



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

P.O. Box 500237

Saipan, MP 96950



MINUTES

November 25, 2015

I. PRELIMINARIES:

- A. **Call To Order.** Chairman Juan M. Sablan called the meeting to order at 10:16 A.M. on November 25, 2015 at the Commonwealth Casino Commission Conference Room at the Springs Plaza in Gualo Rai, 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). Also present were the Executive Director ("Director"), Edward C. Deleon Guerrero, the Executive Assistant to the Commission, Ruth Ann P. Sakisat and the Legal Counsel, Michael L. Ernest.
- C. **Adoption of Agenda.** Vice Chairman Reyes moved for the adoption of the agenda with an amendment to defer action on Item A. Adoption of Casino Junket Operator License Application Form under V. New Business to allow the Commissioners ample time to review the application. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved.
- D. **Adoption of Minutes.** October 29, 2015
Vice Chairman Reyes moved to adopt the Minutes of October 29, 2015, seconded by Commissioner Manglona.

Discussion: Commissioner Santos asked the Director what the status was for on the phone system and the annual report.

The Director shared that we are still waiting for IT & E to install the 233-1858 number which was reserved as the additional phone line for the office. He announced that the only phone number now is the 233-1857 and the fax and internet share the 233-1856 number. The Director went on to report that he anticipates to complete the annual report by the end of December which will first be forwarded to the Commissioners for review before the possible release date of January 2016. He elaborated that the annual report would basically be a summary of what the Commission has done from January to December 2015. The annual report will also be published on the CCC website, he said. Commissioner Santos shared that he agrees that the Commissioners be given the opportunity to review the draft of the annual report.

Commissioner Santos inquired on the status of the JD Edwards accessibility to CCC staff. The Director informed everyone that the JD Edwards System was

successfully installed but the staff have yet to access the system because Finance still needs to provide the training on the system. He shared that Ms. Bernie Palacios, Director of Finance and Accounting is aware of the CCC's pending request for training. He instructed Ruth Ann to follow up on the training request.

Commissioner Santos referred to page 5 which mentioned that the purchase requisition for the ID system was rejected by Procurement & Supply. He asked the Director to elaborate further on that issue. The Director explained that Procurement policy states that any PR above \$2,500 for the purchase of equipment would have to go through an Invitation to Bid. The PR submitted for the system was over \$9,000, he shared. The Director added that after that obstacle, it was decided to temporarily hold off on the purchase due to funding uncertainty, pending the outcome of HB 19-95. In the meantime, the Director announced that DPS Commissioner offered to sell the CCC, through a journal voucher one of their ID printers eliminating the need for an ITB. The Director explained that DPS has 6 brand new, unopened ID machines. The CCC will purchase the supplies needed from Saipan Computer Service. He added that Ian is presently setting up the system and that the CCC will be able to print and issue ID's soon. New ID's will be issued to BSI employees who are renewing their licenses or are applying for a new one. The Director reminded Ms. Angela Hardesty to advise all existing license holders to submit their renewal applications at the earliest possible time as the expiration date of December 31, 2015 is fast approaching.

Chairman Sablan pointed to page 6 in which he requested to be meeting with BSI on a biweekly basis with regards to the Grand Mariana project. He asked the Director to put this request in writing. Vice Chairman Reyes felt that the construction project should not be the concern of the Commission since it is a non-gaming part of the development. However, the Chairman felt differently and expressed that it is the Commission's duty to monitor the licensee's financial suitability for this project which is the main reason for his request for periodic meetings.

The motion to adopt the Minutes of the October 29, 2015 meeting was put to a vote and unanimously approved.

II. REPORTS:

A. Report by the Chairman:

The Chairman reported that the visit to the Yacht went well and that there were no signs of illegal gambling being conducted on the vessel. He also shared that the visit to the facility where the ancestral remains from the Grand Mariana site were being kept was very informative as it showed that BSI is very mindful of the importance of preservation and safe keeping of the excavated remains.

He also touched a little on the smoking issue at the casino. He announced that the Attorney for the Licensee responded to the Commission's letter requesting

that they comply with the Smoke Free Air Act. According to BSI's Attorney in her letter, she stated that the Licensee is not in violation of the act. The Chairman asked the Commissioners to read the copies of the letter that were provided to them. Vice Chairman Reyes requested for our own Legal Counsel's opinion on the matter and on the Licensee's response through its Counsel. Commissioner Santos commented that he would like to know what position the Public Health Representative is taking on this issue. Apparently, the Public Health Coalition group who demonstrated against the smoking in the casino may have a different position as the position being taken by Mr. Tagabuel who is the Public Health Representative, he stated. He stated that Mr. Tagabuel has been the key representative for the Public Health who has been in communication with the licensee's Counsel. He recommends that Mr. Tagabuel meet with the coalition group who spoke at the Legislature against the smoking. Vice Chairman Reyes favored the idea of letting the appropriate enforcement agency such as Public Health handle this matter. The Director agreed with Vice Chair Reyes in his comment to allow the Licensee and Public Health to iron out this issue. Should it reach the courts, the CCC as regulators can assist in the enforcement of any judgements or ruling issued by the court, he stated.

B. Report by the Executive Director

- The Director shared that the AG's Office reviewed the proposed junket regulations and are in agreement with it except for the final provision. The provision that granted authority to the Chairman and the Executive Director to unilaterally suspend the regulations has since been stricken out.
- The Director went on to report on HB 19-95 and announced that almost all the AG's concerns with the proposed bill were addressed in the Senate's version. The AG's concerns stemmed from a letter from Senate Vice President Borja who requested his opinion on the bill, the Director explained.
- December 23, 2015 is the proposed date for the Grand Opening of the office.
- The Director explained that more office space is needed for the Commission and that he is looking for possible spaces within the Springs Plaza.
- The Director invited everyone and their family to the CCC's Thanksgiving Party which will be tonight at the Carolinian Utt at 5:30 pm.
- The Director announced that the Acting Governor issued a memo directing that all requests for travel be submitted at least 5 days prior. He asked the Chairman if the December meeting could be scheduled for December 22, 2015, a day before the Grand Opening which will allow more than enough time to process Commissioner San Nicolas' travel authorization. This meeting's travel process was a bit more frustrating than usual as it

was very difficult to get the Secretary of Finance to sign the travel request for Commissioner San Nicolas, he shared. It took several text messages, emails and phone calls and an all afternoon visit to her office by Ruth Ann. Commissioner Santos recommended that if worst comes to worst, Commissioner San Nicolas can pay for his fare and other expenses and be reimbursed at a later date.

- The Director reported that the current budget for FY2016 stands at \$51,050 for the remainder of the year. He emphasized that it is urgent for the regulatory fees to come in as soon as possible to avoid lay off of employees.
- He reminded the Commissioners that the Best Sunshine Live Grand Opening is scheduled for Friday, November 27, 2015. All Commissioners and the Director are invited. The grand opening activities will commence at 5:30 pm. He announced that should he and the Chairman be asked to give a few words, he does not see that to be an issue and that they should. The Director informed the Commissioners that he wrote a letter to the Office of the Public Auditor requesting for guidance as to what is ethical or not, or what is prohibited should the Commissioners decide to attend the function. However, as of meeting date, he has not received a response. He commented that he does not see a problem with the Commission attending the function but did give caution on the Commission accepting any food or drinks which is one of the questions posed in the letter to OPA. Legal Counsel Ernest advised that the Commissioners not attend and send the Executive Director instead. Chairman Sablan asked the Counsel Ernest to follow up with OPA because he felt guidance is important and necessary with regards to this issue. Commissioner Santos felt everyone is being over cautious with this and that no laws will be violated by their attendance.
- The Director announced that Best Sunshine had requested and was granted permission to remove 6 Baccarat tables and replacing them with 6 poker tables. The decommissioned tables will be stored in a warehouse. The rules of the game have been provided to the Commission, however, the poker game will not be instituted until the staff have been properly trained. He asked BSI that training also be provided to the CCC Surveillance personnel.

III. PUBLIC COMMENTS:

Mr. Paul Zak requested for a copy of the junket regulations. The Director informed him to provide his email address so a copy could be sent to him.

IV. OLD BUSINESS:

A. House Bill# 19-95

Chairman Sablan announced that HB 19-95 was passed by both Houses and is now at the Governor's Office. According to Vice Chair Reyes, he was informed that the bill is being reviewed by the AG's Office. He shared that what happens now is beyond the Commission's control. The Director explained that the normal protocol is that all bills are submitted to the Attorney General for review normally taking a week's time. A response from the AG is expected by early next week, he said. The Acting Governor has assured him that his office will take action immediately upon receiving comments from the AG.

Commissioner Santos was worried that this process will delay things further. He commented that the AG already had the chance to review the bill when it was still with the Senate in which he publicly pointed out all his concerns through the media. He felt any further delay was simply unnecessary as there are no major revisions from the version he based his opinions on in response to the Senate Committee.

Chairman Sablan raised his concern on the open meeting act. He felt this amendment to the law was very important to allow the Commissioners to meet as a whole group and not just two at a time. Commissioner Santos commented that he has always stressed that the OGA should not apply to Congress as they meet in committees, caucuses and in leadership meetings. The legislative arena requires so many little meetings here and there and to make it public he felt was ludicrous. He elaborated that the author of the OGA initiative and his team did not do a good job in its research on what should be applicable to Congress and other government agencies. The OGA is not practical and realistic in a Congress setting, he said.

The Director announced that he requested the Chief of Staff to give the Commission a call once the Governor is ready to sign the bill.

V. NEW BUSINESS:

- A. Adoption of Casino Junket Operator License Application Form
This agenda was deferred.

B. UNLV IGI Training Seminar

The Director shared that initially Mr. Dennis Amerine, under his private company submitted a proposal for the training. However, the Commission requested that the University of Nevada Las Vegas International Gaming Institute merge their training resources with Mr. Dennis Amerine. In this way, the training contract will be processed within government to government which will be an easier and simpler task as opposed to a private entity in which many requirements will be imposed such as the need to register and be licensed in the Commonwealth. The UNLV won't have to go through all that, he explained. Additionally, going through UNLV is more legitimate as far as training certification goes, he explained. The UNLV together with Mr. Amerine had requested for at least a 30 day notice to allow them ample time to prepare. The Director informed them that it would all

have to depend on the outcome of HB 19-95 and the budget and once that's clear, he will sit down with the Commissioners to discuss the training dates. He felt it is unlikely that it will happen in December. The cost of the training had been proposed at \$154,000 for 45 participants. The Director will extend an invite to the Commissioners from Rota and Tinian and a few participants from Best Sunshine and from Department of Finance's E-gaming division. Mr. Bo Bernhard and Mr. Dennis Amerine are on standby waiting for word from the Commission, he shared. Chairman Sablan asked the Director to compute the individual cost that the outside participants will have to be paying and to indicate the amount in the invitation letter.

VI. EXECUTIVE SESSION. None

VII. MISCELLANEOUS MATTERS

Vice Chair Reyes requested for more time to review Imperial Pacific's Interim Financial Reports for 2014 & 2015 which the Manager of Enforcement downloaded and printed for the Commissioner's review. The Director pointed out that these documents were not provided by the Licensee.

Chairman Sablan requested that the CCC write a letter to BSI requesting for their local hiring plans which was stated on the license agreement. The Chairman added that he has not seen a plan which should be collaboratively worked on by BSI and the CNMI Department of Labor in which the Commission should be provided a copy of.

The Chairman emphasized the importance of providing continuous training for our staff aside from the upcoming UNLV training. He felt the CCC staff should also avail of trainings offered by NMC. He asked the Director to make contact with NMC on this matter.

The Chairman stressed the importance of hiring a Manager of the Audit Division who should also be a CPA. There's a lot of work to be done based on the CCC's Rules and Regulations which should be spearheaded by the CPA, he explained. He recommended the Commission request a waiver of the salary cap from the Governor because he believes a good CPA cannot be found at only \$50,000 per annum. He is in support of increasing the salary for the Audit Manager and will recommend so when the bill gets passed. He shared that he asked Ruth Ann to inquire on the different salaries offered to CPA's in other government agencies. He also requested for one or two Commissioners to participate in the interview of interested applicants when the time comes. The Chairman nominated Commissioner Santos to be one of the interviewers as he possesses a strong financial background. The Director agreed with the Chairman and commented that he welcomes the Commissioners contributions individually and collectively and that he appreciates all the help to find the best person for the job.

Commissioner Santos shared that if it is difficult to recruit locally, the job advertisement should be expanded outside of the CNMI, possibly to Guam and Hawaii. He recommended that benefits be listed such as travel, housing and

repatriation allowances to entice a good pool of applicants. Even at \$65,000 per annum, Commissioner Santos said with the benefits, it will be more promising to find a good candidate. This option, however, will only be if no qualified applicants are found locally, he stressed.

Commissioner Santos recommended the Commission begin looking into the extent of autonomy it wishes to fall under should the bill be signed. He explained that there are different layers of autonomy and that the bill is very broad. Commissioner Santos felt that the CCC can qualify for full autonomy because it is a revenue generating entity capable of being self-sustaining. He commented that this is something important that the Commissioners should start thinking about and looking into.

VIII. **ADJOURNMENT.** Vice Chairman Reyes moved to adjourn the meeting. Commissioner Manglona seconded the motion. It was put to a vote and unanimously approved. The meeting was adjourned at 12:12 P.M. on November 25, 2015.

Prepared by:  Date: 01/19/16
Ruth Ann P. Sakisat
Executive Assistant to the Commission

Concurred by:  Date: 1/19/16
Justin S. Manglona
Commission Secretary

APPROVED AND ADOPTED ON: 22nd day of January, 2016.

 Date: 1/22/16
Justin S. Manglona
Commission Secretary