

NMI SETTLEMENT FUND PRESS RELEASE

September 5, 2014

25% Payment from Public Law 18-56 Funds

There has been some confusion regarding Public Law 18-56, also known as the “Casino Law” which provided funding from license fee payments to the NMI Government. Public Law 18-56 authorized the use of these license fee payment to pay back retirees the 25% that had been reduced from their normal pension payments under the Settlement Agreement. At the request of the Governor and the Delegation Chairpersons for Rota and Tinian, the Settlement Fund determined the amount needed to fund the 25% payment to Settlement Fund members (members of the Defined Benefit Plan) for the period of October 1, 2013 through June 30, 2014 was \$11.9 million. The Settlement Fund received the funds from the NMI Government and then disbursed the \$11.9 million on August 22, 2014 to all Settlement Fund members.

The Governor has informed the Settlement Fund that the NMI Government will provide additional funding of \$3.9 million to cover the 25% payment to all Settlement Fund members for the period of July 1, 2014 through September 30, 2014 (the “Second Payment”). The Second Payment is being processed. Once the calculations are completed and the funds are received for Saipan, Rota and Tinian, the Settlement Fund will disburse the Second Payment to the Settlement Fund members.

Under Public Law 18-56, §2307 requires a licensee to pay an exclusive license fee of \$15 million per year. The exclusive license fee for Year 1 and Year 5 totaling \$30 million was paid and deposited into an escrow account. A portion of this money was used to pay the \$11.9 million 25% payment. The Settlement Fund Trustee has been informed that the \$3.9 million will be transferred in October 2014 for disbursement. The Settlement Fund will disburse payments to Settlement Fund members when calculations are completed and funds for the three Senatorial Districts are transferred to the Settlement Fund.

Based on the Settlement Fund Trustee’s reading of Public Law 18-56, the payment of 25% after FY2014 will depend on, among other things, the availability of funds.