



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

Division of Administration

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Juan M. Sablan, Chairman
Joseph C. Reyes, Vice Chairman
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Alvaro A. Santos, Treasurer
Martin DLG San Nicolas, Public Affairs

MINUTES

May 25, 2017

I. PRELIMINARIES:

A. Call to Order

Chairman Juan M. Sablan called the meeting of the Commonwealth Casino Commission ("CCC") to order at 10:10 a.m. on Thursday, May 25, 2017 at the Joeten-Kiyu 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 made a motion to defer discussions on number VI. New Business, item A. Ratification of CCC's Action on IPI's Request to Start Gaming Operations at IPR and to approve the agenda as amended. The motion was seconded by Commissioner Manglona. It was put to a vote and unanimously approved.

D. Adoption of the Minutes - April 19, 2017 & April 20, 2017

Commissioner Santos made a motion to adopt the Minutes of April 19, 2017 and April 20, 2017, seconded by Vice Chairman Reyes. It was put to a vote and unanimously approved.

II. REPORTS:

A. Report by the Chairman.

Chairman Sablan mentioned that he was informed by the Chairman of the Committee on Gaming that the CCC's standalone bill was presently being reviewed and may possibly make it on the next house session calendar. He asked Ruth Ann P. Sakisat, Special Assistant to the Commission, if she had already been given a finalized copy of the bill. Ruth Ann replied that a final copy has yet to be forwarded to the Commission. The Chairman announced that should the time come for the bill's presentation on the house floor, he requested that all Commissioners be present for the hearing.

Commissioner Santos asked Counsel Ernest whether there were any concerns found with the bill after the last meeting with the Legislature. Counsel Ernest informed him that there were no concerns raised, however, he notified Mr. John Cool, House Legal Counsel, about the additional sections he added in the bill as requested by Chairman Sablan. The revised version was transmitted to the Committee on Gaming on the same day, he announced. Counsel Ernest shared that he too has not seen a finalized copy of the bill.

Commissioner Santos asked Counsel Ernest his thoughts on putting the provision on write-offs in the regulations instead of in the legislation. Counsel Ernest stated that there needs to be some sort of authorization in the law. In the proposed bill, the language states that there's an absolute prohibition on writing off from revenue any uncollected markers, he explained. He stated that the options are promulgation of regulations by Finance or an amendment to the law.

Vice Chairman Reyes commented that all businesses have the option to write off as allowed by law. He asked Counsel Ernest if restricting write offs is going a bit too far given that the Internal Revenue Service has its own policies on such matter. Counsel Ernest replied that the Commonwealth controls its taxes and there's a mirror image for the federal code. However, the local portion of such taxes are completely controlled by the CNMI. Whether prohibition of write offs is a good or bad idea is a policy call, he stated. He added that taxes are solely controlled and are the responsibility of the legislature, therefore, he will refrain from making any public statements on the matter. The Director assured the Commission that the public and the licensee will be afforded the opportunity to comment on the bill with regards to the section on write offs. He noted that there are other jurisdictions that prohibit the write off of gaming credits including Macau.

Counsel Ernest stated that if he were to comment, he would note that some flexibility should be allowed because some debts can be uncollectible in such cases as death or bankruptcy. Counsel Ernest commented that in the gaming industry, the focus isn't on collection rather in getting the patrons to come back and gamble some more. He believes that the Commission or Finance should in some cases, have the discretion to allow or disallow the write offs of gambling debts.

Charlie Atalig, Manager of the CCC's Division of Audit, noted that one of the biggest issues with write offs is the Commission's ability in verifying the support of such write offs. Majority of the gaming debts originate from patrons of foreign jurisdictions. He explained that in Macau, they do not allow the write off of bad gaming debts. Charlie mentioned that there are some expenses that the IRS has disallowed such as deductions on political contributions, deductions on meals and entertainment to name a few.

Commissioner Santos asked Charlie if the Department of Finance has in place regulations that empowers them to approve or disapprove write offs by businesses. Charlie responded that there are regulations in place which states that the tax payer must have the documents to support the write offs. Ultimately, it will be Revenue and Tax to determine if there is sufficient support to approve the request for write off, he said. As it stands, he believes that the Commission does not have the authority to include in its regulations any provisions on tax laws as it will have to be initiated by Revenue and Tax through its regulations or on the public law level.

Commissioner Santos asked Counsel Ernest if having language in the CCC's proposed bill can be seen as usurping the Department of Finance's regulations on write offs. Counsel Ernest stated that he believes that the two will not collide. He shared that he had spoken to Finance's Attorney who stated that they were happy with the CCC's regulations and that they were considering proposing a word for word adoption of the Commission's regulations. He pointed out that Finance had said that they are willing to allow the Commission to decide whether a gaming debt should be written off or not simply because they believe the Commission has the access and the experience to make the determination. However, as it stands right now, he commented that although the Commission cannot tell Finance what to allow or disallow, the Commission can instruct the licensee on what can or cannot be claimed for write off. Counsel Ernest added that he believes it will not be improper to have such language in the Commission's regulations.

Vice-Chairman Reyes advised Chairman Sablan that this subject requires a more in depth discussion and favors that it be further discussed in future meetings. The Chairman noted that the provision on write off has already been incorporated in the Commission's standalone bill and comments can be entertained when it is presented on the house floor for deliberation.

Commissioner Manglona asked that since the tax code in the Commonwealth mirrors the federal tax code, and the federal government allows write offs, which would trump, local laws or federal

laws. Counsel Ernest replied that there are two types of taxes to be filed - federal and the state. The CNMI has total control of the local taxes, he stated. Charlie commented that the CNMI writes its own regulations and if there's anything that the CNMI does not cover, it will essentially mirror the federal laws especially in reference to source of income or expenses within the CNMI.

The Director stated that although this bill had already been filed with the House Committee on Gaming, it is apparent that further discussion is needed. He said that one area of concern with regards to write off is that there is no current structure on who within IPI is authorized to request for the write off. The Director explained that the Commission has been asking IPI why the Head of Tax is the requestor of such write off. There have been discussions on how far through the aging before IPI or any gaming licensee would begin to request for a tax write off. He noted that some discussion pointed out that it may take up to 2 years before a debt is considered uncollectible. This is one of the matters that need to be clarified when the legislature begins discussions on the proposed house bill, he noted.

Chairman informed the Commission that a few weeks ago, he, Commissioner Manglona and the Director met with Mr. Mark Brown and Ms. Viola Alepuyo. During that meeting, the Commission was informed that IPI intends to move forward with the construction project, however, they're in the current stage of finding a new contractor to complete the project.

B. Report by the Executive Director.

The Executive Director reported the following:

1. CCC Financial Standing: Balance as of April 30, 2017.

a. 7170:	\$644,131
b. 7170A:	\$363,195
c. 7171:	\$794,950
d. 1545:	\$1,000

The Director announced that the Commissions' budget request is still before the House Committee on Ways and Means. He advised the Commission to be prepared to be called in by the Committee during the budget hearings.

2. Public Safety Awareness Month Events: The Director thanked all who participated in the 2017 Public Safety and Law Enforcement Awareness month activities as well as the Blue Mass. He introduced Ms. Thelma M. Mizer, Special Agent, who was CCC's Representative in the planning committee to share a little of the events that transpired.

Thelma informed the Commission that CCC came in 2nd place for both softball and basketball and placed 3rd for volleyball. She noted that the Commission will not have any participants in the Top Gun competition scheduled on Memorial Day. She added that the banquet is scheduled for June 2nd but it might be moved up to May 31st. She will send emails to update everyone once the banquet date is confirmed.

3. 2017 Public Service Employee Recognition Week: The Director informed the Commission that the Employee Recognition Ceremony already took place and majority of the Commissioners were present.

4. IPI's Summary of Financial Performance as of April 30, 2017 prepared by the Audit Division:

a. Rolling Volume Report:	\$2,153,087,300
b. Gross Gaming Revenue Report:	\$56,048,047
c. Gross Gaming Revenue Taxes Report:	\$2,802,402
d. Vendor Spending Categories Report:	\$60,923,622

5. **Organizational Chart:** The Director announced that the Commission finally received IPI's Organizational Chart on May 5, 2017. The org chart was signed by signed by Cici Cai, Yuki Xia and Marco Teng. The Director added that the org chart clarifies some of the issues that have been coming up with regards to IPI's structure and who the head is. He commented that in a normal structure, all activities should go through the head of the company but for so many months this was unknown due to the lack of a clear and approved organizational chart. The Director stated that there still needs to be further discussion regarding the credit and collection as it involves corporate office. The Commission wants all activities having to do with credit and collection to have IPI's CEO or Chairman participation so they can be held accountable to the Commission. The Chairman or CEO cannot be held accountable if he plays no role in the process of credit and collection in the gaming industry.

The Director thanked IPI for providing the job descriptions of all the employees listed on the chart. He announced that the Commission is presently reviewing the documents to determine whether some employees listed as regular employees are indeed key employees. Once the review is complete, IPI will be notified of the findings and will be instructed to resubmit a license application for a key employee. Individuals involved in the decision making should automatically be identified as a key employee, he noted.

The Director noted that the Commission received unofficial word that some key employees may no longer be with the company. He reminded IPI of the need to immediately inform the Commission of any changes in key positions.

6. **Surveillance & Monitoring:** Director informed the Commission that the Enforcement Division had been observing each of the cameras at IPR. He added that with the assistance of IPI's Security Team, many of CCC's concerns with the surveillance cameras have been addressed. He noted that some concerns involved the need to fine-tune and adjust certain cameras in reference to color, clarity, and focus. He mentioned that during simulation tests, minor glitches were identified and are being addressed. The Director pointed out an area of concern with the Roulette Table particularly as it concerns the table felt and the difficulty for the cameras to pick up the numbers. He assured the Commission that IPI has been made aware of this concern and were instructed to resolve the issue with the affected roulette tables.
7. **IPR Gaming Tables:** The Director notified the Commission that IPR will have a total of 76 gaming tables in comparison to the 48 tables currently at the Best Sunshine Live (BSL). This amounts to an additional 28 tables at the IPR, he said. This addition, he noted, was based on the total revenue in the past 12 months of over 95% just from the VIP tables at the BSL. The Director shared that the BSL has a total of 146 slot machines, which will be reduced to a total of 92 slot machines for IPR which comes down to 54 less machines at the IPR. The reason behind the reduction is the fact that slot machines do not generate that much revenue, he elaborated.

Commissioner Santos asked the Director if he believes the issues that had been identified and discussed can resolved within a week's time. The Director replied that in reference to the Commission's side, the issues can be resolved by May 31, 2017. With regards to the gaming side, IPR is ready and should be completely ready by May 31, 2017. The other issues of concern which are outside of gaming are concerns brought up by BECQ on the drainage systems and the safety of everyone in the area, and the Zoning Office's concerns on parking area, the Director noted. He informed IPI that in reference to the parking, IPI must consider that their employees will need somewhere to park. The lack of parking is a major concern in addition to the traffic congestion in the Garapan area. The Director mentioned that the Office of the Governor noted 5 different areas of concerns that must be cleared. He offered to provide IPI a copy of the list.

8. **Performance-Bond:** The Director shared that there were discussions that there may be a need to require a performance bond. He used as an example the 2 billion dollars Fontainebleau casino project in Las Vegas that was unfinished and abandoned. The completion bond will assure the commonwealth that the project will be completed as approved by the permitting agencies, he explained.
9. **Loose Construction Materials:** The Director shared that concerns about lose construction materials at the IPR were brought up during the meeting with the Governor. IPI was already informed that loose construction materials being stored at the upper levels must be removed from the facility or secured with straps. There is a grave concern that should a typhoon hit, and if left unsecured, those construction materials and debris can cause major damages around the Garapan area, he said.

Chairman Sablan asked if there's sufficient water for the sprinklers to properly and fully operate. Mr. Henry Cheang, on behalf of IPI, assured the Commission that there is sufficient water for the sprinkler systems. Counsel Chuck McDonald, reiterated that all matters with regards to the fire alarm system will be in place prior to the opening including the additional concerns raised by the Commission.

Commissioner Manglona mentioned that the second floor restroom was not working and that the Commission employees would have to go to the first floor to use the restrooms. He asked if this was still the case. Counsel McDonald replied that the restrooms on the second floor are not functional yet. The Chairman emphasized the need to have running water on the second floor before IPR is authorized to open.

III. **PUBLIC COMMENTS:** None

IV. **OLD BUSINESS:** None

V. **MISCELLANEOUS:**

A. Updates from Imperial Pacific International (CNMI), LLC ("IPI):

1. **Construction Progress - Imperial Pacific Resort & Hotel:** Mr. Marco Teng, Executive Director out of the Corporate Office, informed the commission that it is IPI's intention to terminate the current contract with MCC. However, they are still reviewing the terms & conditions and are unable to provide a definite date of termination. They are also in the process of finding a new contractor and are presently in discussions with a potential company that will take over MCC. A new project manager will also be appointed accordingly, he explained. He assured the Commission that information will be forthcoming immediately upon availability. Mr. Teng also informed the Commission that while IPI is in the process of finding a new contractor, the main focus right now is on completing IPR's VIP casino area, the other restaurants and the resort portion, with a target completion date of March 2018. He shared that the hotel portion of the IPR should be completed by the end of August 2018. Mr. Teng announced that IPI is also considering procuring the services of a US based contractor and that they have already hired a few workers from Guam, some of which are crane operators. He also shared that they are looking for construction workers locally as well. He pointed out that due to the CW issue, it will be hard to bring in a mass of workers until after October 2017 as most contractors are securing CW visas for their workers.

The Director asked IPI what steps have been taken to avoid a repeat of the fiasco with MCC and the other subcontractors. Mr. Teng replied that there will be specific conditions on the new contract that would require the contractors to hire only legal workers. IPI will also ensure that all workers have proper working documents before they are sent to work on Saipan. Additionally, personnel such as security officers will be assigned at the construction site to do

random checks of working authorization and documents. Counsel McDonald added that for the current workers on-site, there are security officers at all the access points who are taking names down and reviewing visas prior to entering the construction grounds.

The Director asked Counsel McDonald if there's any way at least one access to the CCC Office can be cleaned and cleared. The current path is dirty and dusty, he stated. Counsel McDonald assured the Commission that this will be taken care of. Chairman Sablan shared that he visited IPR on May 22 and observed that there was no door to the generator room. He instructed IPI to install a door to the generator room.

Commissioner Santos asked Counsel McDonald if the concerns being raised by the permitting agencies and the Commission can be resolved in a week's time. Counsel McDonald said yes. Commissioner Santos commented that the Commission does not want to call another meeting only to find out that the issues have not been resolved. Counsel McDonald commented that it would be very helpful if IPI can be provided a list of concerns so they can better assess the timing that would be involved in addressing all the issues. He noted the initial concerns with the fire alarms and the parking spaces are already being addressed and should be completely resolved before the opening. He elaborated that IPI already has agreements and a plan with the Fire Department to open immediately. He said that IPI will do its best to take care of all the other concerns but if not met on time, the facility is still safe to open. Commissioner Santos took the position that if the concerns are not a matter of safety, security, life and death, then those minor matters could be taken up at a later time. Commissioner Santos recommended the Director make it clear to IPI that all minor concerns must be addressed in the time frame permitted by the Commission after the opening of IPR and to the satisfaction of the Commission.

Vice Chairman Reyes recommended that since IPI has been granted an extension to complete the hotel, they should really consider establishing a detailed bid schedule to avoid confusion. A detailed bid schedule is necessary in helping track the progress of the project, he elaborated.

Chairman Sablan asked IPI to make a note that Director will be sending a letter listing the conditions that must be addressed prior to the Commission granting its approval for IPR to go live. He further specified that that one of the conditions is for IPI to obtain third party review of all the permits, regulations and laws to ensure that by opening IPR, no regulations and laws will be violated.

The Director asked Mr. Teng when the Commission can receive an update on the construction of the hotel. Mr. Teng replied that he may be able to provide information in a week on when construction will resume. The Director asked IPI if the hotel construction can be completed by the deadline of August 2018 set forth by the Lottery Commission. Mr. Cheang replied that the target deadline is highly favorable.

Mr. James Chua, DPAC, pointed out that it is important for the Commission to know and for IPI to identify who the engineer, architect and safety officer on record is. This information is necessary so that the Commission can address specific questions to the appropriate individuals, he explained. Counsel McDonald assured the Director that they will provide the requested information to the Commission.

2. Update on IPI Organizational Chart: Chairman Sablan asked if Mr. John Lung was still involved in HR as he noticed that his name was moved lower on the organization chart. Mr. Teng replied that IPI is recently made some changes in their human resource department. He explained that Mr. Lung has been assigned to handle the learning and development aspect of HR for local people. His role includes, but is not limited to, providing strategic advice to the training and development team, he added. Mr. Lung's main objective in his current position is to focus on planning for training of personnel for the casino and the hotel. Mr. Teng explained that IPI's HR team includes VP Cathy Lei, VP Bertha Leon Guerrero and VP Say Yong who also make up the HR decision making committee.

Chairman Sablan mentioned that the Commission is very aggressive in ensuring that IPI achieves the objective of hiring at least 65% of permanent United States residents. He questioned why the latest report showed a decrease in the number of local, US workers. He commented that he would like to see more promotions among local workers. He further inquired why the non US workers are making decisions on local employment when it should be a local.

Mr. Teng explained that one of the reasons why Mr. John Lung was assigned with training and development with a focus on strategic planning is for the mere reason that IPI wants to train more local workers as it considers local training a top priority. The training team consists of many locals, he added. Locals are being moved around for exposure and to make room for more locals to be hired, he added. The HR team consists of mostly locals whom were also invited to attend the Commission meetings, he shared. He informed the Commission that Mr. Danny Wong is no longer on island as he was transferred to the corporate office to handle the development of the SOP, the establishment of the different policies and to ensure the HR's smooth operation. He said that for this month, the company has plans to promote five local individuals to the Director level. Mr. Teng assured the Commission that IPI's objective is to gradually build a local team who will eventually be making all the decisions.

Chairman Sablan asked Mr. Teng if no local worker could be found to head the Corporate Social Responsibility program. He noticed that on the organizational chart, a non-local holds the position of Chief Services Officer. He finds it hard to believe that no local is qualified to hold the position. Mr. Teng explained that under the CSR program headed by Xing Tao, there are two teams, one of which is led by a local holding the position of Executive Director. The other team, which is being headed by Xing Tao, focuses primarily on promoting Saipan as a destination to visit. This particular team reaches out to the different regions, including China, to attract people to visit Saipan, he elaborated. Mr. Teng also noted that the CSR program on Saipan is being ran by all local workers, however, Xing Tao oversees both teams. Ms. Bertha Leon Guerrero informed the Chairman and asked that the record reflect that Xing Tao is a US citizen. Chairman Sablan thanked Ms. Leon Guerrero for pointing out and clarifying the information.

Commissioner Santos asked Mr. Teng to clarify the definition of a "Key Employee." Mr. Teng replied that his definition of a key employee is a person who heads a department. A key employee is also someone who makes a final decision, he added. The Director noted that the definition of a Key Employee is stated in the Commission's Rules and Regulations. The Commission had requested IPI to identify the positions they consider to be key positions. He shared that the Commission has noticed that there are still positions being classified as regular positions when in fact they are key positions.

The Director pointed out that there are no additional fees to be charged in processing a license application of a key employee. It will however require more vetting as opposed to a regular license application, he clarified. He noted that the Commission has the final authority to determine whether a position is key or regular.

The Director asked Mr. Teng if IPI has any US locals who have hiring authority. Mr. Teng replied that Ms. Rebecca P. Cruz, Director of Recruitment, is a local resident and a US citizen with hiring authority. The Director reminded IPI of the local hiring objective of 65% as stated in the license agreement. He said that the Commission would like to assist IPI in achieving the target number. He commented that it is discouraging that non-local hires are given more benefits such as housing, transportation, and higher wages. He's heard that local workers do not avail of the same benefits afforded to contract workers and local workers are offered lower wages than contract workers. He noted that the Commission would like to know who does the hiring and what type of compensation set-up does IPI have.

The Director asked Ms. Leon Guerrero if she or Magdalena (Maggie) Attao, Assistant Director for Non-Gaming Human Resources, have any hiring authority. Ms. Attao explained that her role is to handle the local recruitment efforts. Once a potential candidate is selected, the

name of the individual is then forwarded to the Senior Vice President of HR and to the IPI's budget office for funding certification. She noted that so far, the individuals she recommended for hiring have indeed been hired. The Director inquired if there's any truth to the disparity of wages between local and contract workers. Ms. Attao shared that cashiers get paid \$7.25 an hour whether they're local or not.

Vice Chairman Reyes asked if IPI has enough employees to open the IPR. Ms. Attao replied yes as they currently have approximately 1,800 employees.

Counsel Ernest interjected to share that one of IPI's security officers was arrested and jailed for a very heinous charge and IPI made no attempt to confiscate the employee's CCC license. It was the Commission's Enforcement Division that called the employee's home and requested that someone return the badge to the Commission. The mother ended up returning the CCC badge to the CCC office. The mother informed the Commission that she applied for a job at IPI and was called in for an interview but she has not heard back from IPI. Counsel Ernest commented that IPI should at least call the woman or send her a letter regarding the status of her employment application. Counsel Ernest informed IPI that the woman's information can be obtained from Ms. Lore.

The Director pointed out that Ms. Leon Guerrero and Ms. Attao are both under HR, however, only Ms. Leon Guerrero's name appears on the organization chart. The Director inquired if both of are considered key employees. Ms. Leon Guerrero responded that her responsibilities include overseeing licensing and handling the government relation side of human resources. She noted that with respect to recruitment and other HR functions, there are other HR VP's that handle them. She explained that Ms. Attao falls under recruitment which is handled by Ms. Cathy Lei.

The Director asked if the locals will have transportations from their homes to IPR. Mr. Teng replied that shuttles from homes are not being provided but IPI has already established shuttle terminals for employees to catch the company shuttles to and from IPR.

Chairman Sablan asked if IPI has put any effort in contacting the retirees who may be interested in working for IPI. He recommended IPI contact the Retirement Office to request their assistance in disseminating the message to retirees and to also post advertisement through the different radio stations on island.

Velma Lore, Manager of CCC's Division of Permit & Licensing, mentioned that she had a few concerns regarding April's HR report. She said that there are at least 326 active non-US citizens employees. She shared that it's hard to believe that positions such as an attendant for planning and purchasing or cage cashier cannot be filled by local workers. She shared that she identified a few other positions that she believes can be easily filled by local workers. She commented that the 65% objective can be easily met if locals are placed in such positions.

Another concern raised by Ms. Lore is how fast a non-local's wages can increase in comparison to a local worker who holds the same position. She explained that in looking at the application and job descriptions, the positions are identical yet the pay is different. She asked that the Commission be provided justifications to support the increases. Ms. Lore also pointed out that she feels some of the job descriptions can be very intimidating to a local, therefore, discouraging them to apply for the position. She recommended IPI consider revising the job descriptions to make it more attractive to locals.

Mr. Henry Cheang mentioned that more than 90% of IPI's customers are Chinese. He shared that IPI has begun providing Mandarin language classes to local workers. He stated that he fully supports and promotes the hiring of local workers which will benefit the company in the long run because expenses for housing and transportation benefits will be eliminated.

Chief Edward R. Cabrera, Manager of CCC's Division of Enforcement and Investigations, asked Ms. Leon Guerrero if it's legal to require an employee to speak a certain language. Ms. Leon

Guerrero responded that if there's a business need for an employee to speak a specific language, the business would have to justify the need to the Department of Labor.

Commissioner Manglona asked Mr. Teng why there are five VP's for Human Resource and no overall head. He noted that a typical US set up will have a big boss. Mr. Teng explained that there's a VP for training, a VP for recruitment, a VP for the day to day operations. There are three VP's that make up the decision making committee, he explained. Mr. Teng informed the Commission that they're in the process of appointing a Senior VP to oversee the entire human resources on Saipan. The Director reminded IPI to update the Commission when changes occur to the organization chart.

The Director informed IPI that he would like to discuss further the role of credit & collection that are coming in from the corporate office. This is in furtherance with the Bank Secrecy Act requirement and Anti-Money Laundering laws, he explained.

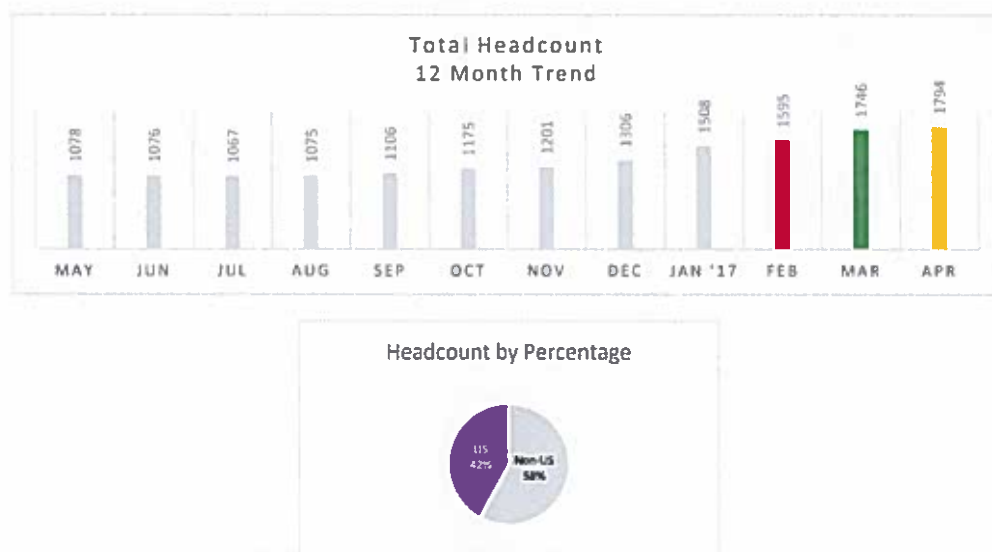
The Director brought up that future communications addressing a substantial matter, whether a new request from IPI or a response to the Commission's request, be ran through IPI's compliance and legal teams. He recommended a paragraph or two be included in the correspondence to state that the document has been reviewed by compliance and legal.

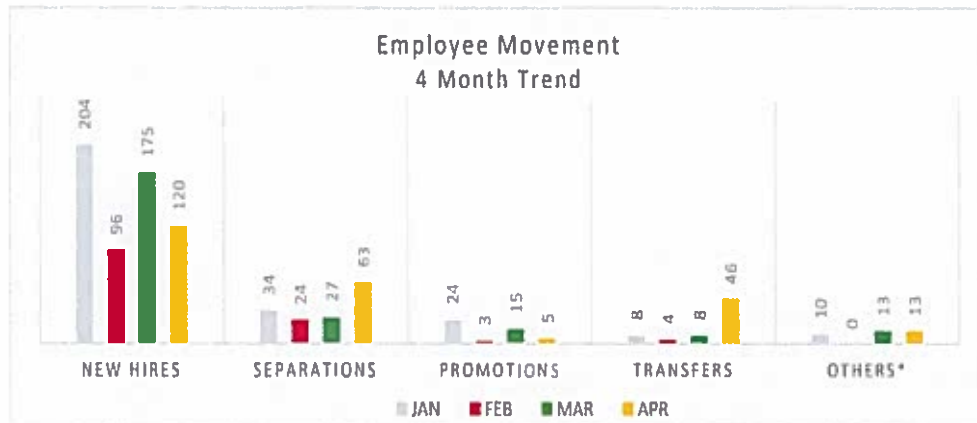
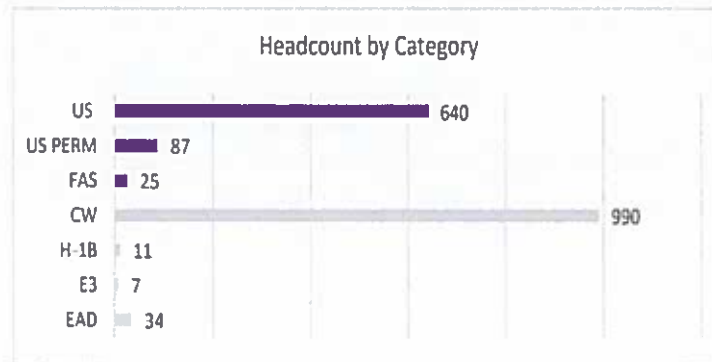
At 12:00 p.m., Commissioner Manglona made a motion to recess, seconded by Commissioner San Nicolas. The motion was put to a vote and unanimously approved. The meeting will reconvene at 2:00 p.m.

Chairman Sablan called the meeting back to order at 2:05 p.m. on Thursday, May 25, 2017.

3. **Personnel Training and Recruitment Efforts:** Ms. Bertha Deleon Guerrero, VP of Human Resources announced that she provided the Commission the following April 2017 HR Dashboard.

HR Dashboard April 2017





Ms. Leon Guerrero announced that some of IPI’s staff visited New York as part of their recruitment efforts. IPI hosted job fairs on May 11th & 12th in New York and on Guam on May 19th. The job fair on Saipan was held on May 8th & another one is scheduled for May 30th. IPI also participated in the NMC fair which was held on April 27th. Ms. Leon Guerrero noted that she’s sharing this information to emphasize that there are ongoing efforts to reach out to all the locals on island, the US, and on Guam and other Micronesian territories.

Ms. Leon Guerrero reported that to date, 229 of IPI’s employees received the AML Title 31 Training. Mr. Dave Guerrero, Asst. VP of Compliance, informed the Commission that AML trainings are held every Tuesdays and Thursday at 09:00 am.

Ms. Rebecca P. Cruz, Director of Recruitment, reported that IPI’s recruitment efforts in Pohnpei was a success. There was a good turnout of interested individuals, she said. Ms. Cruz also informed the Commission that she and Ms. Attao are reviewing applications on a day to day basis, sometimes 12 hours a day. They’ve observed that many of the applicants do possess the experience in non-gaming. However, the only drawback is that most of the applicants will only move to Saipan if their families are allowed to move with them. Ms. Cruz explained that unfortunately, housing can only be provided to the employee.

For recruitment efforts in Guam, Ms. Cruz explained that they met many former residents of Saipan who are willing to return home to avail of employment opportunities. Quite a few of them are retirees, she noted. She announced that the job fair on Guam was also a success. Ms. Cruz informed the Commission that housing benefits are provided to off island hires.

The Chairman reminded IPI of the need to update the Workforce Plan. He asked Ms. Leon Guerrero what the progress is on the Workforce Plan. He recommended IPI sit down with Secretary of Labor to update the workforce plan which should be done on a quarterly basis.

The Director asked if there were any updates on the total number of employees needed to operate IPR for both gaming and non-gaming. Mr. Teng said they need about 3,600

employees of which over 2,000 will be dedicated to gaming. The remaining employees will be assigned to non-gaming. The Director asked where the Safety Officer would fall under on the Organizational Chart. Mr. Eugenio Sousa, VP of Security replied that the Safety Officer will fall under Security. He noted that presently, there are two Safety Officers with IPI, both whom are locals.

Chairman Sablan inquired if a whistle blower program has been established at IPI. Ms. Cathy Lei said the Whistle Blower Hotline runs 24-hours and it is published in the Employee Handbook. IPI anticipates distributing the handbooks by July, she said. She said two local employees are handling incoming calls on the hotlines and these employees have been trained. The program also offers e-mail assistance during office hours, she explained. Mr. Dave Guerrero added that the Whistle Blower Program is mentioned in IPI's monthly newsletter. Ms. Lei added that part of the training allows the call handlers to obtain all the necessary information from the callers and then forward the concerns either compliance and/or Management. The Director emphasized that any calls of violations of the regulations or any laws should immediately be forwarded to the proper authorities.

Chief Cabrera inquired if calls are recorded, and if so, who has the authority review the information. Ms. Lei responded that calls are recorded and are to be reviewed by the compliance team. She said that so far, there are no cases but if there were, they would be forwarded to the Commission.

4. Responsible Gaming Program: Chairman Sablan asked Chief Cabrera to elaborate further on GameSense. Chief Cabrera explained that GameSense was created by the Lottery Commission of British Columbia. He said other jurisdictions are now using GameSense one being the Massachusetts Gaming Commission. Other responsible gaming programs include voluntary exclusion, and a new system called Play My Way. Chief said that Play My Way is a new system that is being tested by the Gaming Commission in collaboration with Scientific Games, he shared. He added that it is a new pioneering tool within the gaming problem industries. Chief Cabrera explained that in order for the Commission to make a decision on implementing this type of responsible gaming tool, the Commission should go and visit Massachusetts to speak to their Gaming Commission and to visit the casinos who use the program to see what the pros and cons with the program.

Vice Chairman Reyes asked if IPI has a problem gaming program in place. Mr. Sousa informed the Commission that their problem gambling program is incorporated under Title 31 with a yearly refresher which starts at the date of hire. In addition to this, there's a self-exclusion program, he shared. The Director recommended IPI consider providing counseling programs in the future.

The Director asked Velma Lore about the training she attended. Mr. Lore explained that the training focused on alcohol and substance abuse in the workplace. She shared that she asked the organization to include problem gambling. The Director asked what the status is on the problem gambling survey. He pointed out that it's been several months since the Commission was presented the draft survey. He stressed that baseline data is necessary to determine if in fact there's a gambling problem in the community. These data would be best obtained through surveys, he noted. Counsel McDonald offered to have an update on the matter by the June meeting.

5. Other Miscellaneous Matters: Chairman Sablan inquired on the status of the compliance reports from IPI and former Judge Sullivan's appointment to the Compliance Committee. Mr. Dave Guerrero reported that the reports on the Compliance Committee are sent to the Commission in the form of minutes. He added that IPI is current in their monthly submissions of Compliance Committee meeting minutes except for the previous month which is presently being finalized.

Counsel McDonald informed the Commission that the Compliance Committee is in operation but without an independent member. He explained that as soon as former Judge Sullivan's

replacement is identified, the Commission will be notified. He added that a potential individual was identified but nothing has been finalized yet. He assured the Commission that as soon as the engagement is signed, a notification will be sent. Counsel Ernest noted that the absence of an independent member in the Compliance Committee is a continued violation of the regulations.

VI. NEW BUSINESS:

- A. Notification of Provisional Casino Service Provider License: Issued by CCC on 05/09/17.**
This item was deferred through a motion under the adoption of agenda.
- B. Notification of Provisional Casino Service Provider License: Issued by CCC on 09/09/17.**
Actemize Ltd. -Software and Technology Platform for Preventing At-Risk Financial Transactions
- C. Notification of Provisional Casino Vendor License (Non-Gaming) Issued by CCC to:**
 - 1. Herman Cabrera, Architectural & Engineering on 05/03/17**
 - 2. Marianas Acquisition Corporation (dba: IP&E Saipan) on 05/03/17**
 - 3. Fujitec Pacific, Inc. on 05/18/17**
- D. CCC's Review of Marianas Enterprises Limited (MEL):**
MEL's Request to Withdraw their CCC Regular Non-Gaming Vendor Application

Commissioner Manglona made a motion to defer action on this item until the Commission completes its investigation on the company. The motion was seconded by Commissioner Santos. It was put to a vote and unanimously approved.

Counsel Ernest reiterated his advice that the licensee be required to provide a legal opinion that the opening of initial gaming facility will not violate any commonwealth or federal laws or regulations. He advised that the licensee focus on OSHA requirements, occupancy permit, fire sprinkler, health, welfare and safety matters when preparing the legal opinion.

VII. EXECUTIVE SESSION:

Commissioner Manglona moved to enter into Executive Session to discuss the items listed below, seconded by Commissioner Santos. The motion was put to a roll call vote and all voted yes. Executive Session began at 3:41 pm.

- A. Report by the Legal Counsel**
- B. Development Planning Advisory Committee ("DPAC")- Update**
- C. IPI Financial Matters**

Vice Chair Reyes moved to exit Executive Session, seconded by Commissioner Santos. The motion was put to a vote and unanimously approved.

Chairman Sablan called the regular meeting back to order at 4:32 pm.

VIII. ADJOURNMENT


Vice Chair Reyes moved to adjourn the meeting, seconded by Commissioner Santos. The motion was put to a vote and unanimously approved. The meeting was adjourned at 4:37 p.m. on Thursday, May 25, 2017.

Prepared by:  Date: 6/26/17
Sarah P. Cabrera
Administrative Specialist

And,  Date: 6/26/17
Ruth Ann P. Sakisat
Executive Assistant to the Commission

Concurred by:  Date: 6/26/17
Justin S. Manglona
Commission Secretary

APPROVED AND ADOPTED ON: 29th day of JUNE, 2017.

 Date: 6/29/17
Justin S. Manglona
Commission Secretary