



COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands
P.O. Box 500237 Saipan, MP 96950



MINUTES

December 21, 2017

I. PRELIMINARIES:

A. Call to Order

Chairman Juan M. Sablan called the meeting to order at 10:00 am on Thursday, December 21, 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), Martin DLG. San Nicolas (PA & MR Officer).

C. Adoption of Agenda

Commissioner Manglona made a motion to rearrange the order of the agenda as follows: I. Preliminaries, II. Old Business, III. New Business, IV. Reports, V. Public Comments, VI. Miscellaneous Matters, VII. Executive Session and VIII. Adjournment. The motion was seconded by Commissioner San Nicolas, was put to a vote and unanimously approved.

D. Adoption of the Minutes. November 29, 2017

Vice Chairman Reyes moved to adopt the minutes of meeting of November 29, 2017, seconded by Commissioner Manglona. The motion was put to a vote and unanimously approved.

II. OLD BUSINESS:

A. Proposed Permanent Adoption of Casino Regulations:

1. § 175-10.1-920(b) Casino Employee Licensee Standards.
2. § 175-10.1-1105 Duty to Disclose and Cooperate.
3. § 175-10.1-1130 Consent to Examination of Accounts and Records.
4. § 175-10.1-1315 Disqualification Criteria.
5. § 175-10.1-1501 Commencement of Complaint.
6. § 175-10.1-1510 Notice of Defense.
7. § 175-10.1-1515 Right to Hearing; Waiver.
8. § 175-10.1-1525 Revocation of License or Registration; Hearing.
9. § 175-10.1-1855 Collection of Gaming Credit.
10. § 175-10.1-2605 Licensure and Registration Required.

Vice Chairman Reyes inquired if the Commission has had the chance to review the comments submitted by Phil Tydingco, IPI's General Counsel. Chairman Sablan explained that to his understanding, the sections being proposed for permanent adoption are different from the sections that Counsel Tydingco commented on. He asked Counsel Ernest to comment on the matter.

Counsel Ernest explained that he read both comments submitted on October 27, 2017 & November 22, 2017 by Counsel Tydingco and acknowledges that some of his comments are well taken and that some are not. He noted that Public Laws 18-56 & 19-24 gives the Commission the authority to promulgate regulations. He does agree that there's a possible need to redraft the regulations before presented for final adoption. He said that some of IPI's comments in regards to giving some discretion to the Executive Director merits further consideration. Ultimately, Counsel Ernest informed the Commissioners that he will make some minor revisions to the regulations and present them to the Commissioners for final adoption at the next Commission meeting.

Commissioner Santos moved to defer action on the final adoption of the above listed regulations until Counsel Ernest makes the necessary revisions to some of the sections in response to the Licensee's comments. The motion was seconded by Vice Chairman Reyes. It was put to a vote and unanimously approved.


III. NEW BUSINESS:

- A. **Executive Director v. Marianas Enterprises Limited: #CCC-PVCL-2016-012.** Entry of Default Judgment. Consideration of and Issuance of ORDER revoking CCC-PVCL-2016-012, DENYING application for license, and imposing fine.

Counsel Ernest explained the following: The Executive Director hereby moves to enter into a default judgment against the above-named Respondent. Copies of proofs of service have been provided showing that Agent JB Cepeda served the document by email, registered mail and personal service. The company and its registered agent were served in July 2017 and it has been more than fifteen (15) days. The respondent has not contacted the Executive Director or any member of the Commission's staff, nor have requested for any extension. They have ceased all communication with the CCC.

The Executive Director believes that judgment is proper at this time, therefore, provides a proposed order which grants the default judgment, revokes the provisional license, denies the application for license filed in February 2017, and imposes fines of \$150,000 per complaint. The Entry of Default and Order is before the Commission for consideration.

Commissioner Santos moved to approve the issuance of an Entry of Default and Order against Marianas Enterprise Limited which was presented by Counsel Ernest on behalf of the Executive Director. The motion was seconded by Commissioner San Nicolas, was put to a vote, with for Commissioner voting yes. Vice Chairman Reyes abstained from voting.

 <p style="text-align: center;">COMMONWEALTH CASINO COMMISSION Commonwealth of the Northern Mariana Islands P.O. Box 50823 Saipan, MP 96950 Tel: (670) 233-1857/98 Fax: (670) 233-1886 Email: info@cmccasinocommission.com</p> <p>Edward Mabeusan Attorney General Michael Ernest FCC17 Assistant Attorney General Hon Juan A. Sablen Mem. Bldg., 2nd Floor Capitol Hill Caser Box 10007 Saipan, MP 96960 Tel: (670) 237-7500 Fax: (670) 854-2349</p> <p style="text-align: center;">BEFORE THE COMMONWEALTH CASINO COMMISSION</p> <p>EDWARD DELSON GUERRERO, in his official capacity as Executive Director of the Commonwealth Casino Commission, Plaintiff-Petitioner, v. MARIANAS ENTERPRISES LIMITED # CCC-PVCL-2016-012 Defendant/Respondent.</p> <p style="text-align: center;">DO # 17-0008-I COMPLAINT NO. 17-003 ENTRY OF DEFAULT and ORDER</p> <p>GOOD CAUSE SHOWN, default judgment is hereby entered in the matter. The Executive Director's finding of violations committed by Respondent is upheld in all respects. The Executive Director's determinations regarding self-reporting of violations is upheld in all respects. The Executive Director's determinations of offense levels finding of major violation(s) is upheld in all respects. The Executive Director's determination that Casino Provisional license CCC-PVCL-2016-012 should be revoked is upheld in all respects. The Executive Director's determination that Respondent's Casino Vendor</p>	<p>Application submitted on or about February 1, 2017 be denied is upheld in all respects. The Executive Director's determination of a fine payable by Respondent is upheld in the amount of fifty thousand dollars (\$50,000.00).</p> <p>Accordingly, upon vote of the Commission at the duly noticed public hearing of today's date, Provisional Casino Vendor license number CCC-PVCL-2016-012 is REVOKED. Further, the Commission DENIES Respondent's application for Casino Vendor License submitted to the Commonwealth Casino Commission on or about February 1, 2017. Respondent is ORDERED to pay a fine of fifty thousand dollars (\$50,000.00) on or before December 31, 2017.</p> <p style="text-align: center;">SO ORDERED this 21st day of December, 2017.</p> <p style="text-align: right;">_____ Juan M. Sablen, Chairman</p>
--	---

B. Consideration of and adoption for publication for public comment proposed amendment to Part 1900 of the Regulations concerning casino key employee and casino employee duties relative to Conflicts of Interest.

The Chairman explained that he's put a lot of time into researching other gaming jurisdictions which led him to the issue of conflict of interest in casinos. He commented that in order to avoid what had happened to the Enron Corporation which resulted in the filing of bankruptcy, it is important to put in place an order on Conflict of Interest which is before the Commission for consideration.

Commissioner Manglona inquired if it will be a better approach to impose such a policy through regulations and seek comments rather than in an order. Counsel Ernest explained that item B affects casino key employees and casino employees as opposed to the order under item C, which affects the licensee. Counsel Ernest further explained that there will be a comment period for what will be proposed through regulations but there won't be a comment period on the order.

Commissioner Santos inquired if the licensee has an internal policy governing conflict of interest for all its casino employees. Ms. Bertha Leon Guerrero, VP of Human Resource, responded that the only conflict of interest policy she's aware of is the need for disclosure of relatives in the workplace. Ms. Leon Guerrero offered to do more research on the matter. Counsel Tydingco recited a provision in IPI's Employee Handbook for the Commission's information:

A conflict arises when personal, social, financial or political activities have a potential of interfering with our responsibilities to a company. Actual conflicts must be avoided but even the appearance of a conflict can be just as damaging. Employees have a primary business responsibility to the company and are expected to avoid any activity that may interfere or have the appearance of interfering with the performance of this responsibility. The conflict may also arise when a relative, friend or colleague works for a customer supplier or competitor, and directly interacts with you or your business group as part of their role with the company. If you're unsure, where you can be in a situation, where it could be a potential conflict, consult with your supervisor.

The Director asked Counsel Tydingco if the provision on conflict of interest extends to the members of the Board of Directors. Counsel Tydingco replied that he does not know the answer on the top of his head. The Director then used as an example a situation where a member of IPI Board of Directors used company money to open a restaurant across the casino. He asked Counsel Tydingco if that should be considered a conflict of interest. Counsel Tydingco replied that he is unable to answer the Director's hypothetical question.

Commissioner Santos commented that the provision read by Counsel Tydingco sounds like a standard policy in private companies, which is very broad, unlike the conflict of interest provisions imposed by the CNMI Government through the Office of the Public Auditor, which are more detailed on what is allowable and what is considered a conflict of interest. Counsel Tydingco said he would rather not comment on Commissioner Santos' statement as it pertains to government policy, and wishes to defer to Counsel Ernest on the matter.

The Director asked Counsel Tydingco if he believes the conflict of interest provision in IPI's Employee Handbook affect the over thirty subsidiaries established by IPI or its parent company. Counsel Tydingco replied that a subsidiary is considered a separate legal entity with its own employees.

Vice Chairman Reyes acknowledges Chairman Sablan's intent in proposing regulations on Conflict of Interest but warned that Saipan is such a small island and almost everyone is related. He shared that he has reservations on approving such regulations as it is too broad, and wishes to look into it further. He said that it is important to note that Saipan is not Las Vegas, Macau, or New Jersey.

Commissioner San Nicolas believes that Commission should approach this issue very careful. He shared that the Tinian casino experienced a situation where the top executives and the Board of Directors of the casino were operating different companies, one of which was a recruitment agency belonging to an employee of the company. As a result, there were unable to pay wages and salaries. He emphasized that it is important to include this policy in the regulations.

Commissioner Manglona is favorable of the proposed regulations as he too is very concerned about top executives siphoning money for their own personal agenda through the creation of businesses. He believes that could be the downfall of the casino.

Commissioner Santos moved to adopt for publication for public comments proposed amendment to Part 1900 of the Regulations concerning casino key employee and casino employee duties relative to Conflicts of Interests. The motion was seconded by Commissioner Manglona, was put to a vote with four Commissioners voting yes. Vice Chairman Reyes was not present in the gallery during voting time.

- C. Consideration of and adoption of Order #17-00_ concerning casino licensee's responsibilities relative to Conflicts of interest.

Commissioner Manglona moved to adopt Commissioner Order 17-005 concerning casino licensee's responsibilities relative to Conflicts of Interest. The order shall become effective forty-five (45) days from its adoption. The motion was seconded by Commissioner San Nicolas. It was put to a vote with four Commissioners voting yes. Vice Chairman Reyes abstained from voting.

- D. Approval of Regular Casino Service Provider License (2-Year License)

1. Paltronics Australasia Pty Ltd (dba: Paltronics). Distributor of Electronic Gaming Equipment & related goods.
2. CMC Trading Engineering (International) PTE LTD. Electronic Gaming Chips, Machines and other gaming goods.
3. Aruze Gaming America, Inc. Manufacturers and Distributors of Electronic Gaming Machines.

Commissioner Manglona made a motion to approve the 2-Year Casino Service Provider Licenses for Paltronics Australasia Pty Ltd., CMC Trading Engineering (International) PTE LTD, and Aruze Gaming America, Inc. The motion was seconded by Vice Chairman Reyes. It was put to a vote and unanimously approved.

- E. Notification of Provisional Casino Key Employee (CKE) Licenses:

1. Chen, Xing Yu ("Ed"). Title: Chief Financial Officer (Exp. 12/11/18)
2. Ho, Sao Kun ("Joanna"). Title: Vice President of Finance (Exp. 12/14/18)

Note: This item was included on the agenda for notification purposes only.

- F. Notification of Provisional Non-Gaming Vendor Licenses:

1. Mariana Pioneer (CNMI), LLC. Mechanical and Electrical Consultation and Inspection (Exp. 12/11/18)
2. Trans Eurokars Pte Ltd. (Db: Rolls-Royce Motor Cars Singapore). Distributor of Motor Vehicles (Exp. 12/11/18)
3. W.W. Grainger, Inc. (dba: Grainger). Distributor of Mechanical and Electrical Equipment and Supplies (Exp. 12/06/18)

Note: This item was included on the agenda for notification purposes only.

IV. REPORTS:

A. Report by the Chairman

Chairman Sablan informed the Commission that he worked very closely with Counsel Ernest in drafting the Conflicts of Interest Regulations and Order.

The Chairman commented that he's been seeing active outreach by IPI in the paper as part of their efforts to promote local/US employment. He's read several articles on several trainings provided by IPI which he highly encourages. He announced that he, Commissioner Manglona and several CCC staff attended a graduation ceremony on December 20, 2017 for the Dealer/Pit Supervisor Dual Rate Training and the Job-Specific Mandarin for Dealer Class.

The Chairman asked the Director to include in his report an update on the status of one of IPI's Casino Service Provider who violated the regulations. He noted that it's been over 6 months and the Commissioners have yet to see the investigative report on the company. He said that he will not disclose the name of the company at this time but expects to soon receive a copy of report from the CCC's Division of Enforcement & Investigations and from Counsel Ernest.

B. Report by the Executive Director

The Director first thanked the Commissioners, Managers and all CCC staff who have been working so diligently and hard the last twelve months. He then reported the following:

House Bill 20-82: The Commission has not heard anything from the House of Representatives regarding the status of the proposed bill. Previous discussions gave the Commission hope that the bill will be acted on before the end of the year. He suggested he and Vice Chairman Reyes pay a visit to the Speaker of the House to inquire on the status of the bill.

Senate Committee on Fiscal Affairs and Gaming: On December 13, 2017 the Commission was invited to appear before the members of the two aforementioned Senate Committees. During the meeting, the members reviewed information on gross gaming revenue and the accompanying gross gaming revenue taxes. Chairman Justo Quitugua and Chairman Jude Hofschneider shared their frustration with the Senate's inability to obtain accurate figures on how much the gaming industry is contributing to the CNMI in taxes. The Committees were very pleased and appreciative of the Commission's record keeping. The Director credited the CCC Audit and Compliance team for their hard work in putting the information together for the Senate Committees.

CCC Financial Updates: Account Balances as of October 31, 2017 from FY2017 & FY2018 Funding Cycles:

1. 7170:	\$ 592,994
2. 7170A:	\$3,063,859
3. 7171:	\$ 550,000
4. 1545:	\$ 1,090

Total funds available for CCC's use in FY2018 is \$4,207,943. The Director noted that 36 employee's contracts for the period of January 1, 2018 through December 31, 2018 are presently being routed. Once those contracts are approved, the balance of \$4 Mil will be reduced by half for personnel cost obligations.

Office Space: The construction and renovation of 6,000 square feet of office space on the 2nd floor of the Springs Plaza is ongoing. It's expected to be completed by February 1, 2018. The plan is for

the Executive Office, DEI and Audit to relocate to the 2nd floor. The CCC and the Landlord have also discussed Plan B, which is to relocate to the current SM Mart to the north of CCC's current office. This is an option should completion of upstairs be delayed beyond February 1, 2018. The lateral move to SM Mart is preferred due to ADA compliance issues but the CCC will have to wait to see the outcome of the 2nd floor option, and the SM Mart will have to be asked to relocate. The landlord has also agreed to assist the Commission with the portioning of offices on the 2nd floor. The Commission will extend its lease for another 2 years ending on March 31, 2020 at an additional cost of \$201,600.

Recruitment of New and Vacant Positions: The Commission published job vacancy announcements for 7 positions. The announcement will close on December 22, 2017. As of meeting date, the Commission has received the following number of applications for each respective position:

- | | |
|--|---------------------------------|
| A. Compliance Agent: 21 | E. Investigative Analyst: 19 |
| B. Financial Auditor: 6 | F. Executive Secretary: 7 |
| C. Deputy Manager-Enforcement & Investigations: 11 | G. Permit & Licensing Clerk: 12 |
| D. Administrative & Procurement Officer: 24 | |

Interviews will be conducted as soon as preliminary reviews are completed. Interview committees are set up by Division Managers with the presence of the Human Resource Officer at all times.

The CCC currently has 44 FTEs with one additional from the Governor's Office making it a total of 45 FTEs for FY2018. There are presently 36 personnel actions being routed which were stuck at the Office of Management and Budget for a month due to Finance's delay in downloading the CCC's accounts into the system. It is a very frustrating and unnecessary delay which warranted the involvement of the Governor's Office.

Junket Applications: There are still 6 pending junket applications on record. Bing Bang Entertainment LLC. is the only junket operator who holds a 2-Year Regular License. One of the applicants, Next Star, is very promising as their record shows that they are very financially reputable and hold current junket licenses in Macau and Singapore. However, the CCC is still waiting for some verifications from Macau before it can move forward with the application.

The CCC has ceased all communications with Allan until such time he is licensed. The CCC plans to write to Mr. Mark Brown to request that a formal letter officially informing the CCC that Allan has been assigned to handle the junket applications with the CCC. It was through a conversation with Allan that he mentioned that he was appointed to handle the junket applications. Before the CCC can discuss anything further with him, he must first be licensed.

In reference to Amerine Enterprises' part in the vetting, Mr. Dennis Amerine did all he needed to do. He has brought up some concerns which have yet to be answered by the junket applicants or their attorneys. He remains at a standstill without responses from the applicant. Vice Chairman Reyes commented that this matter is long overdue and information becomes old and useless. The Director shared that the Commission has been asking IPI for their help in reaching out to the applicants.

Christmas Celebration: CCC has made it a yearly tradition to celebrate the holidays. The CCC's Christmas Party is scheduled for Friday, December 22, 2017, from 6:00 to 10:30 pm at the Coral Ocean Golf Resort Pool Side. The party is self-paid by the employees and the Commissioners. Families are welcomed to attend but be prepared to pay on the night of the event.

IPI Gaming Financial Performance for the month of November 2017: Based on 248 EGMs (Slot Machines), 76 tables (30 in VIP), IPI performed the following: Gross Gaming Revenue - \$110,736,537 / Gross Gaming Revenue Taxes - \$5,536,827 / Purchase of Goods & Services - \$15,587,274

The Director congratulated IPI for the great financial performance and for successfully hosting of the International Film Festival and the Asian Model Competition as both events were good for CNMI Tourism. The Director explained that the only issue with one of the promotional event is that several of the models were below the age of 21 and could not enter the casino floor. IPI requested for an exemption for the event but was denied by CCC. Under no circumstances will anyone under 21 will be allowed in the casino floor until such time the law is changed, he said. This also affects minors wanting to visit the Chairman M Restaurant. The Director suggested IPI and their lobbyist take this matter up with the policy makers.

Counsel Ernest commented that in relation to minors on the casino floor, P.L. 18-56 and P.L. 19-24 gave the Commission a controlling authority to allow the designation of a clear pathway on the floor for minors to get to the restaurant. However, the issue with minors in the casino is that IPI declared the entire casino as a gaming area, therefore, making it a smoking area in which minors are not allowed. He added that as long as IPI treats the entire casino as a gaming area, there's nothing the Commission can do to allow minors in.

IPI Hiring Practices: The CCC has received several complains from US Citizens about not receiving feedback from IPI on their employment applications. Some applicants have even gone through job interviews but were never called back or written to as to the status of their applications. The Chairman and members of the Commission are forcing the issuance of an order to order IPI to provide the names of all US Citizens who applied by responding to a job vacancy announcement published by IPI. The CCC has convinced the Commissioners to hold off on the order and to instead try a different approach such as publishing the following message in the paper: *If you are a US Citizen applicant to IPI's job vacancy announcement and you haven't been contacted, you can visit the Commission to provide your name and the Commission can communicate with IPI to find out the status of your application.* The Director offered to forward a draft of the announcement to Ms. Bertha Leon Guerrero prior to publication. He also added that in January 2018, the Commission will begin implementing a system to record complaints to determine whether they are indeed valid.

The Director shared that the Governor's Office inquired if the Commission has heard anything about a reduction in force at IPI. He said that he informed the Governor's Office that the Commission is not aware of it. The Director added that if there was any mention of a reduction in force, the Commission is interested to discuss the matter before it is actually implemented especially if it will be a significant number.

Gross Gaming Revenue Tax Write-Off: IPI requested for a tax write-off of uncollectible gaming receivables in the amount of \$46.2 MIL on their December 2016 BGRT return. A carryover BGRT overpayment credit of \$2.3 Mil was applied by IPI in their February 2017 BGRT. As it stands right now and after CCC Audit Division did further research on the matter, IPI does not need to obtain an approval. It is Revenue and Tax Office's responsibility to challenge the request. The existing tax law states that in order to be granted a tax write off, you must first show that you've made good faith effort to collect the uncollectible receivables. IPI went ahead with the off set in February 2017 even in the absence of a response from Revenue and Tax. This is a very critical issue as the amount of write off could go higher. The Legal Counsels of the CCC and Revenue and Tax are presently communicating to discuss the process and procedure. In the proposed House Bill 20-82, now before the House Committee on Gaming, it prohibits uncollectible gaming debts from being written off against BGRT.

IPI Financial Suitability: The Commission met with the CFO and reminded him that the CCC has a legal obligation to maintain and monitor the continuing financial suitability of IPI. This is in reference to the 2 Billion minimum financial investment and the 2,000 new hotel rooms and the need to comply with the terms and conditions of casino license agreement. The Commission is working with the new CFO and commended him for implementing several positive changes in the operations.

IPI Parking: The Commission received several inquiries about parking including one from a policy maker, victims of towing and ticketing. The inquiry that was sent to IPI was responded by Counsel Tydingco. He informed the Commission that on a given day, there could be over four hundred employees at the IPR. There are only 77 parking stalls at the IPR: 36 for valet, 22 for IPR Executives, Managers and Directors, 7 for Commission, 7 for transportation vehicles, 3 for CNMI Fire Department, 2 for loading and unloading. IPI noted that for employees being provided housing, there are bus services that pick-up employees at their designated housing areas to the worksite and back. The Commission has before suggested that employees who are not provided housing be allowed to park at IPI housing areas and catch the bus to work and back. This could be a temporary solution until IPI can identify parking areas for their employees.

IPR Test Beds: IPI is requesting that a designated room at the IPR be established as a test bed and for storage. The Commission is in the process of reviewing their request.

The CCC was assigned another room at the IPR which Chief Cabrera recommended be used as a gaming testing laboratory for CCC. The Commission is working with IPI to obtain at least 2 tables and 2 EGMs to be placed in the room and used by CCC for testing and training. The Commission IT team will work with IPR's IT team to incorporate an independent standalone software for the IGT.

Minimum Bankroll Requirement: The Commission has twice suspended the minimum bankroll requirement. The suspension will end on March 20, 2018. CCC Audit Manager was asked to meet with Mr. Chen to discuss the matter and to see what IPI can do to prepare. The initial proposal was for 1% percent but Charlie has suggested .5 percent instead. The formula was provided to Mr. Chen and the numbers are being analyzed for practicality. IPI is strongly advised to begin preparation for the implementation of the minimum bankroll requirement.

Vice Chairman Reyes moved to recess until 2:00 pm, seconded by Commissioner San Nicolas. The motion was put to a vote and unanimously approved. Recess at 12:05 pm.

Chairman Sablan called the meeting back to order at 2:08 pm at the Joeten-Kiyu Public Library Technology Room.

V. PUBLIC COMMENTS-NONE

VI. MISCELLANEOUS MATTERS - Casino Licensee (IPI) Updates:

A. Casino Licensee (IPI) Updates:

1. Construction Progress- Imperial Pacific Resort & Hotel & Roadways

Mr. Eric Poon, IPI Construction presented the Commission with the following report which covers up to the period of December 18, 2017.

**IMPERIAL PACIFIC RESORT
PROGRESS REPORT (Up to 18 Dec 2017)**

REPORT ON PROJECT PROGRESS AS 18-Dec-2017	Date: 19-Dec-2017
REPORT NO: 016	

KEY MILESTONES DATES	Planned	Forecast / Actual
Pile Cap commence	15-Dec-2015	22-Dec-2015(A)
Podium Steelwork commence	29-Feb-2016	27-Feb-2016(A)
Podium MEP commence	01-May-2016	10-Jun-2016(A)
Casino Fit out commence	01-Jun-2016	02-Jul-2016(A)
Podium Topping Out	30-Jun-2016	30-Jul-2016(A)
Tower Topping Out	13-Aug-2016	26-Jun-2017(A)
Power On	30-Aug-2016	06-Jan-2017(A)
Podium A/C On	11-Oct-2016	15-Apr-2017(A)
FSD Inspection for Podium	30-Nov-2016	20-Feb-2017 to 30-Mar-2017(A)
DPW Inspection for Podium	07-Dec-2016	30-Mar-2017 to 5-May-2017(A)
Opening of Casino	21-Dec-2016	6-Jul-2017 (A)
FSD Inspection for Hotel Tower / Resort Hotel	10-Mar-2017	15-Jun-2018 to 15-Jul-2018 (F)
DPW Inspection for Hotel Tower / Resort Hotel	17-Mar-2017	15-Jul-2018 to 15-Aug-2018(F)
Opening of Resort Hotel / Hotel Tower	31-Mar-2017	15-Aug-2018(F)

KEY ISSUES

1. Outstanding and defects for the Fire Service System in Phase 1 is planned to complete by Feb-2018.
2. In order to resolve the labour availability issue, IP is targeting to award the Main Contract to a US company before end of 2017.

LABOUR SUMMARY

Contractors Resources:

- Management Staff: 27
- Workers: Total 204
 - MEP: 48 (GPPC / Winzy / Fujitec / DC)
 - Structural Steel: 15 (Haitian)
 - Fitting-out: 57 (Jiangsu / Grandland)
 - Façade: 42 (Dragon Cheng)
 - General Labours: 40

STATUTORY ISSUES

1. Meeting with BECQ for Garapan Ditch design was held on 06-Dec-2017. The target completion by 16-Jul-2018 was submitted.
2. Meeting and inspection with DPW for the extension of the temporary Cert of Occupancy Permit, 19 Conditional Certificate of Occupancy Permit with expiry date on 16-Jun-2018 was issued on 18-Dec-2017.
3. Meetings with CUC on external storm water drainage improvement system. Target completion of CDS system by Mar-18.

A. Imperial Pacific Resort

PROGRESS / STATUS			% Completion	
			Previous %	Current %
OVERALL COMPLETION PERCENTAGE			64%	64%
1.	PIILING WORKS	- All piling works completed	100%	100%
2.	STRUCTURAL STEEL	- The steel work below L3 (for low rise) was completed	100%	100%
		- The steel erection was up to roof for the Hotel Tower. Steel erection for the Tower Dome was completed	100%	100%
		- The Steel erection for Resort Hotel North Wing was completed	100%	100%
3.	REINFORCED CONCRETE	- Resort Hotel RC works was completed for the Manor House	100%	100%
		- Resort Hotel RC works for North Wing	100%	100%
		- North Forecourt Fountain	10%	70%

4.	MEP WORKS (Low Rise)	<ul style="list-style-type: none"> - Installation works for ductworks / trunking / piping from basement up to L2Z - Installation work inside Cantonese and ADD Restaurant in progress 	92%	92%
5.	(Resort Hotel – Manor House)	<ul style="list-style-type: none"> - Installation works for conduit / trunking / piping from L1 to L4 in progress 	60%	60%
6.	MEP WORKS (High Rise)	<ul style="list-style-type: none"> - Installation works for conduit / trunking / piping from L3 to L5 (Manor House) in progress 	15%	15%
7.	FITTING-OUT (Low Rise)	<ul style="list-style-type: none"> - Interior fit-out for Grand Lobby and Main Casino - Interior fit-out (Cantonese restaurant) in progress - BOH interior fit-out works 	100%	100%
8.	FITTING-OUT (Resort Hotel – Manor House)	<ul style="list-style-type: none"> - Interior fit-out in progress 	30%	30%
9.	FITTING-OUT (High Rise)	<ul style="list-style-type: none"> - Interior Fit-out in progress for L3 to L9 	9%	9%
10.	FAÇADE (Low Rise)	<ul style="list-style-type: none"> - Podium GRC and marble installation in progress 	95%	100%

11.	FAÇADE (Resort Hotel - East Wing)	- Resort GRC and marble installation (Manor House) in progress	95%	95%
12.	FAÇADE (Resort Hotel - North Wing)	- Resort GRC and marble installation (Manor House) in progress	0%	10%
13.	Façade (High Rise)	- GRC installation	22%	22%

B. Off-Site Improvement Work

OVERALL COMPLETION PERCENTAGE:			% Completion	
PROGRESS / STATUS			Previous %	Current %
1.	Sewage Connection	- The new S4 station completed	100%	100%
		- Pipe laying was completed (Phase 1)		
		- Pipe laying in progress (Phase 2)	80%	80%
2.	Road Works and Water Quality Improvement (Derence Jack Road)	- Canal installation	100%	100%
		- Road resurfacing	100%	100%

Fire Service System: Mr. Poon first noted that construction workers still remain an issue with the completion of the IPR. To address the first issue with the Fire Service System, he explained that their local mechanical engineer will start inspecting the podium and the casino area fire service system before they are certified. The local engineer is Mariana Pioneer (MP) led by Mr. Roman Demapan. MP has been working with IPI to address outstanding items in phase I. He is also responsible to review the reports and calculations of the existing seismic bracing details. The areas affected are the entire podium which includes the basement, level 1, 1m, level 2 and 2m. The targeted date of completion

of the inspection and certification is by the end of December 2017. Upon certification by MP, DPW will still have to issue its final approval.

General Contractor: Mr. Poon was happy to announce that Pacific Rim out of Guam has been selected as the General Contractor who will complete the construction at the IPR. A letter of intent has already been signed by both parties. Chairman Sablan asked that a copy of the letter of intent be provided to the Commission.

Vice Chairman Reyes inquired if August 2018 is still a reasonable date to complete the construction of IPR. Mr. Poon replied that Pacific Rim and IPI would first need to review the side conditions, schedules, available materials and the availability of workers before it can be determined if the August 2018 deadline is still achievable. IPI has scheduled a kick off for the with the contractor to begin planning for a January 2, 2018 start-up date of construction. Pacific Rim will bring in 800 to 1,000 workers. He noted that not all 1,000 workers are needed at this time. The first objective is to get the workers to cover the building. In preparation, IPR gathered around 50 workers to clean up the construction site for the incoming contractor. Mr. Poon announced that the company is looking forward to continuing the construction and completing the facility.

Vice Chair Reyes inquired if there's a Construction Manager (CM) on site. Mr. Poon replied no and that in the meantime, they will only have in-house management team to oversee the project. However, he noted that upper management is presently looking into recruiting an independent CM.

The Director inquired if IPI would be involved in the negotiations in case Pacific Rim decides to hire a subcontractor. He is concerned about the situation with Belida and Gold Mantis incidents and wants to avoid a reoccurrence. Mr. Poon noted that Pacific Rim will be the general contractor. Any other smaller contractors will fall under Pacific Rim's umbrella. The Director advised Mr. Poon to immediately notify the Commission upon execution of the contract so that communications can be initiated for licensure requirements with Pacific Rim.

Vice Chairman Reyes again emphasized the need for IPI to provide a projected progress workflow up to the fourteenth floor. The workflow will be accompanied with the sample status inquiry form he prepared for the Commissioners consideration. The Commission can then have an idea how much the cost will be to complete the rest of the building.

The Director inquired when the villas will be completed. Mr. Poon responded that the target date is May 2018 although unconfirmed. IPI still needs to consult with Pacific Rim on determining an exact completion date. They hope to have a more concrete completion date by January 2018.

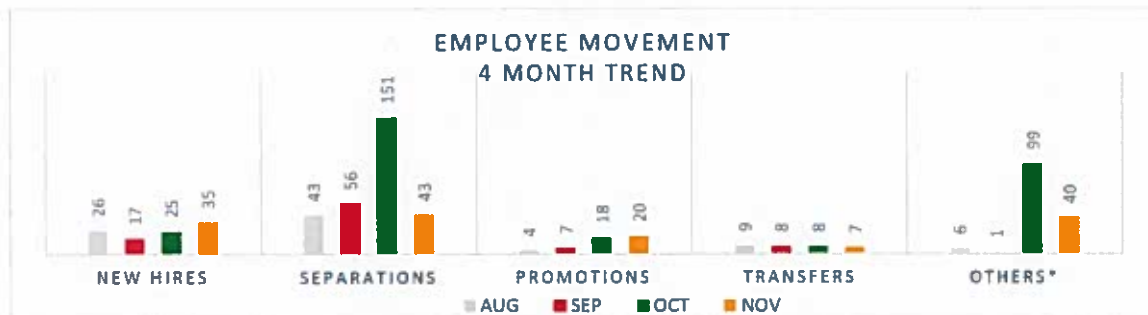
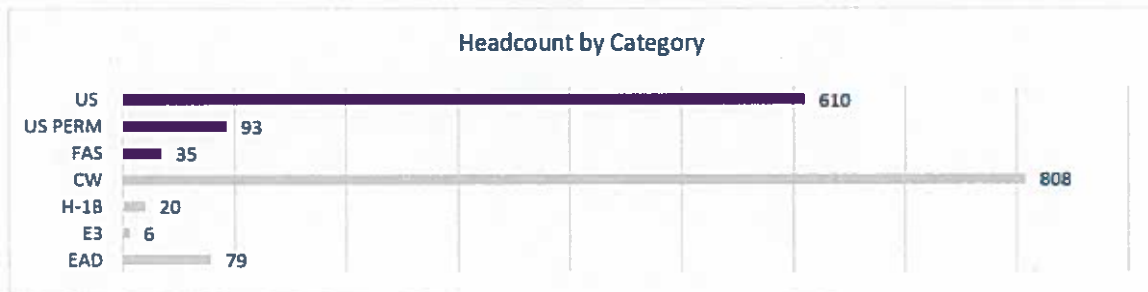
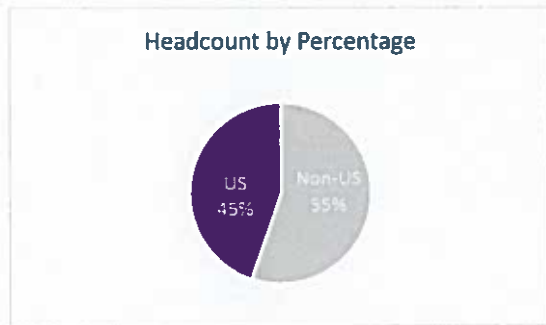
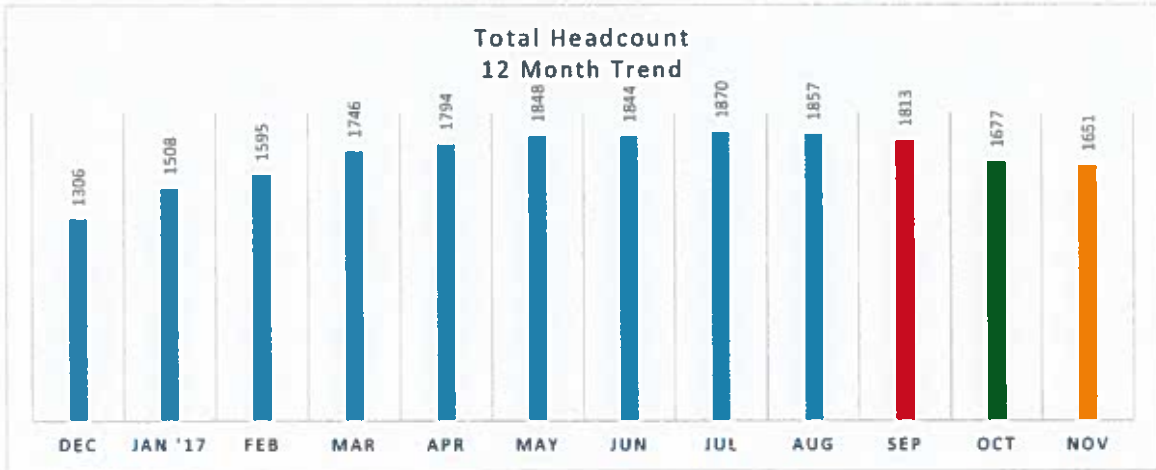
Chairman Sablan shared that he saw IPI's job vacancy announcements in the paper for various construction positions such as masons, steel workers, and others. He asked Mr. Poon to elaborate further on IPI's intent with the announcements and whether it's separate from the general contractor. Mr. Poon explained that those positions were announced in an effort by IPI to have its own construction team for other specific jobs on the property that the general contractor will not be handling. The Director commented that by obtaining US construction workers, the cost to complete the IPR will no longer be the \$150 Million IPI estimated and reported in previous meetings. The additional increase in manpower may now be an estimated of \$200 Million, he said. He then asked Mr. Poon if an amount to complete the construction will be identified prior to the execution of the contract with the general contractor. Mr. Poon replied that a figure has not been identified. Mr. Chen disclosed that IPI is presently working on calculating an amount but need more time as many other factors need to be incorporated.

2. IPI Personnel- Training and Recruitment of U.S. Workers & Employee Compensation

Ms. Bertha Leon Guerrero, VP of Human Resource, shared the following report with the Commission.

HR Dashboard

November 2017



LEARNING & DEVELOPMENT

A summary of the trainings, workshops and courses completed by IPI employees are provided below:

Training / Workshop / Course	Participants			
	SEP	OCT	NOV	DEC
Alcohol Beverage Tobacco Control	0	0	0	
American Red Cross, First Aid, CPR & AED	14	20	0	20
Aspiring Leadership Program - Module 1	0	13	0	8
Aspiring Leadership Program - Module 2	0	10	0	9
Aspiring Leadership Program - Module 3	0	0	10	
Aspiring Leadership Program - Module 4	5	0	6	
Aspiring Leadership Program - Module 5	7	0	0	5
Basic Courtesy Mandarin for Beginners	0	0	44	
Butler Services Training by Magnums	0	0	0	
Butler Services Training (TTT) by Magnums	0	0	0	
Confidentiality & Non-disclosure Training	60	21	32	67
Cultural Diversity in the Workplace	0	0	0	
Cultural Diversity in the Workplace: Managing Conflict	0	0	0	
Culture of Safety	0	0	0	
Customer Care Program - 4 Key Drivers	0	0	0	
Customer Service Training for Butlers from VIP Marketing	25	0	0	
EEOC for General Staff	9	19	13	
EEOC for Supervisors & Above	0	19	66	32
Effective Behavior-based Interviewing Skills	0	0	0	
Effective Performance Appraisal Interview Workshop	0	0	0	
Employee Handbook Orientation	395	105	131	62
Fire Safety Training	0	0	0	
Food & Beverage Training for Butlers from VIP Marketing	0	0	0	
Image Building & Personal Branding	0	0	0	
Job-specific Mandarin for Dealer	254	0	136	136
Limousine Service Training - VIP Transportation	0	0	0	
Opera Training	0	0	0	
Orientation	0	0	0	
Orientation & Guest Services	14	24	33	3
OSHA Records Keeping Training	0	1	0	
Polishing Your Presentation Skills	0	0	0	
Red Rock - Chef/F&B/Recipe	0	0	0	
Red Rock - Intensive	0	0	0	
Red Rock - Inventory	0	0	0	
Red Rock - Invoicing	0	0	0	
Red Rock - Normal End User	0	0	0	
Red Rock - Purchasing	0	0	0	
Red Rock - Receiving	0	0	0	

Serve Safe Training & Examination	0	0	0	
Title 31 / AML^	126	109	103	5
Together We Care - Module 1	0	0	0	1
Together We Care - Module 2	0	0	0	
Together We Care - Module 3	0	0	0	
Together We Care - Module 4	0	0	0	
Trainer's Club Meeting with training updates	0	17	0	
Train the Trainer	0	0	0	
Work Smart with Excel^^	35	37	0	
Working in Teams	8	16	8	6

*As of December 18, 2017

Dealer/Pit Supervisor Dual Rate Training

Four out of the six Dealers successfully passed the Dealer/Pit Supervisor Dual Rate Training on November 17, 2017. Six Dealers have been promoted to Pit Supervisor III on November 27, 2017. The graduation ceremony will be held on December 20, 2017.

Job-Specific Mandarin Training for Dealer

Our 2nd Batch of Job-Specific Mandarin for Dealer class was completed on December 8, 2017. 34 participants have successfully passed the course and the graduation ceremony will be held on December 20, 2017.

Work Skills Training

The training is very well received by participants in a sense they found it helpful & useful to their work. Besides, the training needs for the course at its intermediate level is so strong & therefore L&D will work with NMC again to organize the course in early 2018 with the targeted date of the 2 classes on January 19 & January 26.

Career Exploration Day for High School Students

Imperial Pacific Resort participated in the Career Exploration Day for High School Students event on December 6, 2017. Three students from Grace Christian Academy and Kagman High School were given the opportunity of Job Shadowing in the Human Resources Licensing Department and Learning & Development Department.

Start Smart Seminar

Our Learning & Development Department participated in the Start Smart Seminar hosted by Northern Marianas College by sharing their experience in preparing students for higher education and college-career opportunities.

In response to Commissioner San Nicolas inquiry last Commission meeting, Ms. Leon Guerrero reported that there are currently 741 IPI employees with housing benefits. She also added to the Director's earlier concern about staff parking and explained that IPI does provide shuttle transportation for employees who are not under the IPI's housing program. The employees are aware and are provided schedules of the pick-up locations and designated time.

Chairman Sablan inquired if IPI has a backup plan in case the US Congress does not revert back the 3,000 CW workers allowance. Ms. Leon Guerrero explained that IPI continues to reach out to all resources available and are also focusing on in-house training to address the shortage in manpower as a result of the CW crisis. IPI's objective is to train the current US workers and strategically place them in other positions. She further explained that the increased number in separations are the result of the CW program.

Ms. Leon Guerrero reported that she had a meeting earlier in the week with Ms. Vicky Benavente, Secretary of the Department of Labor (DOL). Ms. Benavente requested to be provided a copy of the monthly HR Dashboard. Ms. Leon Guerrero announced that IPI is currently cleaning up the draft of the Annual Workforce Plan and will soon be providing the Commission and Ms. Benavente a copy of the updated plan. She estimates to complete the updated Workforce Plan by early next year at which time another meeting will be scheduled with the DOL Secretary. Chairman Sablan recommended a budget be identified in the Annual Workforce Plan.

3. Responsible Gaming Program

Ms. Esther Milne, IPI Manager of Compliance, reported that as part of their Responsible Gaming proactive approach, brochures are being made available at the casino through the IPR's players club counter. The brochures are one of IPI's efforts to promote awareness within the casino. Another approach IPI is working on are digital signage to be placed on the four monitors in the casino. Ms. Milne explained that although IPI is ready to implement the digital signage, they have not done so because of the need to first obtain permission from the National Council on Problem Gambling (NCPG) to incorporate their logo into the design. Additionally, IPI would also like to indicate on the signage that they are a member of the NCPG which has not been finalized.

The Director asked Ms. Milne if she's ever tried to call the problem gambling hotline which is out of Louisiana. Ms. Milne said that she has, and that someone did answer the call. Ms. Milne shared that she then contacted Mr. Keith Whyte, the Director for NCPG, to let him know that the person who answered the phone did not identify himself as being part of the NCPG. She said Mr. Whyte was very appreciative of her feedback and that he'll be contacting the call center who is under a contract with the NCPG. Ms. Milne explained that her intention in calling the number was to find out if the answering party was indeed under NCPG, which surprisingly was a contracted call center. She reminded the Commissioners that Mr. Whyte will be visiting Saipan on March 26, 2018 to do a site visit. He will only be on island for two days, she noted.

The Director said that to his understanding, call centers basically refer calls to appropriate agencies. He noted that it is very important to know where the callers are being referred to and who is actually going to deliver the help. Ms. Milne offered to bring the Director's concerns up to Mr. Whyte. She emphasized that IPI is working directly with Mr. Whyte who is the

Executive Director of the NCPG. Mr. Whyte will help and provide IPI with pointers on how IPI can help improve convey the message and provide awareness of problem gambling.

Ms. Milne shared that she found out from Mr. Whyte that most of the callers to the hotline, when asked, said they got the number from the receipts issued to them from casino terminals whether ATMs or redemption machines. She added that this approach is also being looked into aside from the brochures and the signage. The Director suggested that IPI and the Commission recommend to the Governor that a portion of the \$20 Million community chest fund be allocated to problem gambling counseling programs.

Chairman Sablan inquired on the status of the survey compilation report. Ms. Milne explained that there were several problems with the survey; the first one being that the minimum sample size based on the population was not reached. Additional problems were that the survey was prolonged and that someone altered the questions on the survey after it was already finalized. She further explained that in terms of validity, it wasn't achieved. She further added that if an opinion or a report was done on the findings of the survey, the information would have not worked for the best interest of the parties involved who needed to know the results.

4. Compliance Committee

Mr. Vincent Tong, IPI VP of Compliance, reported the following:

During IPI's last compliance meeting, the self-reporting requirement was reinforced and instructions were given to the audit department heads that they must remind their staff of the requirement.

A review committee was formed in each department for review of MICS and Regulations compliance.

Time lines were set to perform audits required by the MICS and the Regulations. These efforts will be led by Amy Zhao, IPI Director of Internal Audit-Gaming.

There are discussions on setting up a Suspicious Activity Report (SAR) Committee for more effective SAR decisions. The SAR requirement is being handled by the senior management staff of the IPI's Compliance Division but it was determined that to be more effective, it should be the soon to be formed SAR Committee who will handle it. The members of the SAR Committee will consist of the heads of Security, Surveillance, Compliance, and Legal. The SAR Committee is targeting to meet every fifteen days.

The Casino Essentials AML On-Line Training platform is now live. There will be more enhanced training available through Casino Essentials.

The Actimize project is functioning very well. It will enhance patron's due diligence and tracking. The next phase of Actimize will cover the suspicious activity monitoring. IPI is currently working on automatic tracking of suspicious transactions and gaming patterns.

The Director inquired if the compliance minutes of meetings will identify what part of the MICS and the Regulations were violated, if any. Mr. Tong replied yes to the Director's inquiry and starting next meeting, they will be included on the minutes. The Director recommended Mr. Tong look into the tip policy as there are some issues in that area.

5. Other Miscellaneous Matters

Chairman Sablan inquired on the status of the remaining displaced construction workers who are still protesting in front of the casino. He heard that those individuals refused the settlement that was offered to them and that they demanded a higher compensation, therefore, are still on island. Counsel Tydingco explained that the Department of Labor (DOL) made the determination of back wages and that was what was negotiated and offered to the workers. IPI, although not legally responsible, was providing humanitarian assistance to the workers but that has since been discontinued. He said that those workers are now subject to the USCIS with regards to their status. He explained that if the workers plan to take any further action, IPI will just have to wait to find out what their complaints will be.

Chairman Sablan is concerned that this situation has brought a negative image of Saipan all the way to the US Congress. He stated that this brings back memory of a similar occurrence with the garment industry. In his opinion, he shared, that it will be in the best interest for all parties involved, if IPI resolves these issues once and for all since there are only five workers remaining. Counsel Tydingco disclosed that he was not involved with the negotiations with DOL as it was former Counsel Chuck McDonald and IPI's Counsel Attorney Sean Frink who handled it. Counsel Tydingco stated that the only information he is aware of is that IPI agreed to the compensation amount DOL identified which included all wages and transportation cost.

The Director shared that he heard from Mr. McDonald that the affected workers disagreed with DOL's wages calculation and that were no longer interested in getting paid as they would rather remain on Saipan and work. The Director pointed out that he does not know if this is true but that it's information given to the Commission by Mr. McDonald. Counsel Tydingco shared that he heard the same thing and that it is almost like the company is being blackmailed.

The Director commented that what Chairman Sablan is concerned about, is if the amount the remaining workers are asking is worth the negative publicity that affects CNMI wide which may warrant US Congressional action on CW based on a handful of complaints. Counsel Tydingco disagreed that this issue will affect the CW program or that the US Congress pays much attention to it. He said that the US Congress is more concerned about clamping down on immigration and deterring pathways to citizenships which in his opinion, will not impact gaming on Saipan.

Commissioner Santos recommended that for the next contractor who may hire subcontractors, IPI should procure insurance coverage to have a preventive mechanism in place should this happen again. Counsel Tydingco offered to take these discussions back to share with upper management.

B. Other Matters-None

VII. EXECUTIVE SESSION: None

- A. Report by the Legal Counsel
- B. Report by the CCC Audit Division
- C. IPI Financial Matters

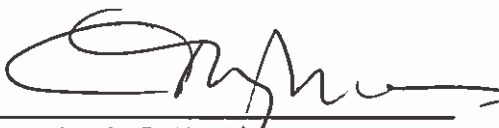
VIII. ADJOURNMENT:

Vice Chairman Reyes moved to adjourn, seconded by Commissioner San Nicolas. The motion was put to a vote and unanimously approved. The meeting was adjourned at 4:13 pm on Thursday, December 21, 2017.

Prepared by:  Date: 01/25/18
Ruth Ann P. Sakisat
Executive Assistant to the Commission

Concurred by:  Date: 1/25/18
Justin S. Manglona
Commission Secretary

APPROVED AND ADOPTED ON: 30th day of January, 2018.

 Date: 1/30/18
Justin S. Manglona
Commission Secretary