



# COMMONWEALTH CASINO COMMISSION

Commonwealth of the Northern Mariana Islands

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## Minutes November 24, 2020

### I. PRELIMINARIES:

#### A. Call to Order

Chairman Edward DeLeon Guerrero called the meeting to order at 10:00 am on Tuesday, November 24, 2020 at the Commission's 2<sup>nd</sup> Floor Main Conference Room at the Springs Plaza in Gualo Rai, Saipan. The meeting was also on video conference.

#### B. Roll Call

Commissioners present at the meeting were: Edward DeLeon Guerrero (Chairman), Rafael Demapan (Vice Chairman), Ramon Dela Cruz (Secretary), Mariano Taitano (Treasurer) and Diego Songao (Public Affairs).

#### C. Adoption of Agenda

Commissioner Dela Cruz made a motion to adopt the agenda, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved.

#### D. Adoption of Minutes. October 21, 2020

Commissioner Dela Cruz made a motion to adopt the minutes of the October 21, 2020 meeting, seconded by Commissioner Taitano. The motion was put to a vote and unanimously approved.

The Chairman noted that there are certain sections on the minutes that the Commission would like to hear updates on either from the Director or the agency representative.

### II. REPORTS:

#### A. Report by the Chairman

Chairman DeLeon Guerrero welcomed everyone to the meeting and extended his appreciation to Mr. Isagani Salazar, the head of the Department of Public Works (DPW) Building Code, and Mr. John Tagabuel, the head of Bureau of Environmental Health (BEH) for their presence.

The Chairman reminded everyone of the five different enforcement actions against IPI filed by the Director of CCC, noting that IPI has timely requested a hearing on each complaint. He further stated that he issued a letter to both parties and their legal counsels requesting for their lists of witnesses and exhibits, as well as the length of time they anticipate to present their case. He noted that this would allow the Commission ample time to schedule the presence of the Tinian and Rota members to be on Saipan for the specific dates, which he added has been tentatively set for late January 2021. The Chairman shared that the Commission in last month's meeting authorized the Chairman and Vice Chairman to negotiate the timeline and the dates of the hearing. He added that IPI's Attorney, Mr. Michael Dotts, suggested having a hearing officer or former judge preside over the proceeding with the Commission to function as jurors.

The Chairman announced that the CNMI Lottery Commission met on Friday, November 20, 2020 and granted approval to certain requests by IPI as stated in Amendment No. 9 of the Casino License Agreement. While the Commission has not received a written version of the amendment, they are aware that the payment timeline for the Community Benefit Fund was affected. The Chairman stated that he is discussing the potential implications it may have on the complaint already filed before the Commission.

Reflecting on most recent information reported in the news, the Chairman stated that DPW issued IPI a stop order on all construction activities. He noted that the Commission invited Mr. Salazar to provide an update on the matter. The Chairman then referenced a document submitted by IPI which details a list of architects and engineers supposedly connected to IPI and hoped that someone would be able to clarify the contents of the document later in the meeting.

The Chairman expressed his appreciation to the Governor, Lieutenant Governor, the Commonwealth Healthcare Corporation, the COVID-19 Task Force, and to the community for their cooperation in preventing the spread of the virus. He then reminded the Commissioners and staff of the CCC's Annual Thanksgiving Luncheon to be held at 11:30 tomorrow (November 25, 2020) in the conference room.

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

- **CCC Budget:** For the month of October 2020, the Commission's expenses totaled to \$164,982.00.
  - 73.5% Personnel Wages and Benefits
  - 16.42% Board & Other Compensation
  - 6.06% Office Rental
  - 4.02% for Other Operational Costs

He noted that the current head count of FTEs is 42 including Legal Counsel.

- **Payroll Monitoring:** The Director reported that IPI's payroll delay pattern has continued as follows:

PP#	Original Due Date	Actual Pay Date
21	10/09/2020	TBD, 11/23/2020 (46 days)
22	10/23/2020	TBD, 11/23/2020 (32 days)
23	11/06/2020	TBD, 11/23/2020 (18 days)
24	11/20/2020	TBD, 11/23/2020 (4 days)

He noted that this is an unacceptable practice and the issue must be resolved as soon as possible, especially with the holiday season approaching.

- **Executive Session:** The Director shared that the executive session will include a presentation from the Compliance Division to report their findings on other jurisdictions penalty structures along with their recommendations. The Audit Division will also present a report on the casino regulation as it pertains to IPI's accounts receivable collections procedures and obligations, along with a summary of what IPI has done to comply. He stated that these presentations are simply for the Commission's information which was requested by Commissioner Songao in the previous meeting.
- **Lottery Commission Meeting:** The Director shared that during the Lottery Commission meeting held last Friday, November 20, 2020, he had the opportunity to report updates on CCC's perspective regarding IPI, specifically on the matter of enforcement actions against them and the constant delay of payroll. He further noted that during that meeting, the Lottery Commission discussed and agreed upon the following terms:

- A. The current \$20 mil CBF that has been deferred for six months due to force majeure will now be deferred for another 3 years or to pay within 60 days of the completion of IGF, whichever comes first to help IPI finish the Garapan project and pay off other critical debts.
- B. The \$36M CBF that is past due will now be deferred for another 5 years, provided that the CCC reserves the right to the enforcement action against IPI for alleged violation of non-payment.

The Director noted that the one thing the Lottery Commission must be careful of is to not cause a retroactive effect on the CBF in the proposed amendment. He stated that he will be sure to clearly convey that message to the Lottery Commission through the Secretary of Finance.

Commissioner Taitano asked how many payrolls IPI has missed already, to which the Director replied 9 in total but 4 at present. The Chairman asked if the US Department of Labor is aware of that. The Director answered that he hasn't spoken to USDOL, but he is sure they are watching it through the report of CNMI DOL.

### III. PUBLIC COMMENTS

1. Glenn Bell, who identified himself as concerned foreigner and a former unpaid IPI employee, mentioned that he earlier submitted to the Commission a synopsis of his observations and investigations of IPI and hoped that the Commission had a chance to read his submission. He stated that the members of the Commission are not only government appointees but are responsible custodians of the CNMI people. Mr. Bell stressed that the Commissioners are the fathers, grandfathers, uncles, cousins and family members of the lineage of the island. He stated that the legacy of the wisdom of the decisions the Commissioners make will impact the people now and the future generations, both financially and socially. He further stated that now is the time in history for the Commission to dutifully take charge by taking a stand to protect the children, grandchildren and the people of the CNMI.

Mr. Bell added that in his synopsis, he discussed IPI's key role personnel. He stated that Mr. Don Browne has a dual responsibility to ensure the company operates legally, remains financially viable, plans and implements actions for the project to move forward, and most importantly communicate a moral conscience and code of ethics. The company's report card on all key points has failed and continues to fail, he said. He further stated that Mr. Don Browne, Mr. Eric Poon, Mr. Xing Tao and Ms. Redie Dela Cruz all knowingly and willfully colluded to cover up the Take Care health insurance scandal that he previously pointed out. This left the workers uncovered and unprotected for almost four months. He added that even though these key personnel were repeatedly notified in writing of their illegal and personally liable inactions, IPI continued to deduct payments from paychecks throughout this scandal. He commented that every month, these same key personnel present untruths and hasty generalizations before the Commission. He urged that the Commission to request and demand that IPI and its key personnel to present audits and reports that can be verified, substantiated, and that do not insult the intelligence and integrity of the Commission and the community. He further urged the Commission to hold IPI accountable for their atrocious and arrogant actions, and ensure that they cease the blatant abuse of the laws and regulations.

Mr. Bell emphasized that he welcomes the opportunity to discuss any of these points with any IPI representative, any time, in an open forum. He stated that one of the points he hadn't considered before was what the Commission, the government and the entire island think would happen if IPI didn't exist. The pandemic may change the resort status, but if IPI fails and pulls out, the people will be left with nothing but promises.

2. **Tina Sablan, Member, CNMI House Representative**, raised her concern about what transpired at the Lottery Commission on November 20, 2020. She said that it appeared that an effort was put forth by the Lottery Commission to undermine the ongoing action by the Casino Commission, and that it was not necessarily to the benefit of the Commonwealth. She shared that to her understanding, the deferment that was proposed and approved went beyond what IPI initially requested as it was more generous to IPI. She said she does not understand why the Lottery Commission acted that way, and she questioned who they were representing when they acted that way. She took note of a comment made by one of the Commissioners that this would be akin to the legislature making some changes in the law that would also change the game for an enforcement action midstream, which would be questionable. Representative Sablan stated that the Casino Commissioners have the option of clarifying what the terms of any sort of change to the license would actually mean in regard to the enforcement action, and in challenging the Lottery Commission's action in court, if necessary.

Representative Sablan then raised the issue of who exactly is accountable for the actions of IPI. She recognized that there is a CEO who has been appointed as of July, and that he signs off on correspondence, appears before the Commission, the court, and the legislature on behalf of the company, but that he doesn't actually draft the letters that he signs off. She said that when asked who is responsible for the correspondence and negotiations for IPI, she was informed that there is a consortium of people making these decisions. She noted that we are at this point now in the relationship with IPI where we need to demand names, as far as who is behind this consortium, who are the board members, managers and who are possibly the other associates who are playing a role in IPI.

Representative Sablan mentioned the pending civil lawsuit in which IPI has defaulted, where the plaintiffs are asking for the CEO to be jailed for contempt of court. She said that for many months of IPI flagrantly ignoring court orders and in lieu of incarceration, the CEO has been held personally responsible to pay monetary sanctions. She noted that the CEO's response was that he would prioritize payroll before any other obligations that have been ordered by the court, but the fact of the matter is that IPI is not even making payroll. She noted that there are workers and vendors who have not been paid for months, and former workers who are still waiting for termination pay and repatriation tickets that were promised to them. She also shared that there are former workers already back in their home countries writing to her and other members of the House appealing for help because they don't know what else they can do when they are already back in their home countries.

Representative Sablan brought up the stop work order that DPW imposed on IPI due to the longstanding violations of building safety code and other requirements. She stated that DPW is poised to lift the stop work order but IPI still has not paid the contractor responsible for safety inspections and construction management, as well as the workers on the construction project. She posed the question who is deciding not to transfer money from the parent company or some other investors to the CNMI company. She asked who is making the decision not to sell off assets in order to pay these obligations and who ultimately is responsible for these violations of the law, the license and the failure to honor legal obligations. She also asked who would be incarcerated for the company if it is found guilty of contempt of court or worse. She thanked the Commission for their time and said that she hopes the hearings for the pending complaints against IPI will proceed quickly and smoothly.

3. **Vincent Seman Aldan, member of the public**, shared his concern about the stop work order that was issued by the Department of Public Works. He said there were a couple of articles in the news last week regarding the drawings and inspections that were conducted, which mentioned a company by the name of CMMEP. He asked who this company is because according to his resource at Revenue and Tax and Commerce, the company does not exist. He also checked with the Guam Contractors Association and the Certified Licensing Board and they have not heard of this company either. He then asked who is signing off on all the

construction drawings and inspections and if they are certified by the US standard.

Mr. Aldan referenced IPI's request in Amendment No. 9 to the CLA and asked if other companies and citizens of the CNMI can follow suit with IPI and request for deferment on their payment of taxes as well.

The Chairman responded to Mr. Aldan's comment by clarifying that what is being deferred is the Community Benefit Fund (CBF), which is a contribution made by IPI and not a part of the CNMI tax. It is considered enforceable because it is a part of the approved Casino License Agreement, and what is being deferred has nothing to do with taxes.

4. Donald Browne, CEO of IPI, asked to comment in response to the earlier public comments made. He thanked the Chairman for clarifying the CBF matter and reiterated that the request has nothing to do with CNMI tax. He then cautioned Mr. Bell for defaming people and claiming conspiracy when all the people are trying to do is work hard and get paid. He then confirmed Representative Sablan's statement about the lawyers who want to incarcerate the CEO for nonpayment. He noted, however, that since the day he became CEO, he has only tried to do good for the employees. He stated that if he gets even a single dollar, it will go to the employees first because they work hard and deserve to get it, which was his comment to the press. He clarified that he is not disregarding court orders and that he takes court and commission orders very seriously. He also noted that as advised by the Department of Labor, employees should get paid first.

Mr. Bell interjected to respond to Mr. Browne's comment but the Chairman informed him that he had already made his comment and Mr. Browne was also given the opportunity to comment. He said that the Commission is not naive to the issues that were raised and will address them when the time comes. He reminded the Commission to take note of the comments made so far so that they can seek clarification from IPI during their presentation.

#### IV. MISCELLANEOUS MATTERS:

##### A. Casino Licensee -- Imperial Pacific International (CNMI), LLC ("IPI") -- Updates:

##### 1. Imperial Pacific Resort & Hotel ("IPR"). Update on the construction project

Mr. Jing Zhou, Resident Director for IPI Construction, reported that there's been no progress at the job site. He mentioned that DPW issued a stop order on October 27<sup>th</sup> and all works have been suspended until the shop drawings and revised plans are submitted to DPW and approved by the engineer and architect. He further noted that all welding work has been suspended until the special inspectors are on board and approved by building safety officers. This month, he noted, they are working with DPW's safety officer and DR Contractors. On November 20, 2020, DR contracted another engineer firm from Guam, KMFNE, and gave them all the qualifications of the EORs which were submitted to DPW and the Commission. Commissioner Dela Cruz asked if those conditions for the drawings and plans have been met, Mr. Jing answered yes and that they have been working on it with DPW for about 3 weeks.

Mr. Jing then updated the Commission on Tower Crane 4 by noting that IPI has an agreement with AM Group to dismantle it. He added that AM Group has subcontracted a qualified inspection company, Island Certs from Guam, to work on the project. Commissioner Dela Cruz asked Mr. Jing to provide the Commission with a copy of the agreement between AM Group and Island Certs. Mr. Jesse Aquiningoc, Construction Site Manager for IPI, stated that he just submitted the contract to Island Certs and is waiting for them to email back when they can start once DPW lifts the stop work order.

The Chairman asked how long it will take for the crane to be safely dismantled. Mr.

Aquiningoc elaborated that there is a lot of preparation to be done before the crane comes down, including the restructuring cranes 5 and 6 which can take up to 6 days. The estimated time to take down tower crane 4 is 4 weeks, he noted. The Chairman then asked how many people will be involved in this project and will there be safety officers involved in the process. Mr. Aquiningoc answered that it will take about a dozen workers and that there will be safety officers from Island Certs on site.

Commissioner Dela Cruz asked Mr. Jing if CMMEP, the company mentioned during public comment, is doing business with IPI. Mr. Jing answered no, stating that the engineering firm they are working with from Guam is KMFNE.

The Chairman mentioned that the Commission recently received a list of structural, electrical, and mechanical engineers under KMFNE along with their resume and credentials. He stated that his concern is with the contract between IPI and them. He asked if IPI is working through DR Constructors and if there is an active contract with them. Mr. Jing replied yes, noting that all the contracts are with DPW.

The Chairman asked the Director to find out if DR Constructors is currently active, as the entire project is relying on their services. He asked if the projected February 2021 completion is still a realistic date, to which Mr. Jing replied that the forecasted date was based on the project having 2,000 workers on site. However, he added that with a lack of manpower, he does not believe they can meet the milestone schedule.

The Chairman asked how many construction workers are on the site at this time and if that number includes manpower from AM Group. Mr. Jing answered that there are around 200 H2B workers on the project which do not include any workers from AM Group. The H2B workers are Turkish, Taiwanese and Mongolian. Commissioner Demapan asked if there are any other construction employees besides what is reported in the labor summary. Mr. Jing replied no, adding that there are only a few workers under construction as some were furloughed a week ago. Commissioner Demapan asked if the workers were informed of the status of whether they're permanent or temporary. He advised Mr. Jing to work closely with HR to communicate with these workers and assist them in looking for temporary alternatives such as PUA and food stamp. Mr. Jing affirmed that he will sit down with the local employees to discuss their situation.

The Chairman asked Mr. Jing how often he meets with the HR management to which he replied every week to check on timesheets but he does not have a regular meeting schedule with them. The Chairman then asked how it is reflected on the timesheets after the stop order and if the workers are reflected as still working or not. Mr. Jing answered that there are only a few workers assigned to the warehouse and at the front of the casino to do landscaping. Commissioner Songao asked how many out of the 201 workers were affected by this stop order from DPW. Mr. Jing replied that they are all affected.

2. IPI Personnel:
  - a) Organizational Chart Update
  - b) Resident Employment Objectives
  - c) Status of Employee Payroll
  - d) Status of Employee Housing

Mr. Browne informed the Commission that he will report on HR matters as Ms. Redie Dela Cruz has been furloughed. He stated that IPI is in a predicament right now with not having the money to pay people. He noted that they are relying on loans from their parent company as operations have been shut down, and they cannot expect people to come to work without being paid. Commissioner Dela Cruz asked if the finance department was also furloughed. Mr. Browne replied no, adding that Ms. Frances Mafnas is the sole survivor right now working on her own accord. Commissioner Dela Cruz asked who is doing the

collection for the accounts receivable, Mr. Browne said Ms. Mafnas. He added that once the company gets another loan and can satisfy payroll, people will come back to work. To answer Commissioner Demapan's earlier concern regarding the local workforce, Mr. Browne said they are on furlough effective this week. He noted that the report Ms. Dela Cruz put together was ending October 1<sup>st</sup> and more people have been furloughed since then. He further stated that the local workforce is eligible to apply for unemployment benefits and the foreign workforce is not, and that is why they made that decision to furlough.

Commissioner Dela Cruz mentioned that in the last several meetings, he had asked IPI to provide the Commission with a report on their actions on the accounts receivables. To date, the Commission has received none. He stated that he doesn't see why they are not aggressively pursuing the collection of those accounts especially with the financial situation IPI is facing. Mr. Tao Xing stated that he is involved in the company audit for the third quarter and that is what they're doing, making sure they collect all the numbers for the third quarter to come up with an extra report on the accounts receivable. He added that they will then divide the accounts into two categories: countries they can and can't collect from and will report back to the CCC. The Chairman stated that the issue can be further discussed during financial matters.

The Chairman asked who is taking care of time and attendance for the construction workers since the entire HR has been furloughed. Mr. Browne answered that it is taken care of through payroll, which is also under the finance department and does not typically go through HR.

The Chairman asked if the reported 201 H2B workers are direct employees IPI, to which Mr. Browne replied yes. The Chairman then asked if there is a condition under the H2B status that requires these workers to perform at a specific site. Mr. Browne responded that as discussed with DOL, the employees can do ancillary work that supports the project within the jurisdiction. The Chairman asked if delayed payment of the H2B worker's payroll is in compliance with the requirements. Mr. Browne answered no, adding that it is also not in compliance not to pay the US workers. He noted that nobody is happy with the situation, including himself, but they have to face it.

The Chairman asked what IPI's plans are to pay what they owe to the employees that have left the island. Mr. Browne answered that they have a Paid Time Off condition, which has already been calculated, booked and requested for payment once funding is available. The Chairman stated that the Commission needs an update as to who has not been paid that is no longer on island.

3. IPI Financial Matters.
  - a) Annual Casino License Fee
  - b) Annual Casino Regulatory Fee

The Chairman asked Mr. Browne what the status is of the Annual Casino License Fee and Annual Casino Regulatory Fee, to which he responded that it might not be appropriate for him to comment due to the current enforcement actions on both matters.

Commissioner Demapan asked if IPI has opened a bank account, to which Mr. Browne replied yes. He noted that they will be able to receive funds, whenever that may be, and will be able to pay out payroll, vendors, the CCC and all the other obligations they have from that account. The Chairman asked how much is in the account right now and if it is sufficient enough to at least make payroll. Mr. Browne answered that the amount is not enough to make payroll. The Chairman then asked where they expect to receive money from since it appears that their parent company is not providing anything anymore. Mr. Browne answered that they are aggressively trying to get funding and financing and when

the funds are wired, it would come from Hong Kong. Commissioner Demapan mentioned that IPI has worked with a Guam company on payroll issues, he asked if that is still in place. Mr. Browne replied that they will still use that payroll provider from Guam at least until the end of the year.

The Chairman asked what IPI's solution is on making payroll and if the parent company is helping them find ways to that. Mr. Browne responded that they are not in a position to borrow money locally and that the only means they have is to borrow from their parent company. He added that he has discussed the issue with the Chairlady, through an interpreter, and she is well aware of the enforcement actions and the recent action by the Lottery Commission to defer payment of the CBF. He also noted that he is unsure whether she is willing to sell shares in order to inject cash into the company.

The Chairman mentioned the recent order from the Chinese government that came out on October 20, 2020 on the ban of approved destinations for overseas casino gambling operations. He asked if Mr. Browne has knowledge of whether or not the CNMI is included in that and if IPI would have any future in gambling. Mr. Browne replied that there are Chinese players that hold different passports, that are not just from mainland China. He added that they have a lot of relationships in the gaming sector and these individuals will find ways to get here.

The Chairman expressed concern about the billions of dollars in receivables, as he is aware that only \$300M may still be collectible and saw that there was \$127M already collected that the parent company did not disclose of which funds could have been used to meet payroll. He noted that since Mr. Browne's appointment as CEO, the company should help him succeed instead of letting him carry the burden including the threat of incarceration due to the corporation's inability to pay its debt. The Chairman said that the company's suffering is nothing compared to the suffering of the people who have not yet been paid. The Chairman continued to mention that he has seen a lot of news from third parties who are trying to come in to rescue IPI, but very little effort from the parent company to put the money down. He asked Mr. Browne to express the urgency of these issues to those who make decisions. The Chairman questioned who exactly are we dealing with at IPI, whether it is Mr. Browne, Mr. Zheng Dongting, or the holding company out of Hong Kong. He mentioned that the ability to move funds around between Hong Kong, Macau and others might not be there anymore under the current Chinese government. He said that this is uncharted territory that may affect not only gaming, but tourism in general. Tourism is the CNMI's bread and butter, he added, and if IPI were to destroy the tourism of the island, it would be unacceptable. Mr. Browne responded saying that he is aware that the CNMI is reliant on tourism, but the Chinese tourism has nothing to do with IPI, they are not or will not be barred because of IPI. However, they might be barred because the Chinese say that the CNMI is a jurisdiction that has gambling.

## B. Other Miscellaneous Matters;

### 1. Update from CHCC Bureau of Environmental Health on IPI housing sanitary inspections

The Chairman introduced Mr. John Tagabuel, Director of the Bureau of Environmental Health, and mentioned that he will give an update on IPI's housing issues.

Mr. Tagabuel shared that the issues at the IPI housing areas are a moving target. The company is not registered and no permits have been issued to them by BEH. He explained that it is only upon receiving complaints that they are in the BEH's radar. Mr. Tagabuel reported that a list of complaints was submitted to the Commission back in 2015 citing complaints such as algae growth in the water, food contamination with strong odor, and trash overflow. He noted that most of these issues were attributed to management. Other complaints include local food vendors who were dispensing unmarked food or were selling



food without a permit, he said.

Mr. Tagabuel disclosed that their inspection of the barracks housing identified five issues that need to be addressed. He explained that the issues could be very simple to be address but because there is no management, they have not received a timely response.

The Chairman asked if BEH has ever issued some sort of order to fix sanitation issues at a housing unit or barracks. Mr. Tagabuel responded yes, noting that the latest complaint received was on October 22, 2020 where there was a concern about mold and BEH entertained the complaint on October 26<sup>th</sup>. He shared that another complaint was on July 15, 2020 for a sewer overflow. He disclosed that his team visited a barracks in Gualo Rai and found that the manhole was very close to it. He stated that CUC was called to stop the overflow and backfill the area.

The Chairman asked what the consequences are if an order is issued to correct an issue but the party fails to do so. He further asked what authority does BEH have to enforce compliance. Mr. Tagabuel explained that the issues are first brought to the housing manager's attention, and if not timely mitigated, BEH escalates the complaint to the next level. He shared a situation that occurred a few years back where there was a sewer backflow at the IPR. He said that he spoke to management and when the matter was not timely mitigated and no response was received, he then wrote a letter to the Commission to bring the situation to their attention. He added that he even spoke to the head of Human Resources at the time but there was no response as well which led to him writing to the Commission with the concurrence of the CEO of the Commonwealth Healthcare Corporation. Commissioner Taitano asked Mr. Tagabuel if they found IPI housing to be nice and clean, and if the standards of sanitation are met. Mr. Tagabuel responded that he and his team do not enter the individual housing. It is only when the housing is permitted that BEH has the opportunity to conduct several visits or as often as there's a complaint, he said.

The Chairman asked Mr. Tagabuel if anyone in the community can call BEH to file a complaint. Mr. Tagabuel answered yes, stating that all complaints on sanitary or environmental issues can be received and are logged in. BEH has ten days to entertain the complaint but presently complaints are entertained within 3-4 day.

The Chairman applauded Mr. Tagabuel and his team for their quick action in closing down business establishment who are not adhering to the COVID-19 mandates. He asked BEH for their continued help in dealing with IPI and other companies on island who provide housing for their staff that they ensure sanitary and safe living quarters. The Chairman then asked if there are any other companies experiencing something similar to IPI's staff housing. Mr. Tagabuel shared his personal observation that if something is free, it is not normally treated the same as you would if it were your own home. He explained that in conducting an inspection, BEH makes it a point to pay more attention to communal living settings such as restroom, living room and kitchen and that they do not inspect bedrooms.

Vice Chairman Demapan asked if absent a complaint, does the BEH sometimes take it upon themselves to do an inspection. Mr. Tagabuel answered yes, and added that a part of their surveillance is rumor complaints. He said if they see it on the web or in the newspaper, they activate their staff to look into it and verify.

The Chairman thanked Mr. Tagabuel for his time, and encouraged the BEH to keep an open dialogue with the Commission as it involves IPI and its housing, in ensuring the employees are provided with sanitary housing conditions. He also commended the COVID-19 Task Force and the administration for making sure that the spread of the virus is minimized.

2. Update from Department of Public Works on status of the IPI construction Work Stoppage Order

The Chairman introduced Mr. Salazar, the head of DPW's Building Code, and thanked him for making the time to come to the meeting. He shared that the Commission has reached out to DPW in the past years to express concern about IPI's building's structural integrity. He added that the Commission is very interested to hear an update on the issue of the stop order.

Mr. Salazar explained that the stop work order was issued to IPI on October 27, 2020 which indicated that all work be suspended on levels 3 to 14 until the shop drawings and revised plans are submitted and approved by the Safety Officer. He noted that this requirement cannot be met until the Engineer of Records (EoR) is on board. He further reported that IPI submitted last week the teaming agreement between DR Safety and KMFNE, LLC, a group from Guam who is also licensed to work in the CNMI. Based on the list IPI provided, it is stated that Mr. Kook Kim is the mechanical engineer, Mr. Nemencio Macario is the structural engineer, Mr. Armando Audije is the architect and Mr. Randy Martin is the electrical engineer. Mr. Salazar reported that he and DR Safety along with the EOR met on November 23, 2020 to discuss and ensure that the work and the responsibility of each individual is recognized and understood.

Mr. Salazar stated that the main purpose of having special inspectors is to make sure the building and the workers are safe, both of which are for the interest of the owners and of the community. He added that they want to make sure that the work that has been done is in compliance with the building code, which is the reason the stop order was issued. He said based on his review of the list of engineers, they are all certified and have over 20 years of experience. He concluded that the submittals are in compliance and that DPW is ready to issue a resume to work order. The Chairman asked when DPW anticipates to issue the release of the stop order, Mr. Salazar said probably before the end of today (November 24, 2020).

The Chairman asked if the issues involving employees' nonpayment of payroll came into consideration during the lift of the stop order, Mr. Salazar replied no, they are strictly looking at the building code.

The Chairman asked if DPW has received an updated version of the construction for both the hotel tower and the villas as necessary to recalculate the Infrastructure Impact Fee. Mr. Salazar said that they plan that as the next topic of discussion with IPI. He noted that after they submit what is required, including the revised drawings and sub-drawings for level 14, DPW will have to conduct another assessment to make sure they know what the costs are. He stressed that construction on level 14 cannot continue until such time the required documents are submitted.

The Chairman commented that in the past, N15 was the engineer on record. However, since they're no longer in the picture, he is assuming that the task has now been transferred to DR Safety or DR Constructors. He asked Mr. Salazar if the opinion of all the EoRs now on record are to be relied on for IPI's continued compliance with the building code, Mr. Salazar responded yes. The Chairman asked him to keep the Commission apprised of DR Safety's success in its efforts moving forward, as the Commission is also closely monitoring the issue of safety in addition to the total cost of construction. He noted that the CLA had a conflicting minimum number of required rooms at either 250 or 329, but the Commission concluded with IPI that the correct number is 329. He asked Mr. Salazar if he is aware of that, to which he replied that he doesn't have the exact number, but as a Building Safety Officer, he wants to make sure that IPI complies with the number of rooms required.

The Chairman shared concern about the seismic bracings and everything that hangs from the ceiling, as well as the fire safety. He asked that DPW to ensure that those issues are raised with DR Safety to ensure compliance with the building code.

Commissioner Dela Cruz asked if DPW has a group of engineers to review the shop drawings and other plans submitted by IPI. Mr. Salazar responded that they have one architect and one electrical engineer, who are the only ones doing the review of the plans. Commissioner Dela Cruz asked who will review the welding work, Mr. Salazar said the special inspectors will handle that.

Vice Chairman Demapan mentioned that Mr. Aldan, in his public comment, mentioned a company by the name of CMMEP. He asked if there is a connection with this company and DR Safety. Mr. Salazar clarified that he believes Mr. Aldan was referring to KMFNE, which has a teaming agreement with DR Safety. Mr. Salazar added that he was surprised that DPW only a week ago received the agreement but it was signed since June 1, 2020. The Chairman asked the Director to obtain a copy of the agreement between DR Safety and KMFNE.

Commissioner Taitano asked if the plans have been submitted, to which Mr. Salazar replied no. Commissioner Taitano then asked why DPW would give IPI the order to resume work without the required submission. Mr. Salazar responded that the stop order was based on two violations: 1) Proceeding the work without submitting the revised plan, and 2) Working without a special inspector. He added that IPI has complied with the second violation and will be allowed to perform work on levels 3 through 13, but level 14 cannot be worked on until the plans are submitted.

Acting Director Yeom asked what the role of DR Safety is in relation to KMFNE, Mr. Salazar explained that DR Safety is the main contractor and is teaming up with KMFNE. He added that the EORs will oversee the construction operation and certify the reports done by the workers. The Director asked what would happen if there was nonpayment to DR Safety and they decide to no longer participate in the agreement, and if DPW ends up issuing another stop order. Mr. Salazar answered that they would have to issue another stop order if there are no special inspectors at the site. He elaborated that if DR Safety informs DPW that they are no longer providing services to IPI due to non-payment, DPW will have to step in and issue another stop order. The Director stated that with IPI's financial situation with unpaid vendors and employees, it is highly likely that DR Safety will be in the same predicament which the Commission is very concerned about. He asked Mr. Salazar if DPW will conduct daily monitoring to ensure that DR Safety are properly doing their job. Mr. Salazar replied no and that they are only doing periodic inspections just to make sure that DR Safety is working properly. He explained that DPW's actions will be based on the reports submitted by DR Safety. If anything questionable is found on the reports, DPW would have to sit down and discuss the matter with DR Safety, he said. He stated that everything that DR Safety reports has to be in compliance with the building code. He disclosed that for a long period of time, IPI continued construction without the proper inspectors. He added that DPW gave IPI ample time to provide special inspectors but they continually failed which is how the stop order came about. Mr. Salazar pointed out that the newly identified engineers of record clearly understand their responsibilities in ensuring the safety and compliance with the building code as it is very important.

The Chairman mentioned that he is aware that DPW does not have enough manpower to do site inspections for all the different ongoing projects on island. He noted that he also understands that part of the requirement is that DPW expects the operator to contract with a licensed architectural engineering firm to do just that, which is the site inspection. He stated that the Commission was disappointed that N15, as the prior EOR, was not on site all the time. He noted that Amendment 6 to the CLA required IPI to work with DPW in terms of a weekly site inspection schedule. The Chairman added that the weekly

meetings started out well but that he's not sure of the status as of present. He asked Mr. Salazar if he was aware of the status of the meetings with IPI to discuss the next sequence of the construction plan. Mr. Salazar answered yes and stated that once the EoR is fully on board, they will resume the weekly meeting. The Chairman echoed the Director's earlier statement on the Commission's fear of the possible non-payment of DR Safety as IPI has failed to answer the question as to where the funding will come from and its employees still remain unpaid. He urged DPW to look into the non-payment of workers and consult with IPI on the issue even though it is outside of building code, it is still a humanitarian issue and laws still have to be followed even if the stop order is lifted.

The Chairman thanked Mr. Salazar for his presence and for updating the Commission. He informed him that the Commission is available any time for any questions he may have in reference to IPI and that he welcomes him to attend every Commission meeting.

Commissioner Dela Cruz made a motion to recess until 2:00 pm, seconded by Commissioner Songao. The motion was put to a vote and unanimously approved. Recess was called by the Chairman at 12:08 pm.

The Chairman called the meeting back to order at 2:05 pm on Tuesday, November 24, 2020. All Commissioners were present.

#### V. OLD BUSINESS:

##### A. Update on House Bill No. 21-11, HS1, SD1, SD3

The Chairman shared that he asked the Vice Chairman to find out if there is any update since he regularly has contact with the legislators. He also added that the Director normally sends an invitation to both houses, but primarily the House, to ask if they can provide an update to the Commission. Vice Chairman Demapan shared that he and Commissioner Taitano spoke with the Floor Leader, Representative John Paul Sablan, and based on their conversation, they are going to entertain the proposed legislation in their next session, which would most likely be in early December.

Commissioner Dela Cruz asked if Representative Sablan mentioned what the House's concern is on the bill. Vice Chairman said he is aware that there are several concerns, but one of the them particularly and repeatedly raised was the removal of SNILD's power in the confirmation process of appointed Commissioners as the Senate's amendment transfers the power to them. He noted that because it is a commonwealth-wide legislation, the Senate felt that it should be their responsibility. The Vice Chairman stated that he will inform the Commission once he hears of the next session date so that the Commission can be present to briefly express support for the passage of the bill.

##### B. Other Old Business Matters - None.

#### VI. NEW BUSINESS:

##### A. Consideration of Commission Order No.: 2020-005. Order Temporarily Suspending/Adjusting Minimum Bankroll Requirement and Suspending Commission Order No. 2019-002.

Chairman DeLeon Guerrero shared that IPI requested to suspend or remove the \$1M Minimum Bankroll Requirement. He stated that the intent behind the requirement is to assure that there will be no wagering without the ability to pay out winnings. In light of the fact that there has been no gambling since March 2020, the request to suspend or reduce the formula to zero is valid, he added. The Chairman then mentioned that his concern is mostly for the protection of the funds, especially knowing that the security is not as robust as it used to be at the facility. The Chairman then noted that before the Commission entertains any request

to reopen, the minimum bankroll requirement would have to be revisited and re-implemented, and funds must be deposited back into the cage.

**Commissioner Dela Cruz made a motion to approve Commission Order 2020-005, seconded by Commissioner Songao.**

Discussion: Commissioner Dela Cruz asked Mr. Browne what he plans to do with the money once he has access to it. Mr. Browne explained that as discussed with the Director, the majority of the currency is foreign and that there's not much that can be done especially with FinCEN requirements. He noted that of the \$600K, about \$40K is in US currency. Commissioner Dela Cruz shared that he hopes the money can be delegated to address the nonpayment of payroll, especially those who have left back to their home countries. Mr. Browne said that although he would love to be able to make payroll, which is his priority, there are a lot of variables to go through. The Chairman stated that once it is approved, IPI would be allowed to move it, preferably to the bank or somewhere safer. He also agreed that IPI should rightfully consider the people part of the organization who should get paid. Mr. Browne agreed, noting that he will do everything possible in his power to do that.

Vice Chairman Demapan asked if the Commission will be preventing IPI from paying those that have chips with them. The Chairman answered that the moment IPI reopens, the patrons with unredeemed chips can come in and cash out.

Commissioner Songao asked if the bankroll requirement will be at zero if the order is passed. Counsel Ernest clarified that it is zero plus a portion of the minimum operating expense, which was established with Commission Order 2020-003. He further noted that this order does not affect in any way their obligation to have the minimum operating cost and that it is only a portion of the minimum bankroll. He stated that Commission Order 2020-005 explicitly states that it is not affected. He added that it also makes sure that there is no gambling that will happen before the order is changed.

Commissioner Songao asked who would have the authority to move the funds if it is passed. Mr. Browne answered that they don't know yet as they have debts to pay, which is technically what the cage cash is for. He noted that they want to try and move some funds to pay the employees, adding that it would be complicated as they have to handle the transactions of the foreign currency.

The Chairman asked who the expenditure authority is for the money in that account. Mr. Browne answered that it is Ms. Mafnas, but noted that they have four signatories including himself, Ms. Mafnas, Holly Ji and Don Hallmark, who is currently furloughed.

The Chairman informed Mr. Browne to keep in mind that before the Commission entertains any request from IPI to reopen, the minimum bankroll will need to be back in place and IPI will need to ensure that all vendors are paid and be in full compliance with all other CCC orders.

Commissioner Songao asked if the court would have access to IPI's bank account due to the court order. Mr. Browne replied no, stating that the court has not ceased their bank account and all the writs have been satisfied.

**The motion to approve Commission Order 2020-005 was put to a vote and unanimously approved.**

## **VII. EXECUTIVE SESSION:**

**Commissioner Dela Cruz made a motion to enter into executive session to hear a report from the Legal Counsel and the CCC's Audit and Compliance Divisions. The motion was seconded by**

Commissioner Songao and was put to a roll call vote with Commissioners unanimously voting yes. Executive Session began at 2:31 pm.

- A. Report by Legal Counsel.
- B. Report by the CCC Audit and Compliance Division.

Commissioner Taitano made a motion to exit from executive session, seconded by Commissioner Dela Cruz. The motion was put to a vote and unanimously approved. Chairman DeLeon Guerrero called the meeting back to order at 3:42 pm.

The Chairman shared that the executive session lasted for about an hour and the Commission had an opportunity to hear a report by the Legal Counsel and received update reports from the CCC Audit and Compliance Divisions.

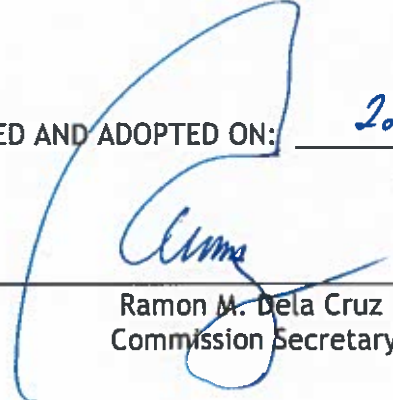
VIII. ADJOURNMENT

Commissioner Taitano made a motion to adjourn the meeting, seconded by Commissioner Songao. The motion was put to a vote and unanimously approved. Meeting was adjourned at 3:45 pm on November 24, 2020.

Prepared by:  Date: 12/18/2020  
Elicia San Nicolas, Executive Secretary

And  Date: 12/18/2020  
Ruth Ann P. Sakisat, Executive Assistant

APPROVED AND ADOPTED ON: 22nd day of December, 2020.

 Date: 12/23/2020  
Ramon M. Dela Cruz  
Commission Secretary

# Exhibit 1



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 20-NOV-2020**

## A. Construction Milestones Schedule

KEY MILESTONES	Start	Forecast / Actual
Phase 1 - Resort Hotel	In Progress	Completed
Phase 2 - Tower Hotel L3-L13	In Progress	31-DEC-21**
Phase 3 - L2 VIP Gaming & L14 Sky Level	L14 Sky Level in Progress	30-APR-22**
Phase 4 - Beach Club	1-FEB-22**	31-DEC-22**

\*\*depends on manpower condition, forecasted schedule as per 2000 workers estimated.

## B. Labor Summary

LABOR SUMMARY
<ul style="list-style-type: none"> <li>• Management Staff: 15</li> <li>• H2B Workers: 201 Taiwanese: 63, Thailand: 3, Mongolian: 106, Italian:1, Turkish: 28</li> <li>• Local manpower: AM Group 0</li> </ul> <p><b><u>Total Workers: 201</u></b></p>



**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 20-NOV-2020**

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## **C. Progress**

### **Progress:**

1. DPW issued stop work order for project on 27<sup>th</sup> Oct. the job site has suspended since then.  
In the Letter of DPW stop work order, they asked that
  - 1.1 Suspend all work from Level 3-14 until shop drawings and revised plans (i.e. amended set of construction documents) are submitted to and approved by Building Safety Officer.
  - 1.2 Suspend all welding works until special inspector are on board and approved by Building Safety Officer
2. We worked with DPW Building Code Officers and DRCONTRACTORS, The EOR and special inspection services contractor to get everything done by requirement of DPW.
3. Tower Crane #4, IPI had finished the agreement with AM Group. AM Group is going to have a sub-contract as consultant. The dismantled works is going to start on earlier December.
4. Reburial Project, Reburial project has finished on earlier September and handed over to HPO





**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 20-NOV-2020**

**Site Progress Photos**

**External Work**





**IMPERIAL PACIFIC INTERNATIONAL (CNMI), LLC  
IMPERIAL PACIFIC RESORT  
PROGRESS REPORT AS OF 20-NOV-2020**

**External Work**



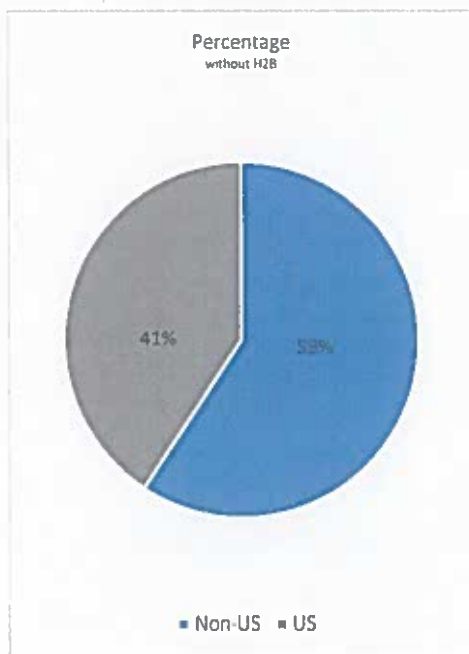
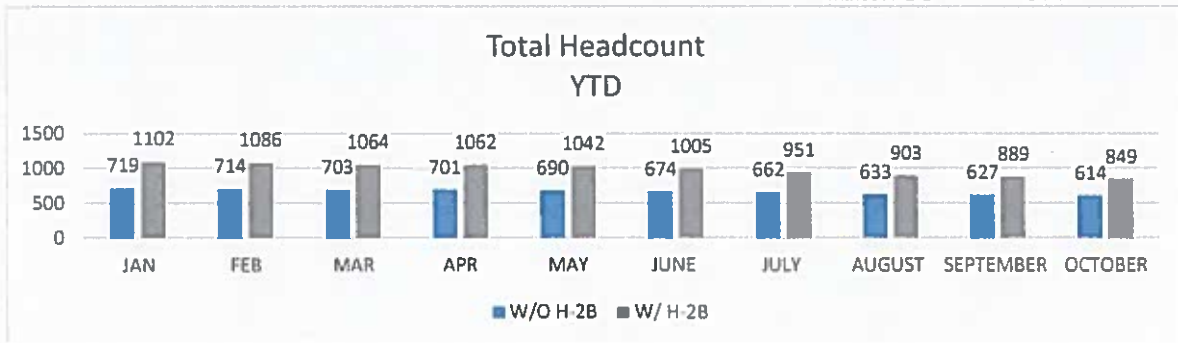
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## HR Dashboard

Report Date: 31 OCT 2020

### Total Active Headcount

with H2-B 849  
without H2-B 614



**US**  
269

**US PERM**  
80

**FAS**  
15

**CW**  
228

**H-1B**  
0

**H-2B**  
235

**EAD**  
22

**E3**  
0

