



**COMMONWEALTH CASINO COMMISSION**  
**Commonwealth of the Northern Mariana Islands**  
**P.O. Box 500237**  
**Saipan, MP 96950**



**MINUTES**

March 4, 2016

**I. PRELIMINARIES:**

- A. **Call To Order.** Chairman Juan M. Sablan called the meeting to order at 10:11 A.M. on March 4, 2016 at the Joeten-Kiyu Public Library's VTC Room, in Susupe, Saipan. Chairman Sablan welcomed Senate President Francisco Borja, representatives of Best Sunshine, and noted the absence of the media.
- 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 Commissioner Martin DLG. San Nicolas (PA & MR Officer). Also present were the Executive Director ("Director"), Edward C. Deleon Guerrero, the Executive Assistant to the Commission, Ruth Ann P. Sakisat, the Legal Counsel, Michael L. Ernest, and Executive Secretary, Carmen Ann B. Sablan.
- C. **Adoption of Agenda.** Commissioner Reyes offered a motion to adopt the agenda. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved and adopted.
- D. **Adoption of Minutes.** January 22, 2016

Commissioner Reyes moved for the adoption of the January 22, 2016 Minutes, seconded by Commissioner Manglona.

Discussion: Chairman Sablan referred to page 3, "The Director requested for a list of subcontractors." The Director informed the Commission that we have not received the specific list of subcontractors for the Grand Mariana, however the Commission has been receiving the master vendor list on a timely basis. He explained that the Commission requested a specific list of contractors and subcontractors for the Grand Mariana as the master vendor list does not indicate which items are for or in reference to the Grand Mariana. The Director informed the Commission that we are double-checking each item on the master vendor list in an effort to isolate those involved with the Grand Mariana.

The Chairman stated that he did not see any contractor or subcontractor upon his review of the master vendor list that he received. The Director mentioned that perhaps

what the licensee did was hire a contractor and left it up to the contractor to hire subcontractors. He further stated that this is perhaps the reason that some businesses are not on the master vendor list.

Vice Chairman Reyes once again emphasized the importance of getting DPAC on board. He said that the licensee and the government must put in place an oversight committee as soon as possible. Chairman Sablan agreed and added that DPAC should be in place even before groundbreaking. He asked the Director to follow-up with the Governor regarding the urgency in the appointment of DPAC. The Director informed the Commission that the Governor might have to form DPAC from off-island professionals since almost all major engineering firms on island is currently employed by Best Sunshine.

Chairman Sablan referred to page 7, "Best Sunshine is preparing to revise their handbook to include provisions on drug use or drug testing." He asked about the progress in the handbook. He mentioned that he will revisit this subject during Public Comments.

The motion to adopt the minutes was put to a vote and unanimously approved.

## **II. REPORTS:**

### **A. Report by the Chairman.**

Chairman Sablan reported that there is a pending bill in the legislature regarding Duty Free's (T-Galleria) concerns over patrons passing through the casino floor. He stated that initially, the casino floor was open for people to walk through, however, because smoking was also allowed on the casino floor, renovations were made to enclose the casino as a smoking area. The Chairman said that the Commission is working to include language in H.B. 19-128 that would allow safe access to patrons of T-Galleria while transiting through the casino floor.

Chairman Sablan reported that Legal Counsel Mike Ernest has been working on improving H.B. 19-20 HS1 authored by Representative Felicidad Ogomoro to place poker, pachinko and e-gaming under the jurisdiction of the Commission. The Director explained that H.B. 19-20 HS1 cannot be implemented in its current form as it is an immediate unfunded liability. Legal Counsel informed the Commission that the draft he is working on would transfer full authority of poker, pachinko, and e-gaming over to the Commission beginning October 1, 2016.

### **B. Report by the Executive Director.**

1) **JVA:** The Director reported that the Commission put out job vacancy announcements for ten (10) positions and received 67 interested applicants. He stated that the Commission has begun interviewing applicants and has hired one (1) new employee so far. He informed the Commission that all other positions will be filled by

Monday, March 7, 2016 except for that of the Audit Manager position as the earliest Mr. Charlie O. Atalig will be available to start at the Commission is May 29, 2016. He stated that all nine new employees will be participating in the UNLV Gaming Regulatory Training from March 7-18, 2016. The Director informed the Commission that the contracts for all new employees will expire on September 30, 2016, and that new contracts will be processed on October 1, 2016 as calendar year contracts that will begin from January 1, 2017 through December 31, 2017.

2) **BUDGET:** The Director reported that the budget request for the new fiscal year was submitted to the Office of Planning and Budget on time for the February 29, 2016 budget call. He informed the Commission that the budget request packages have been prepared to be delivered to the house and the senate. He reminded the Commission that the local government only appropriated \$1,000.00 for the Commission. The Director informed the Commission that he requested a total of 40 FTEs for 2017. **ALERT:** The Director informed the Commission that a request was made to the Department of Finance to transfer all remaining balance from Acct #7170 to the new Acct #7170A. As of today, DOF has not transferred the balance and, in fact, according to the JD Edwards Report, the DOF charged Acct #7170A for the CCC's personnel expenses and board compensation from October 2015.

3) **CCC OPEN-HOUSE:** The Director informed the Commission that on the last day of the UNLV Training, the Commission will be having an Open-House and Awards Ceremony at 2:30 P.M. He stated that arrangements are being made to have a clergy bless the CCC office. He further stated that the Commission will be presenting certificates of completion from UNLV to all the CCC staff who participated in the 10-day UNLV Gaming Regulatory Training.

4) **UNIFORMS:** The Director reported that the CCC uniforms that were ordered are on the way, and expressed his hopes that they will arrive in time for the Awards Ceremony on March 18, 2016 so that all our staff can be in uniform.

**NOTE:** Chairman Sablan addressed Senate President Francisco Borja and explained that the Commission extended an invitation for the UNLV Gaming Regulatory Training to the Rota and Tinian Commissioners because the Commission is the Commonwealth Casino Commission. He informed Senate President Borja that the total cost of the training was \$150,000.00. He encouraged all Commissioners and staff to dedicate their time for the training. The Director explained that the cost per participant is \$3,334.00 and that the Commission expects all participants to attend all ten (10) days of the training. He stated that the Commission will assume the full cost of the training. He informed the Commission that the training will be recorded for future use.

### III. PUBLIC COMMENTS:

The Chairman recognized Ms. Viola Alepuyo, BSI Legal Counsel. She informed the Commission that BSI CEO Mr. Mark Brown just left the meeting to receive the floor plans for the Grand Mariana that had just arrived from off-island in preparation for the

2:00 P.M. presentation to the Commission.

The Chairman asked Viola about the progress of Best Sunshine's employment plan. Viola informed the Chairman that BSI is prepared to present their Employment Plan, Recruitment Plan, and their revised HR Policy Handbook to the Commission at the 2:00 P.M. meeting.

Chairman Sablan expressed his concern over the recent incident in which a small plastic bag containing a substance that presumably tested positive for crystal methamphetamine was found in a secured area on the casino floor. He said that he and Commissioner Manglona went to the area in which the bag was found at "the back of the house" on the casino floor.

Chairman Sablan asked that BSI work with the Commission in ensuring that the employees BSI hires and the Commission licenses are law-abiding citizens.

The Chairman recognized BSI VP of Operations Mr. Don Browne. Mr. Browne stated that BSI takes a proactive approach to any type of illegal activity. He informed the Commission that BSI has no drug testing policy at this time; however, it has been discussed for a long time. Mr. Browne emphasized that BSI does not promote drugs or any other type of illegal activities, and reasoned that if BSI gives an employee a drug test today, then tomorrow the employee could easily go back to using drugs. He stated that if drugs are being used by employees, and are caught on BSI property, BSI's current protocol will be to call the police immediately and terminate any employee caught breaking the law.

The Chairman recognized Ms. Viola Alepuyo, Senior VP for Legal at BSI. She informed the Commission that BSI's upper management is currently discussing the drug testing issue, and that all the Commission's concerns in the matter are being taken into consideration.

#### **IV. OLD BUSINESS:**

##### **A. UNLV International Gaming Institute-Update on the Casino Regulatory Training**

The Director informed the Commission that the contract between the CNMI government, Casino Commission and the UNLV International Gaming Institute has been completed. He mentioned that this training is a \$150k project for 45 participants, and that the Commission has requested that the Department of Finance issue the initial wire transfer payment of \$75k that is due on or before March 7, 2016. He stated that the training will run from March 7-18, 2016, Monday thru Friday, for two weeks, and encouraged all participants to make a serious effort to attend the entire training.

The Director confirmed 5 participants from Rota, 2 from Tinian, 3 from Imperial Pacific, 1 from the Department of Finance, and the rest are CCC staff members. He told

the Commission that the training instructors, Mr. Rick Hector and Mr. Dennis Amerine, will be arriving today and will be staying at the Hyatt Regency Hotel. He also informed the Commission that 12 boxes of training materials have already arrived on island and are currently being stored at the CCC office. The Director stated that the instructors will be using the VTC room at the Joeten-Kiyu Public Library to sort the training materials in preparation for Monday's first day of training.

The Director informed the Commission that the training will be held in the VTC room. He stated that the Commission was able to borrow folding tables from the Board of Elections and chairs from the Multi-Purpose Center through the Office of the Governor. He further stated that the Commission has made arrangements for daily morning and afternoon refreshments. He informed the Commission that the Tinian delegation contributed \$1,800 to assist in covering the costs of the daily refreshments and that Rota Senator Teresita Santos stopped by the CCC office to drop off some coffee and packaged pastries as a donation for the training on behalf of the Rota delegates.

The Director informed the Commission that on March 17, 2016, the training venue will be on the 4th floor of the Bank of Guam building in Garapan. He acknowledged Mark Brown, Angela Hardesty, Viola Alepuyo, Danny Ewing and Dave Guerrero for standing ready and allowing the Commission to use the tables, chips, cards, and play money for the "Casino Day" of the hands-on training.

Vice Chair Reyes recommended that the Commission invite members of the 19th CNMI Legislature to the training so that they could listen in and have a better understanding of what the Commission is all about. The Director agreed, but informed the Commission that there might not be enough space in the VTC room to accommodate the officials; however, all members of the legislature will be invited to the CCC Open-House and Awards Ceremony on the last day, March 18, 2016 at 2:00 P.M., Springs Plaza.

## **B. CNMI Casino Regulations – Consideration for Permanent Adoption of the Casino Regulations**

Chairman Sablan informed the Commission that the current regulations have been in place for almost a year and have been registered at the attorney general's office under emergency adoption. He stated that the Commission has the options of adopting the rules and regulations as permanent regulations or continuing under an emergency adoption for another 120 days.

Vice Chairman Reyes suggested that for future dissemination of the rules and regulations to the Commissioners, instead of making copies of the whole rules and regulations, that only the changes be distributed so as to save on costs.

Legal Counsel Mike Ernest informed the Commission that it can still make changes or amendments to the rules and regulation even after they have been adopted as permanent. He further stated that he does not see any of the changes to be controversial. He stated

that most of the changes were required by P.L. 19-24 and P.L. 18-56 aside from minor grammatical errors that were also resolved. The Director informed the Commission that the additional information is the attachment of the casino regulations and the first two addendums as part of the regulations.

Commissioner Manglona moved for the adoption of the permanent rules and regulations , seconded by Commissioner Santos. It was put to a vote and was unanimously approved.

## **V. NEW BUSINESS:**

### **A. Discussions on Casino Minimum Control Standards (MICS)**

Chairman Sablan stated that the Commission does not plan on adopting the MICS at this time, and suggested that everyone continue to review the MICS for any changes or recommendations so that Legal Counsel Mike could incorporate them into the final MICS.

Vice Chairman Reyes moved for a deferment on the discussions of the MICS.

Chairman Sablan said that the Commission will entertain the discussions of the MICS at the next scheduled Commission Meeting on Friday, March 25, 2016. He further stated that the Commission has to give Best Sunshine ample time of at least 60 days to comply with the MICS. He also encouraged more CCC staff to read the MICS as he called it “our Bible for operating procedures.”

### **B. Casino Junket Operator License Applications**

Director asked Enforcement and Investigations Manager Ed “Chief” Cabrera to update the Commission on the Casino Junket Operator License Applications. Chief informed the Commission that we have received five applicants so far for the Junket Operator License; however, all five applicants have many deficiencies in their applications. He further reported that the Commission has sent out e-mails informing each applicant of their deficiencies, but as of today, the Commission has not received any of the items that were requested. He said that the Commission hopes that all the applicants submit the missing items so that the Commission can complete its due diligence in processing their Junket Operator Licenses.

Chairman Sablan suggested that the Commission give a deadline for submission of the missing items. The Director informed the Commission that the applicants have already paid the Casino Junket Operator License Fees, and that if they do not submit the requested items, then the Commission will not act on their incomplete applications.

Chief Cabrera informed the Commission that three of the five Junket Operator License applicants are locally based, and the other two applicants are from Mainland China. He said that he has received information that there is an interested applicant from Macau, who has been given the Commission’s contact information for further inquiries.

Chairman Sablan inquired after the dates when these applications were received by the Commission, and was informed by Chief Cabrera that the Commission has been in receipt of the five Junket Operator License applications over 30 days ago.

Vice Chairman Reyes asked Chief Cabrera whether it is necessary for these applicants to work with the Licensee before submitting their Junket Operator License application to the Commission for processing. Chief Cabrera explained to the Commission that he feels that the Commission should require Best Sunshine to issue at least a Letter of Intent to each potential Junket Operator so that the Commission would not have to waste its time and resources in vetting applicants that Best Sunshine has no intention of doing business with.

Chief Cabrera further informed the Commission that the Casino Junket Operator License Fee of \$1,000.00 is not enough to cover the actual cost of conducting a background investigation on a single applicant.

Director Ed informed the Commission that in an effort to assist Imperial Pacific, the original intent was to rush it through to promulgate the regulations and to prepare the Junket Operator License application with the understanding that Imperial Pacific had quite a lot of interested applicants that wanted to submit their applications to the Commission immediately after the Grand Opening on November 27, 2015. He explained that the Commission then set up a Provisional Casino Junket Operator License arrangement so that if an applicant already has an existing Junket Operator License from any of the four acceptable jurisdictions in which the Commission accepted as a reciprocal country: Australia, Macau, South Korea and Singapore, then the Commission can quickly act on processing those applications. The Director stated that none of the five applicants who have submitted their applications to the Commission has ever had an existing or previous license from any of the other jurisdictions, and that the Commission has not issued any Casino Junket Operator License to date.

Vice Chairman Reyes moved to go on recess until 2:00 P.M. and was seconded by Commissioner Manglona. It was put to a vote and unanimously approved at 12:30 P.M.

The Meeting was reconvened at 2:00 P.M. Chairman Sablan noted for the record that all the Commissioners were present, and also acknowledged the presence of Best Sunshine CEO Mr. Mark Brown.

Commissioner Manglona made a motion to rearrange the Agenda by discussing item VII. Miscellaneous Matters before item VI. Executive Session for the purpose of entertaining presentations by Imperial Pacific and was seconded by Commissioner Santos. It was put to a vote and was unanimously approved.

## **VI. MISCELLANEOUS MATTERS:**

Chairman Sablan recognized Best Sunshine CEO Mr. Mark Brown who introduced Cecilia, Jack and John from Macau to initiate the presentation of the most up-to-date plans for the Grand Mariana. Please refer to the hard copy of the presentation for more details.

Mr. Brown mentioned that the Grand Mariana would have roughly 200 table games and 400 slot machines. He stated that there will always be changes in the casino business with regards to moving machines and tables around the casino floor. He further stated that the presentation will include the locations of the CCC office and the back-of-the-house.

Cecilia introduced herself to the Commission as the Gaming Projects and Administration Vice President of Imperial Pacific and thanked the Commission for making time to listen to her presentation and apologized to the Commission for Mr. Fong's absence. She started the presentation by showing the site development area on the white screen. She pointed out that the area highlighted in purple refers to the front-of-the-house area located on the ground floor; the area highlighted in blue refers to the non-gaming area; the orange-yellowish area indicates the gaming area.

The Director asked Cecilia how many table games and how many slot machines will the Grand Mariana have, and she answered that the preliminary plan suggests approximately 200 table games and 400 slot machines.

The Director asked Cecilia how many VIP rooms will the Grand Mariana have, and she answered that presently there are three VIP rooms and located them on the screen. She said that the VIP rooms will be facing the hotel's main lobby.

Legal Counsel Mike asked Cecilia if the Grand Mariana will have cart storage on each floor, and Cecilia said that cart storage will be on the basement level.

The Director asked Cecilia if the Grand Mariana will have a casino on the ground floor, and Cecilia said that he was correct.

Vice Chairman Reyes asked Cecilia if all the necessary documents and fees have been submitted and paid to the CNMI government for building permits and inspections, and Ms. Viola Alepuyo asked to respond. She said that Best Sunshine routinely submits their building plans to the respected government entity on a phase by phase basis.

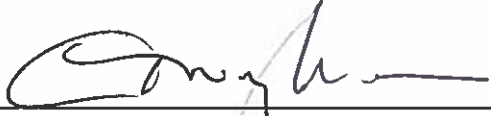
Vice Chairman Reyes moved to go into Executive Session and was seconded by Commissioner Santos. It was put to a roll-call vote and was unanimously approved.

## **VII. EXECUTIVE SESSION:** Commissioner Santos moved to get out of executive session and go back to regular session at 4:35 P.M. and was seconded by Commissioner Manglona. It was put to a vote and unanimously approved.




**VIII. ADJOURNMENT.** Commissioner Santos moved to adjourn, seconded by Commissioner Manglona. It was put to a vote and unanimously approved. The meeting was adjourned at 4:38 P.M. on March 4, 2016.

Prepared by:  Date: 6/14/16  
Carmen Ann B. Sablan  
Executive Secretary

Concurred by:  Date: 6/17/16  
Justin S. Manglona  
Commission Secretary

APPROVED AND ADOPTED ON: 21<sup>ST</sup> day of June, 2016.

 Date: 6/21/16  
Justin S. Manglona  
Commission Secretary