OSHA Officers out of Hawaii arrived on Saipan to investigate the matter which took around two days. The account of what happened based on witness reports was that the worker was going up to the platform through the safety passage which provided a safety harness. The victim had a bottle in one hand and when he tried to put the bottle up, he lost his balance and fell off the scaffold 5 to 6 meters down.

In response to Commissioner Manglona's inquiry on parking spaces, Mr. Lee explained that there are plans to open part of the basement for phase I use. He anticipates around 100 parking spaces to be available. However, this matter is still under discussion with other agencies including DPW and Zoning office.

In response to the Director's inquiry on traffic plans, Mr. Lee explained that the traffic plans have been previously approved by DPW Highway Department. IPR has commenced work on traffic improvement of the CPL Derence Jack Road. The permit conditions imposed the end of 2017 as the completion deadline for the project. The order of priority for the road improvement work is CPL Derence Jack Road, Hibiscus Street, then Beach Road. Due to the increased traffic in the area, DPW is contemplating revisiting its approval of the permit conditions. Several inspections have been conducted by a traffic engineer to reassess the area. In the meantime, IPR is working off of the previously approved plan for the traffic improvement project around IPR.

2. Soft Opening Program Updates

Mr. Eugenio Sousa stated that the opening of the Imperial Pacific Resort, Phase I depends on the receipt of the conditional building occupancy permit from DPW and the Fire Permit from the CNMI Fire Department, both of which are very unlikely to meet the scheduled soft opening of March 31, 2017. Furthermore, the approval of the Commission will be requested immediately upon receipt of the required permits.

The Director emphasized the importance for IPI to submit a request to the Commission once a new date of opening is identified. He added that the Regulations requires a 60-day notice to the Commission for the closure of the Best Sunshine Live (BSL). The license agreement does not allow for the BSL and the IPR to be in operations at the same time. There is already an apparent violation as no notice was forwarded to CCC to date, he stated.

3. Updated IPI Organizational Chart

The Director announced that a draft of IPI's organizational chart was presented to the Commission a few days ago. Mr. Sousa is working on updating the chart which will be provided to the Commission in the next few days. The Director advised Mr. Sousa to run the chart by their HR Office.

4. Status and updates on IPI’s Bond Issuance or Loan Agreements

Counsel McDonald shared that since the Commission’s last two meetings there have been no updates. IPI Holdings has raised 150 million dollars unsecured bonds, therefore, it will not trigger the consent the Commission’s issued in 2016. The funds from these bonds which are currently deposited in Hong Kong will be dedicated to the completion of the IPR. Funds will be deposited at the Bank of Saipan as needed.

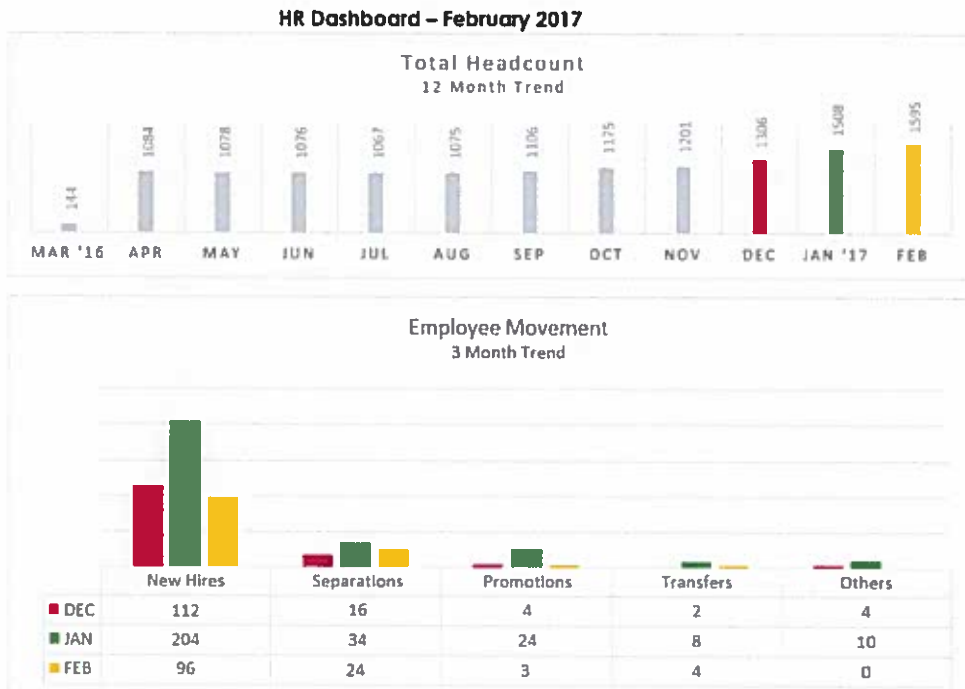
The Director inquired if the account number where the funds are being held can be provided to the Commission. Counsel McDonald advised that it will be best to inquire with the headquarters during the Commission’s planned visit to Hong Kong and Macau.

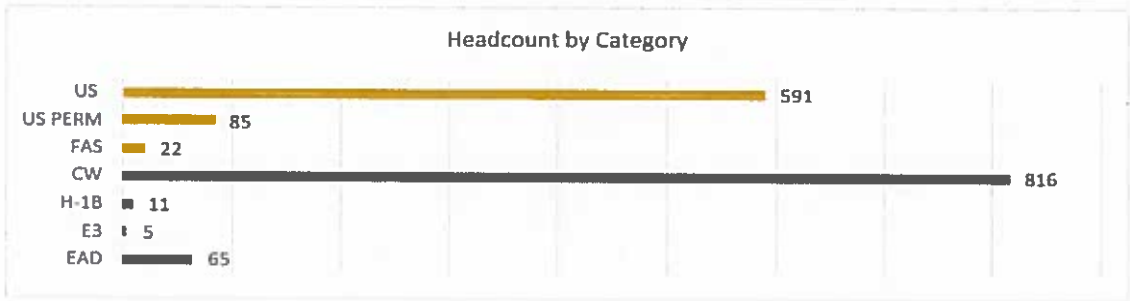
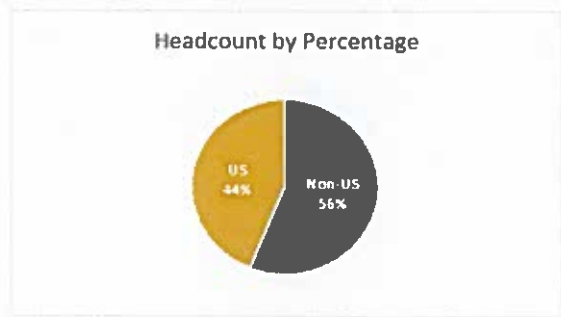
Chairman Sablan inquired if IPI plans to offer additional bonds. Counsel McDonald shared that there are plans to try to issue another bond after the opening of phase I and after gaming has stabilized. The Director inquired how far the 150 million dollars will go in completing IPR. Counsel McDonald divulged that that amount is only enough to complete phase I. The cost of construction was reduced significantly due to the reduction of rooms from 373 to 250, however, there’s still another 100 million dollars’ shortage to complete the whole facility, he shared.

5. Personnel Training and Recruitment Efforts

Chairman Sablan first congratulated IPI Human Resource Department for graduating three interns in the Hotel & Food and Beverage through collaboration with NMTI.

Ms. Bertha Leon Guerrero, IPI VP of Human Resources Department, presented hard copies of the following report:





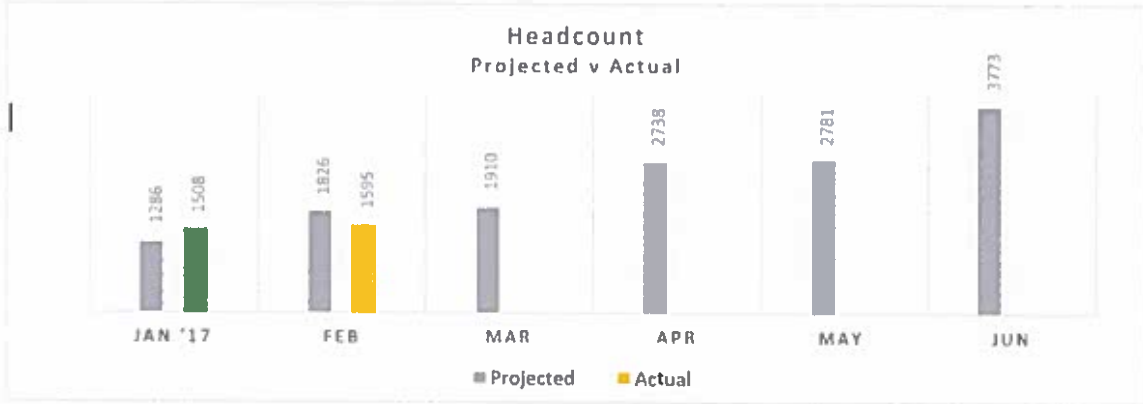
WORKFORCE PLAN QUARTER UPDATE

Our goal continues to be that we identify a process to address the gaps between our current workforce and our human capital needs of tomorrow. To ensure that our workforce requirements are aligned with our strategic business plan, the objectives of our workforce planning are the following:

1. Develop a workforce plan in partnership with the CNMI Department of Labor.
2. Recruit and retain status qualified participants.
3. Achieve the 65% Resident Employment Objective.
4. Manage the transition process of this plan.

MASS RECRUITMENT

We continue to focus on our recruitment efforts to attract, recruit and retain qualified individuals. Our projected headcount needs remains as follows:



As we prepare to open the doors for the Imperial Pacific Resort Hotel Saipan, we will fast track on our recruitment efforts in the Commonwealth of the Northern Mariana Islands, Guam, Freely Associated States and the US mainland. Recruitment fairs for the upcoming months are tentatively scheduled to be hosted. Between April – June, recruitment fairs are planned accordingly:

- Recruitment Fairs (Saipan) - 2 days per month
- Mini Fairs (Saipan) – weekly frequencies (dates to be confirmed)
- Off-island Recruitment Fairs - as scheduled (dates to be confirmed)

LEARNING & DEVELOPMENT

Training our workforce is a major component of our overall success. We continue to navigate our commitment to provide each employee with the necessary tools and resources to become successful during their employment tenure with Imperial Pacific. We are pleased to announce our Learning & Development focus:

Customer Service

Together We Care: Module 3: Taking Ownership

Professional Development

Image Building & Personal Branding

Leadership

Aspiring Leadership Program: Module 1 & 2

Language

Basic Courtesy Mandarin for Beginners

Health & Safety

- American Red Cross First Aid, CPR & AED Training
- Occupational Safety & Health Administrative (OSHA) Orientation
- ServeSafe Food Handler & Safety Certification Training

Promotion of the Dealers Training Courses

Focus: Baccarat, Black Jack, Sic Po

In partnership with the Northern Marianas College (NMC), following development programs for supervisors are being created:

Leadership & Supervision 6

Modules - 4 hours each

Managing & Coaching Employees 5

Modules - 4 hours each

Customer Relationship Management (CRM) 5

Modules - 4 hours each

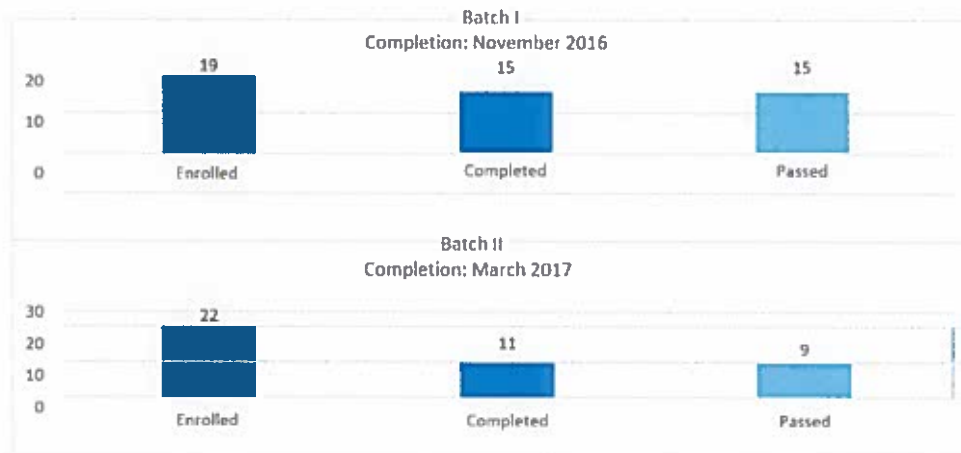
We provide a summary of training, workshops and courses completed by IPI employees within the recent 3 months:

Training / Workshop / Course	Participants		
	JAN	FEB	MAR 27
Alcohol Beverage Tobacco Control	0	52	28
ARC First Aid, CPR & AED	9	18	19
Basic Courtesy Mandarin for Beginners	0	21	15
Butler Services	25	0	0
Butler Services Train the Trainer	8	8	0
Cultural Diversity in the Workplace	20	0	0
Cultural Diversity in the Workplace: Managing Conflict	13	0	0
Customer Care Program - 4 Key Drivers	0	12	41
EEOC	0	55	0
EEOC for Supervisors & Above	0	37	0
Fire Safety	12	0	0
Food & Beverage	34	0	0

Image Building & Personal Branding	0	31	14
Intern Orientation	0	0	6
Limousine Service Standards	8	0	0
Orientation	48	29	57
Orientation & Guest Services	0	83	0
Premium Guest Services	5	0	0
Public Area	26	0	0
Red Rock - Chef/F&B/Recipe	0	30	0
Red Rock - Inventory	0	32	0
Red Rock - Invoicing	0	11	0
Red Rock - Normal End User	0	100	0
Red Rock - Purchasing	0	9	0
Red Rock - Receiving	0	49	0
Title 31 / AML	223	165	152
Together We Care - Module 1	0	18	0
Together We Care - Module 2	0	0	15
Train the Trainer	0	12	12

DEALERS COURSE 2016 - 2017

We then shifted the concept of the training program and promoted the Dealers Course wherein we would provide a productive learning environment for baccarat classes to interested residents tuition free. The 8 week program was developed to provide a rewarding and fulfilling career opportunity in the casino, upon successful completion of course. We have completed two (2) batches. Of the first batch, all 15 graduates are current IPI employees. The 9 graduates from the second batch are presently undergoing the pre-employment process required to become employees.



END OF MS. LEON GUERRERO'S FEBRUARY 2017 HR REPORT

Commissioner Manglona inquired if employees in the gaming area are receiving AML training. Ms. Leon Guerrero replied yes as it is a licensing requirement. Chairman Sablan requested that IPI provide the Commission its AML Training Curriculum as stipulated in the Commission's order. Commissioner Santos inquired what the most common reasons are for separations. Ms. Leon Guerrero replied that there are various reasons. Commissioner Santos then asked what makes up the largest number of separation based on category. Ms. Leon Guerrero responded that the local worker category has the largest number of separations with CW following after. The common reason with locals is attendance, she said. Commissioner Santos commented that the high number of turnovers with locals is very alarming considering that the CNMI is already faced with a small workforce. Mr. Sousa shared that in his experience on the island, his security team

which consist of 100 local employees who also work a 24-hour shift, have a low number of turnovers. Commissioner Santos encouraged that more aggressive emphasis should be incorporated in the training programs with regards to this matter.

Chairman Sablan reminded Ms. Leon Guerrero that the Workforce Plan is due for evaluation as it has been over three months already since the last update to the Commission. Ms. Leon Guerrero informed the Commission that she and her team met with the Secretary of Labor (SoL) a few weeks ago and updated her on their department restructure. She shared that they've scheduled another meeting with her to review the plan and to determine how best to approach the matter. Ms. Leon Guerrero assured the Commission that she will provide the information as soon as it becomes available between now and the next Commission meeting. Chairman Sablan encouraged IPI to provide more training in the non-gaming areas especially since the IPR will soon open. Ms. Leon Guerrero announced that IPI will be participating in the NMC Career Fair scheduled for the end of April 2017.

6. Responsible Gaming Program

Counsel McDonald reported on behalf of Ms. Esther Milne who had to leave the meeting early. He explained that the responsible gaming survey is presently being revised under the guidance of Ms. Yvette Sablan who is the Governor's Special Assistant (SA) for Substance Abuse. He hopes Ms. Milne will have an update from SA Sablan by the next Commission meeting.

7. Status of DPAC

Chairman Sablan recommended inviting a DPAC Representative to the next meeting to update the Commission on this matter.

8. Amendment of Casino License Agreement

Chairman Sablan shared that the Lottery Commission canceled its meeting which was scheduled for March 27, 2017. The Commission is unaware of the reason of the cancelation and asked Counsel McDonald if he knew why. Counsel McDonald responded that the only reason he's aware of was a conflict of schedules. The cancelation notice indicated until further notice and he is unaware when the next meeting schedule will be. The Director added that this item was placed on the agenda to discuss the outcome of that meeting.

VI. NEW BUSINESS

Items A through E listed below were placed on the agenda for notification purposes only.

A. Notification of Provisional Casino Key Employee ("CKE") License:

1. Mr. Charles Toland Meredith ("Chuck") - Senior Vice President for Legal: *Issued on 03/20/17*
2. Mr. Hau Yee Chung ("Tommy") - Vice President for Casino Credit and Collection: *Issued on 02/21/17*

B. Notification of Casino Provisional Vendor License (Non-Gaming):

1. DR Safety & Environmental Consultants: *Issued on 03/14/17*
2. Giesecke & Devrient Asia Pacific Limited: *Issued on 02/21/17*
3. Global Hotelware Limited: *Issued on 03/17/17*
4. MizziSoft Pty. Ltd.: *Issued on 03/20/17*
5. Xerox Corporation: *Issued on 03/21/17*

C. Notification of Casino Provisional Service Provider License (Gaming):

- 1) Long Data Technology Limited. *Issued on 03/17/17*

- D. Notification of Provisional Casino Junket Operator License:
 - 1) Zhang, Hong. Bula Mula, LLC
- E. Notification of Approval to Go Live: 90-Day Approvals:
 - 1) Dallmeier CCTV Camera and Monitoring System
 - 2) International Game Technology (IGT) System
- F. Proposed Changes to the Casino Regulations and Others - Amendment

This agenda was deferred until next meeting.

Commissioner Santos shared his thoughts on a White Paper article on improving gaming regulations. He found the information to be very interesting and worth discussing further in the near future. The article mentioned the need for regulations to be evolving by keeping up with technology. It also puts emphasis on regulations being practical and not duplicative, he explained. He felt that it's important for the Commission to continue updating the regulations to make them relevant and not obsolete. He was surprised at the paper's position on the MICS which they felt was somewhat micromanagement.

Commissioner Manglona made a motion to recess the meeting, seconded by Commissioner Santos. The motion was put to a vote and unanimously approved. The meeting was recessed on Wednesday, March 29, 2017 at 4:20 pm.

MARCH 30, 2017

Chairman Sablan called the meeting back to order on Thursday, March 30, 2017 at 10:12 am. All members were present.

VII. EXECUTIVE SESSION

Commissioner Manglona made a motion to rise into executive session to hear the Legal Counsel's report and to discuss financial matters. The motion was seconded by Commissioner Santos and was put to a vote with all Commissioners present voting yes. Executive session began at 10:15 am.

Commissioner Santos moved to rise out of executive session, seconded by Commissioner Manglona. The motion was put to a vote and unanimously approved. Executive session ended at 11:50 am.

Vice Chairman Reyes moved to recess subject to the call of the Chairman, seconded by Commissioner Santos. The motion was put to a vote and unanimously approved. Meeting was recessed at 11:55 am on Thursday, March 30, 2017.

APRIL 4, 2017

Chairman Sablan called the meeting back to order on Tuesday, April 4, 2017 at 11:13 am at the Commonwealth Casino Commission Conference Room in Gualo Rai. Present for the meeting were Chairman Juan M. Sablan, Vice Chairman Joseph C. Reyes, Treasurer Alvaro A. Santos and Commissioner Martin DLG. San Nicolas. Secretary Justin S. Manglona was not present for the meeting as he was in Rota to attend his sister's first death anniversary and was therefore excused by Chairman Sablan.

Commissioner Santos moved to rise into executive session to continue discussions with the Legal Counsel and to further discuss IPI's financial matters including issues on their receivables. The

motion was seconded by Commissioner San Nicolas and was put to a vote with all Commissioners present voting yes.


Vice Chairman Reyes moved to exit executive session, seconded by Commissioner San Nicolas. The motion was put to a vote and all Commissioners present voted yes.

VIII. ADJOURNMENT

Vice Chairman Reyes moved to adjourn, seconded by Commissioner Santos. The motion was put to a vote and unanimously approved. The meeting was adjourned at 12:29 pm on Tuesday, April 4, 2017.

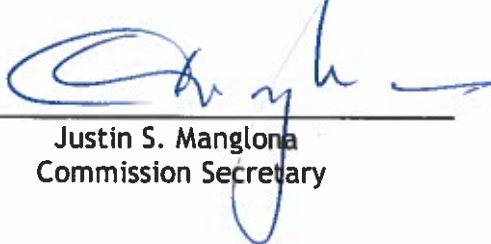
Prepared by:  Date: 4/14/17
Carmen Ann B. Sablan
Executive Secretary

and  Date: 04/14/17
Ruth Ann P. Sakisat
Executive Assistant to the Commission

Concurred by:  Date: 4/14/17
Justin S. Manglona
Commission Secretary



APPROVED AND ADOPTED ON: 19th day of April, 2017.

 Date: 4/19/17
Justin S. Manglona
Commission Secretary