



RFPQ# 1617-005
Modernizing Land Based Gaming in Ontario
Gaming Bundle 1 (Ottawa Area)



Preface

On June 2, 2016, OLG issued to the market RFPQ# 1617-005 for Gaming Bundle 1 (Ottawa Area) - Modernizing Land Based Gaming in Ontario. The attached are the core Schedules of the RFPQ, more specifically these are:

Part 1 “Background Information”

Part 2 “Prequalification Response Requirements”

Part 4 “Roles and Responsibilities”

Part 5 “Gaming Zones”

Part 6 “Charitable Gaming Sites Currently Intending to Participate in Charity Gaming Initiative”

Part 8 “Definitions”

Interested parties who wish to submit a Prequalification Response to the RFPQ must obtain a copy of the full RFPQ document which includes all RFPQ terms & conditions, submission instructions and supporting schedules. The RFPQ can be obtained for download at www.merx.com/olg.

Request for Prequalifications

for

Modernizing Land Based Gaming in Ontario

Gaming Bundle 1 (Ottawa Area)

Ontario Lottery and Gaming Corporation

RFPQ No. 1617-005

OPPORTUNITY HIGHLIGHTS

OPPORTUNITY HIGHLIGHTS

This RFPQ is issued by OLG in order to prequalify Applicants for the opportunity described herein. The ultimate goal is to select a qualified private sector service provider with expertise in gaming to:

- (a) provide certain services to OLG in connection with OLG's conduct and management of land-based gaming in Ontario, and
- (b) assume certain day-to-day responsibilities described in detail below with respect to such gaming activity.

Background

As part of the Ontario government's direction to OLG, OLG was asked to complete a comprehensive strategic review of its lottery distribution network and land-based gaming sites. The result of this review was a report to government called Modernizing Lottery and Gaming in Ontario. As part of the modernization program, OLG has established Gaming Zones, 27 of which are relevant to the current procurement process in respect of the modernization of land-based gaming in Ontario.

Gaming Zones are geographic areas where service providers will, subject to certain conditions, be permitted, on an exclusive basis, to continue to operate or relocate an existing Gaming Site or establish a new Gaming Site. The Gaming Zones have been grouped into Gaming Bundles. Certain Gaming Bundles may contain two or more geographically proximate Gaming Zones. The design of each of the Gaming Zones and Gaming Bundles is intended to create opportunities for service providers to realize revenue and cost synergies by operating multiple Gaming Sites in a given region, increasing the net profitability of gaming in the Province. In each Gaming Zone there will be one Gaming Site permitted for which OLG will establish the maximum number of Gaming Positions and the types of games that may be offered (e.g. Electronic Games and Live Table Games). A general description of each of the 27 Gaming Zones relevant to the current procurement process can be found in Part 5 – Gaming Zones.

Four new Gaming Zones have been established based on direction OLG has received from the Ontario Government. The four proposed Gaming Zones that allow for new Gaming Sites are: C7, E2, N4 and N5. In addition, if a new Gaming Site is permitted in the City of Toronto (outside of Gaming Zone C2) or in an adjacent municipality, an additional Gaming Zone may be established. Applicants should refer to the general description of Gaming Zones in Part 5 – Gaming Zones.

Due to existing agreements, SW12 (Caesars Windsor Casino, in the City of Windsor) will not be included within the scope of the current procurement process in respect of the modernization of land-based gaming in Ontario. Gaming Zone SW12 may become part of a subsequent procurement process.

This RFPQ is being issued for Gaming Bundle 1 (Ottawa Area). A description of Gaming Bundle 1 (Ottawa Area) is set out below.

A service provider will be responsible for the Services for all Gaming Zones within a Gaming Bundle. For clarity, an Applicant must prequalify for a Gaming Bundle and may not prequalify for individual Gaming Zones.

Overview of Opportunity

Applicants who are prequalified pursuant to this RFPQ will be eligible to submit proposals pursuant to the subsequent RFP Process to become the Service Provider for Gaming Bundle 1 (Ottawa Area).

Gaming Bundle 1 (Ottawa Area) is comprised of Gaming Zone E4. Gaming Zone E4 is located in a market of approximately 745,800 adults (individuals 19 years of age or older) and is currently served by two gaming sites – the OLG Slots at Rideau Carlton Raceway, which contains 1,250 Electronic Games, and Casino du Lac Leamy, in Quebec, which includes both Electronic Games and Live Table Games.

The boundaries of Gaming Bundle 1 (Ottawa Area) are shown on the map in Figure 1 of Part 1 – Map of Gaming Bundle 1 (Ottawa Area).

OLG believes that Gaming Bundle 1 (Ottawa Area) represents a valuable commercial opportunity to serve a market that has room for growth. With the goal of improving the delivery of gaming in the Ottawa Area, OLG wishes to recruit a suitably qualified service provider to assist OLG in:

- leveraging the success of the existing Gaming Site in Gaming Zone E4 which has an established customer base and experienced employees;
- improving service in the market through the expansion of the number of Electronic Gaming Positions (up to 2,000 Electronic Gaming Positions) and the potential introduction of Live Table Gaming Positions (up to 600 Live Table Gaming Positions) and enhancing non-gaming amenities as appropriate; and
- earning a reasonable return on capital investment over the duration of the Casino Operating and Services Agreement.

The maximum number of Gaming Positions established by OLG as set out in this RFPQ has been approved by the Minister (as defined in the OLGC Act) and the Minister of Finance (collectively, the “**Ministers**”) and OLG.

An increase in the number of Electronic Gaming Positions at the existing Gaming Site in Gaming Zones E4 is not subject to Regulation 81/12 of the OLGC Act. However, if such

increase exceeds the maximum number of Electronic Gaming Positions established by OLG as set out in this RFPQ, the approval of OLG, in its sole and absolute discretion, shall be required.

The introduction of Live Table Games in Gaming Zone E4 (currently served by the OLG Slots at Rideau Carlton Raceway), is subject to the provisions of Regulation 81/12 of the OLG Act, requiring the preparation by OLG of a business case for review and agreement by the Ministers, which business case shall include the proposed number of Live Table Gaming Positions in Gaming Zone E4 up to the approved maximum number of Live Table Gaming Positions established by OLG as set out in this RFPQ.

Any introduction or subsequent increase in the number of Live Table Gaming Positions at the existing Gaming Site in Gaming Zone E4 in excess of the maximum number of Live Table Gaming Positions established by OLG as set out in this RFPQ shall require the approval of OLG, in its sole and absolute discretion.

Applicants are advised that the number and type of Gaming Positions may also be subject to municipal conditions and approvals. In this regard, Applicants are advised that Ottawa City Council has passed a resolution in support of expanded gaming at the existing Gaming Site in Gaming Zone E4 subject to conditions including a limit of 1,250 Electronic Gaming Positions and 21 Live Table Games at the existing Gaming Site in Gaming Zone E4. The resolution and conditions are available for review at <http://app05.ottawa.ca/sirepub/item.aspx?itemid=303592>.

The RFP Process is the competitive procurement process that follows the RFPQ Process and is intended to result in the identification of the Successful Respondent. Prequalified Respondents will be required to submit detailed proposals for evaluation during the RFP Process, setting out, among other things, their business recommendations for Gaming Bundle 1 (Ottawa Area) as well as their financial proposal based on OLG's compensation structure which is described in Part 1 – Background Information and summarized below. The proposal requirements and evaluation criteria will be described in detail in the RFP, but will focus primarily on the following two key objectives of OLG:

- first, increasing Gaming Revenue for the benefit of OLG and the Province; and
- second, promoting economic development through job creation and capital investment in Gaming Bundle 1 (Ottawa Area).

The Successful Respondent will enter into a Transition and Asset Purchase Agreement and a Casino Operating and Services Agreement with OLG and will perform the obligations of the Service Provider under each agreement. While OLG will at all times be responsible for the conduct and management of gaming, the Service Provider will have certain exclusive rights. The Service Provider will be responsible for the operation of the Gaming Site located in Gaming Zone E4 for an initial term of approximately 20 years, with a process for extending the term for unlimited periods of 10 years each, subject to and in accordance with the provisions of the Casino Operating and Services Agreement. Operation of the Gaming Sites in the Gaming Bundle will be subject to regulatory approvals, ongoing regulatory assurances and continuing oversight

of AGCO and, in accordance with legislative requirements, conduct and management of the gaming business and activities by OLG. Certain roles and responsibilities of OLG and the Service Provider are described in Part 4 – Roles and Responsibilities.

As noted above, Gaming Zone E4 currently contains an existing Gaming Site. OLG has entered into the Racetrack Premises Lease with the Racetrack Site Owner to remain in the existing Gaming Site in Gaming Zone E4 pursuant to such lease together with a F&B Agreement pursuant to which the Racetrack Site Owner provides certain food and beverage services to the existing leased premises at the Gaming Site for the term of the Racetrack Premises Lease (with the tenant having the right to supply food and beverage services to these premises following the expiry of the first extension term of the Racetrack Premises Lease subject to and in accordance with the Racetrack Premises Lease). The Racetrack Premises Lease and the F&B Agreement will be assigned to and assumed by the Service Provider concurrent with the execution and delivery by OLG and the Service Provider of the Casino Operating and Services Agreement. A copy of the Racetrack Premises Lease and the F&B Agreement will be made available in the data room established in connection with the RFP Process. Subject to applicable approval being obtained under the Planning Act (Ontario), the Racetrack Premises Lease has an initial term running to March 2020 together with an automatic extension term of five years (subject only to certain conditions being met) and two additional extension terms (at option of the tenant) of six years and seven years, respectively. The tenant under the Racetrack Premises Lease has the right during the second and third extension terms to terminate the lease upon 12 months' prior written notice if governmental approvals are obtained to the relocation of the existing Gaming Site in Gaming Zone E4 in the City of Ottawa. The tenant under the Racetrack Premises Lease also has rights to supply food and beverage services to the existing leased premises at the Gaming Site following the expiry of the first extension term subject to and in accordance with the Racetrack Premises Lease and may also supply food and beverages to any new development that it may undertake.

OLG believes that its current employees are an asset to the operation of the Gaming Site in Gaming Zone E4, and that existing employees should be smoothly transitioned to the Service Provider. As part of the RFP Process, OLG will provide a description of its detailed plans to ensure stability for OLG's employees and customers, including a requirement for the Service Provider to retain such transferred employees for a period of not less than 12 months.

All Gaming Revenue from the Gaming Site will flow into OLG bank accounts. OLG will pay the Service Provider a fee that is intended to provide a reasonable financial return to the Service Provider. This fee will include a fixed component and a variable component based on a percentage of Gaming Revenue generated above a threshold for the Gaming Bundle. The compensation to the Service Provider is intended to allow the Service Provider to optimize the costs of operating the Gaming Bundle, while meeting customer expectations and promoting sustained value-for-money for the Province. The Service Provider will be responsible for determining how to optimize the operational and capital expenses in the Gaming Bundle within the parameters of the Casino Operating and Services Agreement, the OLG Policies, the Racetrack Premises Lease and the F&B Agreement. OLG will pay the Service Provider:

- an aggregate fixed fee of approximately CAD \$18 Million per year for Gaming Bundle 1 (Ottawa Area), subject to an annual adjustment for inflation, intended to approximately compensate for non-discretionary operating costs;
- a permitted capital expenditure allowance of up to approximately CAD \$3.25 Million per year for Gaming Bundle 1 (Ottawa Area), subject to an annual adjustment for inflation, intended to approximately compensate for costs and expenses actually incurred in respect of the acquisition of gaming-related assets used in connection with the Gaming Site; and
- a variable fee equal to 70% of annual Gaming Revenue (on all Electronic Games and Live Table Games) for Gaming Bundle 1 (Ottawa Area), above a specified annual threshold, which shall be the annual threshold as bid by the Successful Respondent as part of the competitive RFP Process. All Gaming Revenue below the specified threshold will be retained by OLG.

In bidding the annual threshold referred to above, Prequalified Respondents will be expected to bid annual threshold amounts for Gaming Bundle 1 (Ottawa Area) for the number of years specified in the RFP, currently anticipated to be ten years with the annual threshold for each subsequent year of the initial term of the Casino Operating and Services Agreement to be determined in accordance with the Casino Operating and Services Agreement. If Gaming Revenue for the Gaming Bundle in any given year is less than the annual threshold for that year, the Service Provider will be responsible to pay OLG an amount equal to the difference pursuant to the Casino Operating and Services Agreement.

Applicants are advised that the following letter of credit and performance security will be required under the RFP and the Transaction Agreements:

- The Successful Respondent will be required to deliver a letter of credit in the amount of CAD \$10 Million to OLG to secure various obligations under the RFP and the Transition and Asset Purchase Agreement.
- Prior to or concurrently with the execution and delivery of the Casino Operating and Services Agreement, the letter of credit referred to above will be replaced by the Service Provider with a letter of credit in favour of OLG in the amount of \$12 Million as security for, among other things, the payment and performance by the Service Provider of certain obligations under the Transition and Asset Purchase Agreement and the Casino Operating and Services Agreement.

OLG will be responsible for payments to the relevant municipalities and First Nations in accordance with applicable revenue sharing formulas. All other costs and expenses, including AGCO fees, relating to the Gaming Sites will be for the account of the Service Provider.

Prequalification Responses must be received before the date and time set out in the RFPQ Information Sheet. Late or misdirected Prequalification Submissions will not be considered and will be returned unopened to the Applicant.

Any questions regarding the content of the RFPQ are to be forwarded in writing to the OLG Procurement Contact Person who is listed in the RFPQ Information Sheet.

An Applicants' Meeting Webinar will be held at the date and time set out in the Timetable in the RFPQ Information Sheet.

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NOTE: ALL RFPQ PARTS, SECTIONS AND APPENDICES COLLECTIVELY COMPRISE THE RFPQ. APPLICANTS ARE ADVISED TO READ THIS RFPQ, INCLUDING ALL PARTS, SECTIONS AND APPENDICES IN THEIR ENTIRETY, TO ENSURE A FULL AND COMPLETE UNDERSTANDING OF THIS RFPQ.

PART 1

BACKGROUND INFORMATION

Part 1

BACKGROUND INFORMATION

Section 1 Background

As part of the Ontario Government's direction to OLG in July of 2010, OLG was asked to complete a comprehensive strategic review of the lottery distribution network and land-based gaming sites. The result of this review was a report to government called Modernizing Lottery and Gaming in Ontario.

The report outlined three recommendations to achieve this modernization as follows:

1. Become more customer-focused.
2. Expand regulated private sector role in day to day operations of lottery and gaming.
3. Renew OLG's role in the conduct and management of lottery and gaming.

The guiding principles for OLG's modernization are to:

1. Be a modern, efficient agency operating in the best interests of Ontarians.
2. Provide entertainment to Ontarians and visitors alike, while maintaining high, responsible gambling standards.
3. Uphold its record of regulatory compliance with standards established and enforced by AGCO.
4. Continue to communicate openly with employees and treat them with respect.

At the completion of its modernization initiative, OLG will be:

A modern, sustainable organization, which will increase net profit to the Province while upholding responsible gambling standards.

This proposed reform could see key public priorities like healthcare and education benefit from the additional annual net profit to the Province. In addition, employment is expected to grow in the industry (in new gaming sites and in digital gaming design and management), with additional service sector jobs in related industries, such as hotels, restaurants, entertainment centres and retail.

Ontario will continue to be a North American leader in responsible gambling and support for research and treatment will increase. As well, Ontario's First Nations communities will continue to receive payments from OLG under the Gaming Revenue Sharing and Financial Agreement and based on the anticipated growth in OLG's overall revenues, it is expected that this benefit for Ontario's First Nations will be greater than it is today. Further, host municipalities will have a consistent model for funding support. Based on the anticipated growth in OLG's revenues, they

too will receive more than the current levels overall. In addition, this modernization will create opportunities for new capital investment in the Province, with capital costs expected to be borne by the private sector service providers. A reasonable financial return for private sector service providers will be a feature of the compensation structure. The compensation structure is described in Section 2(4) of this Part 1.

OLG will become a more sustainable and efficient organization that ensures that Ontario residents and visitors can play more innovative and entertaining games in a responsible way. It will continue to be the agency responsible for conducting and managing lottery and gaming in Ontario but will use private sector service providers to deliver many of the services related to the operation of lottery and gaming. Additional information on OLG's future role can be found below and in Part 4 – Roles and Responsibilities. Ultimately, Ontarians will benefit from a more effective and valuable gaming industry and the tourist experience of gaming entertainment in Ontario will be enhanced.

Section 2 Description of Gaming Bundle 1 (Ottawa Area)

(1) Background Information Pertaining to Gaming Bundle 1 (Ottawa Area)

Gaming Bundle 1 (Ottawa Area) is comprised of Gaming Zone E4. Gaming Zone E4 is located in a market of approximately 745,800 adults (individuals 19 years of age or older) and is currently served by the OLG Slots at Rideau Carlton Raceway, which contains 1,250 Electronic Games, and Casino du Lac Leamy, in Quebec, which includes both Electronic Games and Live Table Games.

The boundaries of Gaming Bundle 1 (Ottawa Area) are shown on the map in Figure 1 of Part 1 – Map of Gaming Bundle 1 (Ottawa Area).

OLG believes that Gaming Bundle 1 (Ottawa Area) represents a valuable commercial opportunity to serve a market that has room for growth. With the goal of improving the delivery of gaming in the Ottawa Area, OLG wishes to recruit a suitably qualified service provider to assist OLG in:

- leveraging the success of the existing Gaming Site in Gaming Zone E4 which has an established customer base and experienced employees;
- improving service in the market through the expansion of the number of Electronic Gaming Positions (up to 2,000 Electronic Gaming Positions) and the potential introduction of Live Table Gaming Positions (up to 600 Live Table Gaming Positions) and enhancing non-gaming amenities as appropriate; and
- earning a reasonable return on capital investment over the duration of the Casino Operating and Services Agreement.

The maximum number of Gaming Positions established by OLG as set out in this RFPQ has been approved by the Minister (as defined in the OLGC Act) and the Minister of Finance (collectively, the “**Ministers**”) and OLG.

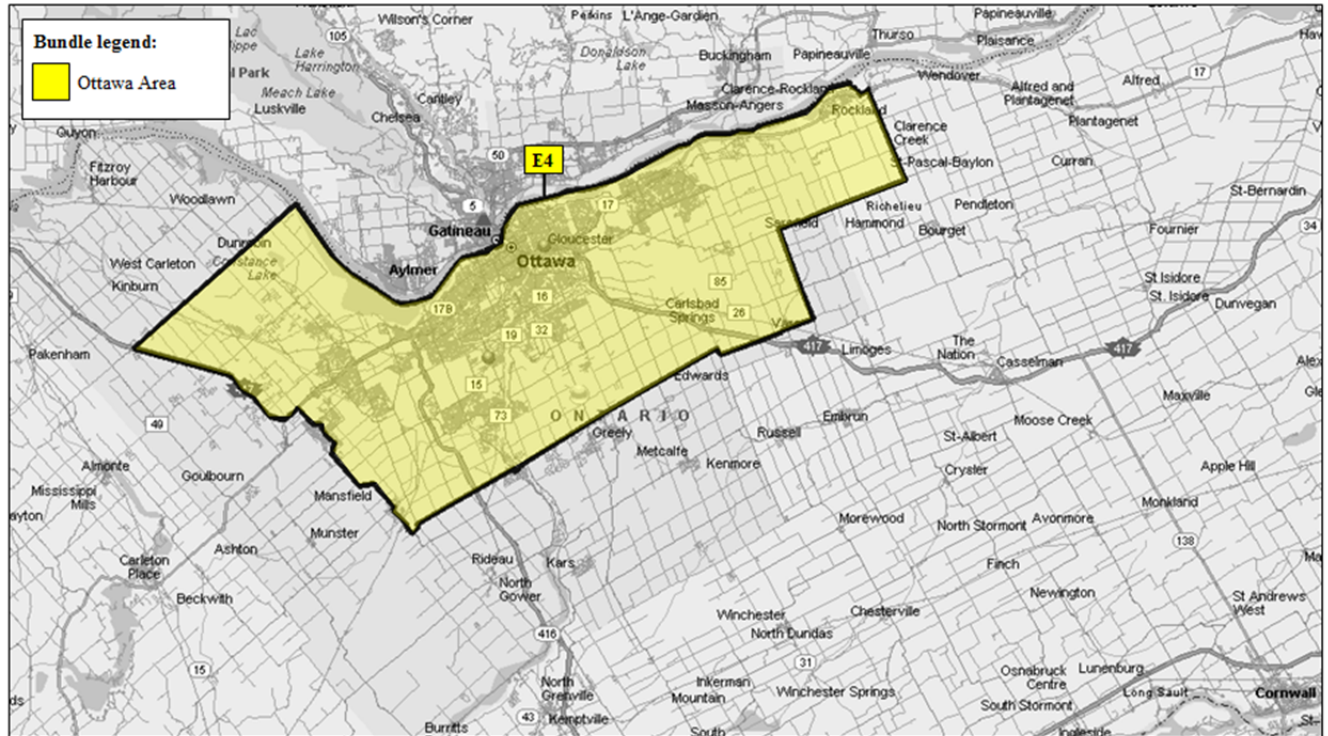
An increase in the number of Electronic Gaming Positions at the existing Gaming Site in Gaming Zone E4 is not subject to Regulation 81/12 of the OLG Act. However, if such increase exceeds the maximum number of Electronic Gaming Positions established by OLG as set out in this RFPQ, the approval of OLG, in its sole and absolute discretion, shall be required.

The introduction of Live Table Games in Gaming Zone E4 (currently served by the OLG Slots at Rideau Carleton Raceway), is subject to the provisions of Regulation 81/12 of the OLG Act, requiring the preparation by OLG of a business case for review and agreement by the Ministers, which business case shall include the proposed number of Live Table Gaming Positions in Gaming Zone E4 up to the approved maximum number of Live Table Gaming Positions established by OLG as set out in this RFPQ.

Any introduction or subsequent increase in the number of Live Table Gaming Positions at the existing Gaming Site in Gaming Zone E4 in excess of the maximum number of Live Table Gaming Positions established by OLG as set out in this RFPQ shall require the approval of OLG, in its sole and absolute discretion.

Applicants are advised that the number and type of Gaming Positions may also be subject to municipal conditions and approvals. In this regard, Applicants are advised that Ottawa City Council has passed a resolution in support of expanded gaming at the existing Gaming Site in Gaming Zone E4 subject to conditions including a limit of 1,250 Electronic Gaming Positions and 21 Live Table Games at the existing Gaming Site in Gaming Zone E4. The resolution and conditions are available for review at <http://app05.ottawa.ca/sirepub/item.aspx?itemid=303592>.

Figure 1
Map of Gaming Bundle 1 (Ottawa Area)



Gaming Bundle	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle	Maximum Number of Electronic Gaming Positions	Maximum Number of Live Table Gaming Positions
Ottawa area	1	E4: Includes the Rideau Carleton site	2,000	600

(2) Responsibilities

The Service Provider will be responsible for the operation of Gaming Zone E4. Primary responsibilities are expected to include but not be limited to:

- acquisition of improvements and gaming and related equipment, to the extent owned by OLG or an affiliate of OLG, related to the existing Gaming Site in Gaming Zone E4 which is estimated to be approximately CAD \$14 Million as well as payment of working capital and other closing adjustments;
- exclusive right to operate the existing Gaming Site located in Gaming Zone E4 for an initial term of approximately 20 years commencing on the execution and delivery of the Casino Operating and Services Agreement, with a process for extending the term for unlimited periods of 10 years each, subject to and in accordance with the provisions of the Casino Operating and Services Agreement;
- assumption of existing contracts in Gaming Zone E4, including the assumption of the Racetrack Premises Lease and the F&B Agreement for the Gaming Site in Gaming Zone E4;
- adherence to OLG Policies;
- assumption of existing employees in respect of Gaming Zone E4;
- subject to the Racetrack Premises Lease, the F&B Agreement, the Casino Operating and Services Agreement and OLG Policies, operation, expansion and/or reduction of non-gaming amenities at the Gaming Site in Gaming Zone E4; and
- subject to Section 2(4) of this Part 1, financing the activities noted above.

OLG believes that its current employees are an asset to the operation of the Gaming Site in Gaming Zone E4, and that existing employees should be smoothly transitioned to the Service Provider. During the RFP Process, OLG will provide a description of its detailed plans to ensure stability for OLG's employees and customers, including a requirement for the Service Provider to retain such transferred employees for a period of not less than 12 months.

Operation of the Gaming Site will be subject to regulatory approvals, ongoing regulatory assurances and continuing oversight by AGCO and, in accordance with legislative requirements, conduct and management of the gaming business and activities by OLG. Certain roles and responsibilities of OLG and the Service Provider are described in Part 4 – Roles and Responsibilities.

(3) Racetrack Premises Lease

As noted above, Gaming Zone E4 currently contains an existing Gaming Site. OLG has entered into the Racetrack Premises Lease with the Racetrack Site Owner to remain in the existing Gaming Site pursuant to such lease together with the F&B Agreement pursuant to which the

Racetrack Site Owner provides certain food and beverages services to the existing premises at the Gaming Site for the term of the Racetrack Premises Lease (with the tenant having the right to supply food and beverage services to these premises following the expiry of the first extension term of the Racetrack Premises Lease subject to and in accordance with the Racetrack Premises Lease).

The Racetrack Premises Lease and the F&B Agreement will be assigned to and assumed by the Service Provider concurrent with the execution and delivery by OLG and the Service Provider of the Casino Operating and Services Agreement. A copy of the Racetrack Premises Lease and the F&B Agreement will be made available in the data room established in connection with the RFP Process. Subject to applicable approval under the Planning Act (Ontario) being obtained, the Racetrack Premises Lease has an initial term running to March 2020 together with an automatic extension term of five years (subject only to certain conditions being met) and two additional extension terms (at option of the tenant) of six years and seven years, respectively. The tenant under the Racetrack Premises Lease has the right to terminate the lease during the second and third extension terms upon 12 months' prior written notice if governmental approvals are obtained to the relocation of the existing Gaming Site in Gaming Zone E4 in the City of Ottawa. The tenant under the Racetrack Premises Lease also has rights to supply food and beverage services to the existing premises at the Gaming Site following the expiry of the first extension term subject to and in accordance with the Racetrack Premises Lease and may also supply food and beverage services to any new development that it may undertake.

(4) Compensation Structure

General – All Gaming Revenue from a Gaming Site will flow into OLG bank accounts. Subject to the Casino Operating and Services Agreement, the OLG Policies, the Racetrack Premises Lease and the F&B Agreement, the Service Provider may operate non-gaming amenities in its discretion and will be entitled to all of the revenues generated from the non-gaming amenities.

OLG will pay the Service Provider a fee that is intended to provide a reasonable financial return to the Service Provider. This fee will include a fixed component and a variable component based on a percentage of Gaming Revenue generated above a threshold for the Gaming Bundle.

The compensation to the Service Provider is intended to allow the Service Provider, in accordance with the Casino Operating and Services Agreement, the OLG Policies, the Racetrack Premises Lease and the F&B Agreement, to optimize the costs of operating the Gaming Bundle, while meeting customer expectations and promoting sustained value-for-money for the Province. The Service Provider will be responsible for determining how to optimize the operational and capital expenses in the Gaming Bundle within the parameters of the Casino Operating and Services Agreement, the OLG Policies, the Racetrack Premises Lease and the F&B Agreement. OLG will be responsible for payments to the relevant municipalities and First Nations in accordance with applicable revenue sharing formulas. All other costs and expenses, including AGCO fees, relating to the Gaming Site will be for the account of the Service Provider.

Fixed Component of Fee – OLG intends to pay the Service Provider an aggregate fixed fee of approximately CAD \$18 Million per year for Gaming Bundle 1 (Ottawa Area). This fee will be

subject to an adjustment for inflation on an annual basis and is intended to approximately compensate for required maintenance, occupancy and non-discretionary operating costs.

The major non-discretionary operating costs of a Gaming Bundle consist of a portion of rental or lease payments, utilities, property taxes and the portion of employee salaries and benefits required to maintain basic operations and meet regulatory requirements.

Permitted Capital Expenditure Allowance – OLG intends to pay the Service Provider a permitted capital expenditure allowance of up to approximately CAD \$3.25 Million, per year for Gaming Bundle 1 (Ottawa Area). This allowance will be subject to an adjustment for inflation on an annual basis and is intended to approximately compensate for costs and expenses actually incurred in respect of the acquisition of gaming-related assets used in connection with a Gaming Site, subject to certain rights to accrue and carry forward any excess costs.

Variable Component of Fee – OLG intends to pay the Service Provider 70% of the annual Gaming Revenue (on both Electronic Games and Live Table Games) for Gaming Bundle 1 (Ottawa Area) over a specified annual threshold. All Gaming Revenue below the specified threshold will be retained by OLG.

Determination of Threshold – The annual threshold referred to above will be bid by the Successful Respondent as part of the competitive RFP Process. Prequalified Respondents will be expected to bid annual threshold amounts for Gaming Bundle 1 (Ottawa Area) for the number of years specified in the RFP, currently anticipated to be ten years, with the annual threshold for each subsequent year of the initial term of the Casino Operating and Services Agreement to be determined in accordance with the Casino Operating and Services Agreement. If Gaming Revenue for the Gaming Bundle in any given year is less than the annual threshold for that year, the Service Provider will be responsible to pay OLG an amount equal to the difference in accordance with the Casino Operating and Services Agreement. OLG may, in its discretion, establish a minimum annual threshold for bids during the RFP Process.

Fee Summary – In summary, OLG will pay the Service Provider:

- (i) an aggregate fixed fee of approximately CAD \$18 Million per year for Gaming Bundle 1 (Ottawa Area), subject to an annual adjustment for inflation, to approximately compensate for non-discretionary operating costs;
- (ii) a permitted capital expenditure allowance of up to approximately CAD \$3.25 Million per year for Gaming Bundle 1 (Ottawa Area), subject to an annual adjustment for inflation, to approximately compensate for costs and expenses actually incurred in respect of the acquisition of gaming-related assets used in connection with a Gaming Site; and
- (iii) a variable fee equal to 70% of annual Gaming Revenue (on all Electronic Games and Live Table Games) for Gaming Bundle 1 (Ottawa Area) above a specified annual threshold, which shall be the annual threshold as bid by the Successful Respondent as part of the competitive RFP Process.

The compensation structure will not create or imply a partnership between OLG and the Service Provider.

Hypothetical Example – The following example is given only to assist Applicants in their understanding of the proposed fee structure. The numbers used in the example are expressly not binding on OLG or indicative of the circumstances of Gaming Bundle 1 (Ottawa Area). Consider a hypothetical Gaming Site with CAD \$100 Million in Gaming Revenue and CAD \$20 Million in non-gaming revenue. For this hypothetical example, assume that OLG establishes a CAD \$10 Million fixed fee, a CAD \$5 Million permitted capital expenditure allowance, and that the Service Provider bids an annual threshold of CAD \$60 Million pursuant to the RFP Process, which forms part of its successful proposal. In this case, the Service Provider would receive:

- (i) CAD \$20 Million in non-gaming revenue;
- (ii) CAD \$10 Million from the fixed component of the fee;
- (iii) CAD \$5 Million permitted capital expenditure allowance, assuming the Service Provider has incurred applicable capital expenses of at least CAD \$5 Million; and
- (iv) CAD \$28 Million from the variable component of the fee, which is based on a 70% payment for the Gaming Revenue above the CAD \$60 Million annual threshold.

If Gaming Revenue at the Gaming Site increased by CAD \$10 Million, the Service Provider would receive an additional CAD \$7 Million from the variable component of the fee which is intended to compensate for the additional costs of serving those additional customers.

(5) Letter of Credit and Performance Security

Applicants are advised that the following letter of credit and performance security will be required under the RFP and the Transaction Agreements:

- The Successful Respondent is required to deliver a letter of credit (the “**Closing Letter of Credit**”) in the amount of CAD \$10 Million to OLG to secure various obligations under the RFP and the Transition and Asset Purchase Agreement.
- Prior to or concurrently with the execution and delivery of the Casino Operating and Services Agreement, the Closing Letter of Credit will be replaced by the Service Provider with a letter of credit in favour of OLG in an amount of \$12 Million (the “**Performance Letter of Credit**”), as security for, among other things, the payment and the performance by the Service Provider of certain obligations under the Transition and Asset Purchase Agreement and the Casino Operating and Services Agreement.

Section 3 Operating Context

(1) OLG's Conduct and Manage Role

Under any business or operating model used to implement the modernization of land-based gaming in Ontario, OLG will be the operating mind behind the delivery of gaming, and the service provider will be largely responsible for day-to-day operations of the Gaming Sites, in accordance with the Casino Operating and Services Agreement and the OLG Policies established by OLG. OLG will retain control over lottery and gaming, but will expect the Service Provider to adopt processes, subject to the Casino Operating and Services Agreement and the OLG Policies, for the operation of the Gaming Sites that could improve customer service, increase Gaming Revenue, and/or increase net profit to the Province. Administrative and operational responsibilities may be delegated to the Service Provider to the extent agreed and so far as is consistent with the conduct and manage requirement. Certain anticipated roles and responsibilities of OLG and the Service Provider for Gaming Bundle 1 (Ottawa Area) are described in Part 4 – Roles and Responsibilities.

(2) OLG Role as an Agency of the Crown in Right of Ontario

In addition to the *Criminal Code* and regulatory requirement for OLG conduct and management, as an agency of the Crown in Right of Ontario, OLG will ensure that all gaming in the Province of Ontario complies with applicable laws and regulations and supports government objectives through various measures, including the following:

- effective systems of internal control to ensure compliance with applicable legislated requirements and other contractual requirements; and
- implementation of procedures to satisfy privacy requirements, including instituting design methods and systems that adhere to the guidelines and best practices published by the Province.

The Service Provider will be required to comply with all applicable legislation and other regulatory requirements, including, without limitation:

- applicable legislation specific to the gaming industry in the Province, including the GCA, the OLGC Act, the *Criminal Code* of Canada and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*; and
- laws of general application (e.g. *Liquor Licence Act*, *Employment Standards Act*, *Occupational Health and Safety Act*, the *Labour Relations Act* and *Accessibility for Ontarians with Disabilities Act*).

Applicable legislation may also include statutes that uphold the public interest in selected areas of public policy and which OLG is bound to comply with and will, in turn, require the Service Provider to comply with. Examples of these statutes include, but are not limited to:

- FIPPA

- *French Language Services Act (Ontario)*
- *Anti-money laundering legislation*

OLG reserves the right to impose mandatory policies and procedures outside of the scope of the legislation noted above on the Service Provider as part of the OLG Policies.

(3) AGCO's Role in Regulating the Gaming Industry in Ontario

While OLG is the Crown corporation in Ontario responsible for the conduct and management of gaming (including lotteries, casinos, iGaming and related business activities), AGCO is the Crown agency in Ontario responsible for regulating these activities, gaming products of OLG, and suppliers of gaming and non-gaming services to OLG. AGCO is independent of OLG and reports to the Ministry of the Attorney General. AGCO carries out its independent role as a regulator of gaming in Ontario in five ways:

- registration of suppliers providing goods and services to OLG, including those suppliers who provide both gaming and non-gaming related goods and services to OLG and service providers;
- establishing standards and requirements for the conduct and management of gaming sites, lottery schemes and business related to a gaming site or lottery scheme, and for the goods or services related to such conduct, management or operation, as more fully described below;
- testing gaming equipment to ensure compliance with AGCO's standards and requirements;
- ensuring compliance with OLG's procedures governing the integrity of games, customer complaints and internal controls; and
- undertaking inspections to ensure compliance by suppliers and OLG with AGCO's standards and requirements.

As the gaming industry in Ontario has matured over the last few decades, AGCO has responded by developing a more strategic approach to regulating this sector. This approach is focused on risk assessment, standards setting and achieving compliance. Over the last few years, AGCO has included various elements of this approach in a number of its regulatory operations. For example:

- Risk-Based Registration (RBR) streamlines processes for registration (also called "licensing" in some jurisdictions) of suppliers and gaming assistants based on a risk assessment. A formalized risk assessment process ensures consistency, transparency and fairness for all applicants and provides for a faster, more streamlined registration process for lower risk applicants. More information about RBR is available at <http://www.agco.on.ca/en/pdfs/index.aspx>.

- Amendments made to the GCA in effect as of June 1, 2012, authorized the Registrar of Alcohol and Gaming to establish standards and requirements for suppliers. Standards and requirements are being established in collaboration with affected stakeholders and phased in over a period of time in close collaboration with gaming industry participants, to ensure the industry is well positioned to assume responsibility for compliance with the framework while benefitting from the increased flexibility provided. The standards and requirements relating to the conduct and management of gaming sites, lottery schemes and business related to a gaming site or lottery scheme, and for the goods or services related to such conduct, management or operation, will deal with:
- prohibiting or restricting certain persons from entering gaming sites or playing lottery schemes;
- the prevention of unlawful activities;
- surveillance, security and access related to gaming sites or lottery schemes;
- internal controls;
- the protection of assets, including money and money equivalents;
- the protection of players and responsible gaming; and
- the keeping of records, including financial records.

Standards are generally outcomes that are expected, with the supplier determining how it will achieve the standard. In simple terms, AGCO will specify the “desired outcome” (the standard) and the business enterprise will determine “how to achieve it” using control activities, entity level controls and other elements of a control environment. Requirements address risks for which greater attention is necessary. AGCO’s evolving approach aims to reduce targeted risks while increasing business/operational flexibility for OLG and gaming suppliers. This approach allows AGCO to focus its regulatory activities on higher risk priorities. The main objective is to create a regulatory system that is more responsive to market conditions and can better address the constant changes within the gaming industry. At the same time, the new system will ensure that AGCO continues to uphold its core responsibility to ensure gaming is operated in the public interest with honesty, integrity and social responsibility.

The standards and requirements will allow for more business flexibility by establishing a framework that allows gaming suppliers to be innovative and design the most efficient and cost effective approaches to achieving compliance while still ensuring that regulatory objectives such as protecting the public interest continue to be met.

AGCO will hold a workshop webinar on standards and requirements on the date set out in the Timetable in the RFPQ Information Sheet. AGCO will be available to discuss the standards and requirements and expectations of AGCO with individual Applicants on an “as requested” basis to provide opportunities for Applicants to understand the standards and requirements and

AGCO's expectations, and to provide the opportunity for Applicants to incorporate AGCO's approach into the Applicant's submissions as part of the RFPQ and, if selected as a Prequalified Respondent, the RFP Process.

(4) Responsible Gambling

OLG is mandated to promote responsible gambling. Its enterprise-wide RG program is defined by concrete objectives and delivered by the following program elements: employee training, player education, technology, treatment referral, research and stakeholder relations.

All program elements are informed by independent researchers and problem gambling experts. OLG co-designs and delivers its program with the RGC-O, CAMH, the Ontario Problem Gambling Research Centre, addictions counsellors across Ontario and the OPGH.

The following external standards will apply to OLG and OLG will support compliance with these standards by determining policies, program elements and internal and external reporting documentation and processes:

- Compliance with AGCO's responsible gambling regulatory standard.
- Accreditation with the RG Check Program. The RG Check Program is venue-based and comprised of eight (8) standards by which a venue will be assessed, each with corresponding criteria that provide detailed expectations. The scoring system assesses all criteria to create an overall score, avoiding "one item" focus. In order to receive accreditation with the RG Check Program, each venue must meet the following standards:
 - have responsible gaming policies in place that address problem gambling and are corporately supported and implemented;
 - have a well-managed and communicated Self-Exclusion program in place that facilitates access to counselling and other support;
 - commission advertising and promotion that does not mislead or misrepresent products or target potentially vulnerable patrons;
 - facilitate informed decision making by providing substantial and readily available information to enable patrons to make informed decisions;
 - provide assistance to patrons who may have problems with gambling;
 - provide access to money services in accordance with OLG Policies;
 - create venue and game design features that promote awareness of the passage of time, breaks in play and the responsible use of alcohol; and

- provide employee training so that staff members understand the importance of the RG Check Program and are knowledgeable about their role and OLG's expectations.
- Certification with the World Lottery Association's responsible gambling framework. To receive certification, the RG Check Program must be well established, reviewed regularly, audited, publically reported and updated from time to time, to ensure that service providers continue to support the integration of the principles of responsible gambling into their day-to-day operations. It must also be based upon and incorporate the following ten elements:
 - research;
 - employee training;
 - retailer program;
 - game design;
 - remote gaming channels;
 - advertising and marketing communications;
 - player education;
 - treatment referral;
 - stakeholder engagement; and
 - reporting, measurement and certification.

OLG will only engage service providers for either lottery or gaming services who comply with OLG's RG policies.

(5) Charitable Gaming

OLG has committed to ensuring the sustainability of bingo and charitable gaming in the Province ("**Charity Gaming Initiative**"). OLG's Charity Gaming Initiative focuses on the modernization of bingo gaming. Modernization involves supplementing traditional paper based bingo with electronic bingo devices (capable of playing bingo in parallel with paper bingo as well as independently) and adding various electronic versions of traditional ancillary bingo gaming activity (e.g. break open tickets, instant games, personal play games). Currently, there are 60 bingo halls throughout the Province, 31 of which have expressed an interest in participating in the Charity Gaming Initiative. In order to participate, bingo hall charities, operators and host municipalities all must agree to participate in the initiative.

Charitable gaming sites that do not participate in the Charity Gaming Initiative will continue to offer only paper-based bingo and related games and will continue to be licensed under

Section 207(1)(b) of the Criminal Code of Canada. OLG has a limited role in the operation of these paper-based bingo and related gaming activities. For those facilities that participate in the Charity Gaming Initiative, OLG will have responsibility to conduct and manage the gaming activities. These charitable gaming sites may offer the following products, as prescribed by Regulation 81/12 of the OLG Act:

- bingo using paper cards;
- bingo played on an electronic bingo device;
- instant games played on an electronic bingo device;
- break-open tickets played on an electronic bingo device;
- paper break-open tickets;
- break-open tickets sold by means of an electronic break-open ticket dispenser;
- lotteries using paper tickets; and
- raffles using paper tickets.

(6) Charitable Gaming Locations

Charitable gaming sites may operate in or near a number of Gaming Zones. Information on the 31 halls that have currently expressed an interest in participating in the Charity Gaming Initiative is set out in Part 6 – Charitable Gaming Sites Currently Intending to Participate in Charity Gaming Initiative. Applicants are advised that these facilities do not form part of the Gaming Sites referred to in this RFPQ and will not be included in any anticipated subsequent procurement process for the Gaming Sites.

With respect to the Ontario gaming market for both Gaming Sites that are part of the modernization of land-based gaming in Ontario and modernized charitable gaming sites, OLG will manage the provincial gaming market to meet all of its objectives. These objectives are based on government gaming policies and OLG will establish a process for the approval of any new gaming site, charitable or otherwise, to ensure that these objectives are met. Specific market considerations that will guide OLG's management of individual regional markets and the Province as a whole include, but are not limited to:

- consumer access to gaming sites and/or activity;
- size of available gaming market;
- existing and future estimated site/activity market penetration levels;
- number and types of sites and devices; and

- existing and expected future investments.

For clarity, selection as the Successful Respondent will not, in and of itself, grant any right to the Successful Respondent to operate a charitable gaming site or bingo hall. However, OLG would be prepared to consider proposals from the Successful Respondent who operates both a Gaming Site and a charitable gaming site or bingo hall to maximize efficiency between the operations for the benefit of charities, host municipalities, customers and OLG. These efficiencies could potentially relate to marketing, surveillance and other operational matters, subject to compliance with AGCO standards, the Casino Operating and Services Agreement and the OLG Policies.

(7) IGAMING

OLG has signed a contract with a service provider who has developed an internet gaming platform which was available for Province-wide play on January 8, 2015 (playolg.ca).

The Service Provider may be offered a white label internet gaming site or affiliate relationship based on the internet gaming solution conducted and managed by OLG. The specific details surrounding any such arrangement between OLG and the Service Provider would, if implemented, be developed in a separate internet services agreement. This agreement would include (among other things) the identification of the minimum revenue generation thresholds, costs for the use of the OLG gaming solution established, and marketing related arrangements in order to qualify for a white label or affiliate opportunity.

This RFPQ does not bind or commit OLG in any way whatsoever to enter into such internet services agreement with the Service Provider.

PART 2

PREQUALIFICATION RESPONSE REQUIREMENTS

PART 2

PREQUALIFICATION RESPONSE REQUIREMENTS

Section 1 Evaluation Objectives

OLG is seeking to identify Prequalified Respondents who, through their experience, demonstrate the capabilities that are relevant to Gaming Bundle 1 (Ottawa Area) in the areas of gaming, property development and financing.

OLG will evaluate Prequalification Responses based on the Applicant's demonstrated capabilities and the relevance of those capabilities to the opportunity in Gaming Bundle 1 (Ottawa Area).

Section 2 Prequalification Response Forms

As part of its Prequalification Response, each Applicant will complete and execute the Prequalification Response Forms (including any Appendices thereto) attached as Part 9 to this RFPQ.

Section 3 Applicant's Structure and Team

(1) Roles and Responsibilities of Applicant and Key Individuals

Please provide the information requested below. A table showing the weight for Rated Requirements is provided in Section 7 of this Part 2.

Informational Requirements (Not Rated)

- (a) A brief description, in chart format, of the proposed overall Applicant structure, having reference to Section 3(1)(b) of this Part 2 and identifying the single point of contact with OLG and, as applicable, the names of the Applicant, Team Members and/or Joint Venture Participants, including all direct and indirect ownership interests in the Applicant, Prime Team Members and/or Joint Venture Participants (provided that if a direct or indirect owner is publicly owned, it is only necessary to identify those individuals or entities that own or control at least 5% of the outstanding voting shares). Applicants should identify next to each name on the chart whether that name is the Applicant, a Prime Team Member or Joint Venture Participant.
- (b) Description of the roles for each of the Applicant, Team Members and/or Joint Venture Participants. Specifically, identify the Applicant (if a single entity), the single Prime Team Member and/or single Joint Venture Participant, as applicable, that will assume the lead role for each of the 3 functions set out below (the "**Lead Entity**"). It is acknowledged that a single Lead Entity may be the lead for more than one function:

- (i) gaming operations for all of the Gaming Sites (including responsibility for the Gaming Site operational and marketing plan and meeting Gaming Site performance targets, providing direction to senior Gaming Site staff, ensuring customer service, staff development, operational efficiencies and operational excellence (collectively, “**Gaming Operations Responsibilities**”));
 - (ii) property development for all of the Gaming Sites (including responsibility for implementing any Gaming Site relocation or redevelopment that may be contemplated (collectively, “**Property Development Responsibilities**”)); and
 - (iii) financing for all of the Gaming Sites (including responsibility for obtaining the up-front financing for significant capital investments (collectively, “**Financing Responsibilities**”)).
- (c) Identify the single Key Individual who will have operational responsibility and decision-making authority for Gaming Bundle 1 (Ottawa Area) in each of the 5 areas set out below (the “**Lead Key Individual**”). It is acknowledged that a single Lead Key Individual may have operational responsibility and decision-making authority for more than one area:
 - (i) Gaming Operations Responsibilities;
 - (ii) Property Development Responsibilities;
 - (iii) Financing Responsibilities;
 - (iv) marketing for all of the Gaming Sites (including responsibility for Gaming Site marketing plan and meeting performance targets, providing direction to senior Gaming Site staff, including monitoring, review and approval of site marketing budgets in accordance with the Gaming Site strategic plan); and
 - (v) non-gaming operations for all of the Gaming Sites (including responsibility for non-gaming amenities operational plan, overall performance targets for non-gaming amenities, providing direction to senior Gaming Site staff on the non-gaming aspects of the Gaming Site and the relationship between gaming and non-gaming offerings to maximize Gaming Site performance).
- (d) A list of all names under which the Applicant, Team Members and/or Joint Venture Participants and Persons related to them are carrying on business in any jurisdiction and a description of the businesses carried on by such Persons, directly or indirectly in any jurisdiction.

Rated Requirements

- (e) For each Lead Entity listed in Section 3(1)(b) of this Part 2, provide a description of specific examples of experience in relation to their corresponding responsibility. Identify the extent to which the Lead Entities have previously worked together, in the context of both gaming and non-gaming business ventures. Include a brief description of the nature of the work and the length of time spent working together.
- (f) For each Lead Key Individual listed in Section 3(1)(c) of this Part 2, provide a resumé that includes specific examples of experience in relation to their corresponding responsibility. Identify the extent to which the proposed Lead Key Individuals have previously worked together, in the context of both gaming and non-gaming business ventures. Include a brief description of the nature of the work and the length of time spent working together.

Section 4 Gaming Experience

(1) Examples of Operating Relevant Gaming Sites

- (a) The Applicant should provide three examples of gaming site operations relevant to the opportunity in Gaming Zone E4 in Gaming Bundle 1 (Ottawa Area).

Applicants are advised that if more than three examples of gaming site operations are provided, only the first three examples (in the order given) will be considered.

- (b) The gaming site used in each example:
 - (i) must either be currently operating or have been operated within the 5 years immediately preceding the Submission Deadline; and
 - (ii) must relate to the experience of the Lead Entity that will play the lead role in Gaming Operations Responsibilities or the Lead Key Individual who will have operational responsibility and decision-making authority for Gaming Operations Responsibilities.

For example, if an Applicant names ABC Corporation as the Lead Entity that will play the lead role in Gaming Operations Responsibilities and Joe Smith as the Lead Key Individual who will have operational responsibility and decision-making authority for Gaming Operations Responsibilities, then the three examples of gaming site operations provided by the Applicant in response to this Section 4(1), must relate to the experience of either ABC Corporation or Joe Smith.

- (c) Applicants are advised that the quality and depth of the experience of each Lead Entity or Lead Key Individual will be taken into account in the evaluation of each of the Rated Requirements. If the Lead Entity is a newly formed entity, examples

of gaming site operations must relate to the experience of the Lead Key Individual who will have operational responsibility and decision-making authority for Gaming Operations Responsibilities.

- (d) For each of the three examples of operating experience provide the following:

Informational Requirements (Not Rated)

- (i) Name of Lead Entity or Lead Key Individual responsible for Gaming Operations Responsibilities;
- (ii) Name of gaming site;
- (iii) Type of facility (e.g. slots-only facility, casino at racetrack, resort casino, etc.);
- (iv) The number of Electronic Games;
- (v) The number of Live Table Games;
- (vi) Description of the non-gaming amenities managed alongside the gaming operations, including but not limited to, hotels, food and beverage services, racetracks, retail/commercial facilities, entertainment centres and conference facilities. The description should include:
 - (A) the number and type of non-gaming amenities; and
 - (B) the gross revenue from the non-gaming amenities and the percentage of total site revenues (including Gaming Revenue) generated by each of these non-gaming amenities (for each of the 5 most recent years);
- (vii) Indication of whether the site was a new start-up or an assumption of an existing site;
- (viii) Graphic illustrations, drawings and/or photographs; and

Rated Requirements

- (ix) Role of Lead Entity and Lead Key Individual: The Applicant should provide a full description of the roles of each of the Lead Entity identified in Section 3(1)(b)(i) of this Part 2 or Lead Key Individual identified in Section 3(1)(c)(i) of this Part 2 in the examples of gaming site operations provided, including the period of time that the Lead Entity or Lead Key Individual, as applicable, performed such role (including opening date and closing date of the site, if applicable).

- (x) Relevance of the Gaming Operations to Gaming Bundle 1 (Ottawa Area): The Applicant should describe how the gaming offering (e.g. scale, type, mix, including both Electronic Games and Live Table Games) at this site is relevant to the opportunity in Gaming Bundle 1 (Ottawa Area) by discussing the similarities with respect to the Gaming Zone within Gaming Bundle 1 (Ottawa Area) for which the example has been provided with reference to the following:
 - (A) the size and scope of the gaming offering (e.g. scale, type, mix, including both Electronic Games and Live Table Games); and
 - (B) the market size, demographics of the customer base and tourism dynamics.
- (xi) Operational Environment: The Applicant should describe the following with respect to each of the examples of gaming site operations provided:
 - (A) the competitive dynamics of the market, specifically referring to competing gaming sites;
 - (B) the licensing and regulatory regime of the jurisdiction in which the gaming site operates. Specifically address the division of roles and responsibilities between the applicable jurisdiction and the service provider with reference to Part 4 – Roles and Responsibilities, to the extent applicable; and
 - (C) the effective gaming win tax rate (i.e. the share of Gaming Revenue retained by the jurisdiction in which the gaming site operates, including both fixed license fees and variable win taxes, as applicable) and how this win tax rate impacted decisions regarding gaming operations.

For each of Section 4(1)(d)(xii)(A), (B) and (C), the Applicant should describe the similarities to, and differences from, the opportunity in Gaming Bundle 1 (Ottawa Area), including with respect to Section 4(1)(d)(xii)(B), with reference to Ontario's conduct and manage approach. Where differences exist, the Applicant should describe how those differences affect gaming operations.

- (xii) Relevance of the Non-Gaming Operations to Gaming Bundle 1 (Ottawa Area): The Applicant should describe how the size and scope of the non-gaming amenities (e.g. food and beverage, hotel, theatre) offered at this site are relevant to the opportunity in Gaming Bundle 1 (Ottawa Area). The Applicant should demonstrate the relevance of this experience to Gaming Bundle 1 (Ottawa Area) by discussing the similarities with respect to Gaming Zone E4 with reference to the following:

- (A) the market size, demographics of the customer base and tourism dynamics;
 - (B) the competitive dynamics of the market, specifically relating to competing non-gaming amenities such as food and beverage, hotel and entertainment options, as applicable, including how the non-gaming amenities offered at this site were integrated into the surrounding local businesses and community; and
 - (C) how the non-gaming amenities were designed and operated in order to complement the gaming site and increase Gaming Revenue.
- (xiii) Performance of the Gaming Site: The Applicant should demonstrate the performance of the gaming site over the most recent 5 year period of operations during which the Lead Entity or Lead Key Individual, as applicable, operated the site (or over such shorter period if the gaming site has been in operation for less than 5 years) by completing the following table:

Performance metric	Year 1	Year 2	Year 3	Year 4	Year 5
Year					
Gaming Revenue from Electronic Games					
Gaming Revenue from Live Table Games					
Site Operating Cost as a Percentage of Total Revenue					
Gaming Return on Assets					

The Applicant should provide an explanation for the reasons behind the trend in each of the three metrics listed below, including the operational steps taken to improve the trend, the rationale behind the steps taken and the impact of external market forces. The metrics are as follows:

- (A) Gaming Revenue from Electronic Games and Live Table Games trend;
- (B) Site Operating Cost as a percentage of Total Revenue trend; and
- (C) Gaming Return on Assets trend.

(2) Operating Capabilities

Rated Requirements

- (a) **Revenue Growth:** Describe three strategies used to grow Gaming Revenue and demonstrate the effectiveness of these strategies. Applicants are advised that if more than three strategies are provided, only the first three strategies (in the order given) will be considered. The strategies described may be corporate level strategies or strategies used in the examples of gaming experience provided by the Applicant in Section 4(1) of this Part 2. For each strategy described, Applicants should specify whether the strategy is a corporate level strategy or whether it relates to a specific example of gaming experience provided by the Applicant in Section 4(1) of this Part 2, and if the latter, the name of the applicable gaming site should be provided. Describe the results of these strategies and whether or not the results were sustainable. Include in your response a description of how each of these strategies could be applied to the opportunity in Gaming Zone E4 in Gaming Bundle 1 (Ottawa Area).
- (b) **Cost Efficiencies:** Describe three strategies used to realize cost efficiencies and demonstrate the effectiveness of these strategies. Applicants are advised that if more than three strategies are provided, only the first three strategies (in the order given) will be considered. The strategies described may be corporate level strategies or strategies used in the examples of gaming experience provided by the Applicant in Section 4(1) of this Part 2. For each strategy described, Applicants should specify whether the strategy is a corporate level strategy or whether it relates to a specific example of gaming experience provided by the Applicant in Section 4(1) of this Part 2, and if the latter, the name of the applicable gaming site should be provided. Describe the results of these strategies and whether or not the results were sustainable. Include in your response a description of how each of these strategies could be applied to the opportunity in Gaming Zone E4 in Gaming Bundle 1 (Ottawa Area).

(3) Critical Criteria

- (a) The Applicant should describe the following capabilities and provide one example for each of Section 4(3)(f)(ii) to Section 4(3)(f)(v) of this Part 2 to substantiate any statements. Applicants are advised that if more than one example for each of Section 4(3)(f)(ii) to Section 4(3)(f)(v) is provided, only the first example (in the order given) will be considered in each case.
- (b) The examples used by the Applicant must relate to experience of the Lead Entity that will play the lead role in Gaming Operations Responsibilities or the Lead Key Individual who will have operational responsibility and decision-making authority for Gaming Operations Responsibilities. For example, if an Applicant names ABC Corporation as the Lead Entity that will play the lead role in Gaming Operations Responsibilities and Joe Smith as the Lead Key Individual who will

have operational responsibility and decision-making authority for Gaming Operations Responsibilities, then the examples provided by the Applicant in response to this Section 4(3), must relate to the experience of either ABC Corporation or Joe Smith.

- (c) Applicants are advised that the quality and depth of the experience of each Lead Entity or Lead Key Individual will be taken into account in the evaluation of each of the Rated Requirements. If the Lead Entity is a newly formed entity, examples used for the purpose of this Section 4(3) must relate to the experience of the Lead Key Individual who will have operational responsibility and decision-making authority for Gaming Operations Responsibilities.
- (d) Applicants are advised that:
 - (i) the experience described in this section does not necessarily have to relate to the three examples of gaming experience used by the Applicant in Section 4(1) of this Part 2; and
 - (ii) examples used for Section 4(3)(f)(ii), Section 4(3)(f)(iv) and Section 4(3)(f)(v) may relate to corporate level strategies.
- (e) If the Applicant chooses to reference a gaming site other than the three examples used in Section 4(1) of this Part 2, the gaming site should either be currently operating or have been operated within the 15 years immediately preceding the Submission Deadline and the Applicant should provide the information required in Section 4(1)(d)(i) to Section 4(1)(d)(ix) of this Part 2, inclusive, for each such example.
- (f) The following capabilities will be rated:

Rated Requirements

- (i) Role of Lead Entity and Lead Key Individual: The Applicant should provide a full description of the roles of the Lead Entity identified in Section 3(1)(b)(i) of this Part 2 or Lead Key Individual identified in Section 3(1)(c)(i) of this Part 2 in the examples given for each of the capabilities set out in Section 4(3)(f)(ii) to Section 4(3)(f)(v) of this Part 2, including the period of time that the Lead Entity or Lead Key Individual, as applicable, performed such role.
- (ii) Employee Engagement: Describe measures used to manage employee engagement, including tools used to measure employee engagement and the specific actions taken as a result of these measures.
- (iii) Transition Experience: Describe approach to and demonstrate the effectiveness of managing the transition of operations at an acquired gaming site with respect to each of the following:

- (A) general transition planning and execution;
- (B) transition of employees to new employer;
- (C) customer communication and management; and
- (D) information technology transition and integration of systems.

For clarity, the name of the acquired gaming site should be provided by the Applicant and, unless such information has already been provided by the Applicant pursuant to Section 4(1) of this Part 2, the Applicant should provide the information required in Section 4(1)(d)(i) to Section 4(1)(d)(ix) of this Part 2 with respect to such acquired gaming site.

- (iv) Responsible Gambling: Describe the approach to responsible gambling by providing a description of the following:
 - (A) overview of the responsible gambling programs and initiatives implemented;
 - (B) methods to measure the success of responsible gambling programs;
 - (C) steps taken to ensure responsible gambling programs are current; and
 - (D) steps taken to communicate the details of the responsible gambling programs to customers.
- (v) Union Interactions: Describe experience working with employee unions in the past, including the names of such unions and the specific strategies taken to improve the interactions with these unions.
- (vi) First Nations Experience: The Applicant should describe any relationships and interactions with First Nations or First Nations communities and provide one example of First Nations experience which includes the information set out below. The example used by the Applicant may relate to the experience of the Applicant, any Prime Team Member, any Joint Venture Participant or any Key Individual. Applicants are advised that the quality and depth of the experience of each such Person will be taken into account in the evaluation of each of the Rated Requirements. Note that it is not necessary for First Nations experience to be limited to the operation of a gaming site. For the example provided, include the following:
 - (A) the name and location of the First Nations;
 - (B) the nature of the past working or contractual relationship;

- (C) the current status of the commercial relationship;
- (D) any unique aspects of the relationship;
- (E) any community economic development; and
- (F) a demonstration of cross-cultural understanding, as evidenced by hiring and development training practices and community relationships.

Section 5 Property Development Experience

(1) Examples of Property Development Experience

- (a) The Applicant should provide three examples of property development experience with respect to development projects relevant to the opportunity in Gaming Zone E4 within Gaming Bundle 1 (Ottawa Area).

Applicants are advised that if more than three examples of property development experience are provided, only the first three examples (in the order given) will be considered.

- (b) The capital cost of the examples of property development experience provided by the Applicant should be at least the same as the anticipated capital cost of the development of Gaming Zone E4, in the case of the three examples provided by the Applicant relevant to the opportunity in Gaming Zone E4.
- (c) The examples of property development experience used by the Applicant:
 - (i) must relate to development projects that have been completed (i.e. development projects that are or were ready for use or that are or were being used for the purposes intended) within the 15 years immediately preceding the Submission Deadline); and
 - (ii) must relate to the experience of the Lead Entity that will play the lead role in Property Development Responsibilities or the Lead Key Individual who will have operational responsibility and decision-making authority for Property Development Responsibilities.

For example, if an Applicant names ABC Corporation as the Lead Entity that will play the lead role in Property Development Responsibilities and Joe Smith as the Lead Key Individual who will have operational responsibility and decision-making authority for Property Development Responsibilities, then the three examples of property development experience provided by the Applicant in response to this Section 5(1), must relate to the experience of either ABC Corporation or Joe Smith.

- (d) Applicants are advised that the quality and depth of the experience of each such Lead Entity or Lead Key Individual will be taken into account in the evaluation of each of the Rated Requirements. If the Lead Entity is a newly formed entity, examples of property development experience must relate to the experience of the Lead Key Individual who will have operational responsibility and decision-making authority for Property Development Responsibilities.
- (e) For each of the three examples provide the following:

Informational Requirements (Not Rated)

- (i) Name of Lead Entity or Lead Key Individual responsible for the project;
- (ii) Project name;
- (iii) A brief description of the property type, location, size and current status;
- (iv) Commencement and completion date of the project (if applicable);
- (v) New build or retrofit;
- (vi) Graphic illustrations, drawings and/or photographs; and

Rated Requirements

- (vii) Role of Lead Entity and Lead Key Individual: The Applicant should provide a full description of the roles of the Lead Entity identified in Section 3(1)(b)(ii) of this Part 2 or Lead Key Individual identified in Section 3(1)(c)(ii) of this Part 2 in the examples of relevant property development experience provided, including the period of time that the Lead Entity or Lead Key Individual, as applicable, performed such role.
- (viii) Capital Cost and Type of Property: Describe how the similarities in the capital cost and type of development (gaming or non-gaming) in each example of property development experience provided is relevant to the opportunity in Gaming Zone E4 within Gaming Bundle 1 (Ottawa Area). For non-gaming projects, specifically discuss the similarities of each example of property development experience provided to a gaming site development;
- (ix) Design and Integration: Describe how each example of property development experience provided was designed with regard to the local competitive landscape, market environment and consumer preferences and how the development was integrated into the local community. For examples of property development experience that include a gaming site, specifically discuss the design choices around the gaming floor layout, back-of-house design and non-gaming amenities and how they were

influenced by the local competitive landscape, market environment and consumer preferences. Include in your response a description of how the design and integration of the development is relevant to the opportunity in Gaming Zone E4 in Gaming Bundle 1 (Ottawa Area).

- (x) **Stakeholder Management:** Name the key stakeholder(s) and describe the strategies used to manage key stakeholder(s) (e.g. federal, provincial, state, regional and municipal governments and regulatory agencies) in the context of the property development project. Describe a key challenge that arose with the key stakeholder(s) and explain how the challenge was managed and resolved. Include in your response a description of how these stakeholder management experiences are relevant to the opportunity in Gaming Zone E4 in Gaming Bundle 1 (Ottawa Area).
- (xi) **Performance of the Property Development Project:** The Applicant should demonstrate its performance in delivering each property development project by describing how the project was delivered on time, within budget and in accordance with the original specifications. Describe strategies implemented to ensure projects were completed on-time, within budget and in accordance with the original specifications. Provide evidence to substantiate your claims and explain any variance between the planned and realized schedule, budget and specifications.

Section 6 Financing Experience

(1) Examples of Financing Experience

- (a) The Applicant should provide three examples of financing experience relating to any of the acquisition, development or capital improvement of a property or project or the refinancing of any such financing. Applicants are advised that if more than three examples of financing experience are provided, only the first three examples (in the order given) will be considered.
- (b) The examples of financing experience used by the Applicant:
 - (i) must relate to financing experience within the 15 years immediately preceding the Submission Deadline; and
 - (ii) must relate to the experience of the Lead Entity that will play the lead role in Financing Responsibilities or the Lead Key Individual who will have operational responsibility and decision-making authority for Financing Responsibilities.

For example, if an Applicant names ABC Corporation as the Lead Entity that will play the lead role in Financing Responsibilities and Joe Smith as the Lead Key Individual who will have operational responsibility and decision-making authority for Financing Responsibilities, then the three examples of financing experience

provided by the Applicant in response to this Section 6(1), must relate to the experience of either ABC Corporation or Joe Smith.

- (c) Applicants are advised that the quality and depth of the experience of each Lead Entity or Lead Key Individual will be taken into account in the evaluation of each of the Rated Requirements. If the Lead Entity is a newly formed entity, examples of financing experience must relate to the experience of the Lead Key Individual who will have operational responsibility and decision-making authority for Financing Responsibilities.
- (d) For each of the three examples, provide the following:

Informational Requirements (Not Rated)

- (i) Name of Lead Entity or Lead Key Individual responsible for the financing;
- (ii) A brief description of the purpose of the financing, including the type of project; and
- (iii) A description of the type of financing including source of financing, structure and term.

Rated Requirements

- (iv) A full description of the roles of the Lead Entity identified in Section 3(1)(b)(iii) of this Part 2 or Lead Key Individual identified in Section 3(1)(c)(iii) of this Part 2 in the examples of relevant financing experience provided, including the period of time that the Lead Entity or Lead Key Individual, as applicable, performed such role.
- (v) The amount of financing raised. Preference will be given to examples of financings where CAD \$50 Million or more was raised. A greater number of points will be awarded to examples of financings that exceed CAD \$50 Million based on the extent to which the financing exceeds CAD \$50 Million.
- (vi) The date the financing was closed/committed. Preference will be given to examples of financings where the closing date or commitment date was between January 2011 and the Submission Deadline.

(2) Letters from Financial Institutions

Applicants should demonstrate their ability to provide the required Closing Letter of Credit and Performance Letter of Credit by providing evidence in the form of support letters from one or more Approved LC Issuers or by reference to any Prime Team Member's financial strength and ability to arrange the required letters of credit or other applicable supporting information.

Section 7 Summary of Overall Requirements and Weighting

Requirements	Weighting
Part 2, Section 2 – Prequalification Response Forms	Pass/Fail
Part 2, Section 3 – Applicant’s Structure and Team	5%
Part 2, Section 4 – Gaming Experience	55%
Part 2, Section 4(1) – Examples of Operating Relevant Gaming Sites	35%
Part 2, Section 4(2) – Operating Capabilities	10%
Part 2, Section 4(3) – Critical Criteria	10%
Part 2, Section 5 – Property Development Experience	25%
Part 2, Section 6 – Financing Experience	15%
TOTAL POSSIBLE WEIGHT	100%

PART 4
ROLES AND RESPONSIBILITIES

Part 4

ROLES AND RESPONSIBILITIES

OLG is mandated to conduct and manage gaming in the Province. To fulfill this mandate, OLG is required to retain control over critical and strategic decision-making, including, with respect to strategic planning, risk management and audit, financial management, customer management, operational management, information management and information technology. The Service Provider may carry out operational functions as a service provider to OLG, but cannot be or be seen to be conducting and managing a “lottery scheme”.

In general, OLG will expect the Service Provider to recommend site-specific strategies to OLG that improve the customer experience, increase Gaming Revenue and increase net profit to the Province. In addition, the Service Provider will be expected to optimize Gaming Site operational processes within the parameters determined and established by OLG. Provisions with respect to these matters and the other matters referred to in this Part 4 will be included in the Casino Operating and Services Agreement to be entered into between the Service Provider and OLG, and the OLG Policies. Set out below is a summary of the anticipated key roles and responsibilities of OLG and the Service Provider.

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Strategic Planning – OLG will (a) define the Gaming Zones for the Province; (b) set the maximum number of gaming positions (subject to applicable governmental approval) permitted at Gaming Sites and within Gaming Zones; (c) define responsible gambling policies and programs; and (d) define and maintain OLG brands and approve any Casino brands of the Service Provider.		
Service/Channel Strategy	<p>OLG will determine the initial number of Gaming Zones and Gaming Sites (including charitable gaming facilities) permitted in the Province. Subject to various limitations and exceptions, OLG will have control over, among other things, the establishment new Gaming Zones, the modification of the boundaries of then-existing Gaming Zones, the establishment of new Gaming Sites, the closure of any then-existing Gaming Sites, increases in the maximum number of gaming positions permitted within a Gaming Zone, and various other operational and strategic aspects of the conduct of gaming in the Province.</p> <p>OLG will also determine when and how to bundle Gaming Zones together to be operated by a single service provider.</p> <p>To encourage a competitive marketplace, OLG will establish (i) limits on the number of</p>	<p>In cooperation with OLG, Service Provider will formulate site specific strategies.</p> <p>Within parameters established by OLG, the Service Provider will be expected to optimize operational processes and gaming revenue generation.</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	Electronic Gaming Positions and (ii) limits on the number of Gaming Bundles, in each case, permitted to be operated by a Service Provider (or persons related to such Service Provider) in the Province.	
Product Strategy	<p>Subject to any other government approvals required for the introduction of Live Table Games, based on various strategic and other considerations, OLG will set the maximum number of gaming positions permitted in each Gaming Zone, as well as maximum betting limits for Live Table Games and maximum denominations for Electronic Games.</p> <p>OLG will manage the approved gaming equipment lists and will have certain approval rights over modifications proposed to such lists by the Service Provider.</p>	Within the OLG Policies established by OLG, the Service Provider will select exact gaming products from the approved gaming equipment lists to offer at the Gaming Site.
Responsible Gambling	OLG will establish and enforce Province-wide responsible gaming policies and programs, including establishing maximum customer user time and spend limits in respect of Electronic Games, to implement AGCO standards and achieve corporate goals for responsible gambling leadership.	The Service Provider comply with OLG direction in implementing and supporting responsible gambling practices and programs at the Gaming Site.
Enterprise (OLG) Brand	<p>OLG will define and maintain an enterprise-wide brand under which it will manage active customer engagement and support in various areas including, but not limited to, responsible gambling and game integrity. OLG will have an approval right over any brand related to the Casino developed by the Service Provider.</p> <p>OLG will define various policies for identification of OLG's enterprise-wide brands, including mandatory requirements the Service Provider must comply with in respect of OLG trademark usage. OLG will have various approval rights over advertising and marketing products and activities proposed to be carried out by or on behalf of the Service Provider.</p>	Service Provider will follow OLG direction as required to enable the delivery of these corporate brands at each Gaming Site and in all marketing materials.

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Risk Management and Audit – OLG (a) will establish risk management policies for service providers; (b) may perform its own audits and investigations; (c) will establish or require the establishment of policies for fraud and collusion/third party detection; (d) will establish or require the establishment of an anti-money laundering compliance program for the Service Provider to permit OLG to comply with its obligations under anti-money laundering laws; and (e) may perform ongoing monitoring and periodic audits of the Service Provider.		
Risk Management	<p>OLG will maintain broad involvement, oversight and/or approval rights in respect of various risk management capabilities, particularly with respect to the protection of customers and OLG stakeholders. Such risk management capabilities will include, among other things, disaster recovery, business continuity and fraud protection.</p> <p>OLG will establish or require the establishment of various risk management policies and procedures and will collaborate with the Service Provider to protect against, identify and resolve certain business and/or technology risks.</p>	<p>In consultation with OLG, Service Provider will develop risk management capabilities and controls that are suitable to protect their own business interests, including disaster recovery, business continuity and fraud protection, all consistent with the OLG Policies to be established by OLG. In addition, the Service Provider may be required to assist OLG with its own business continuity plans, including disaster recovery plans.</p>
Investigations	<p>In addition to other rights of audit and inspection, OLG may perform investigations associated with prize claims, certain customer care matters and incidents of non-compliance by the Service Provider, etc.</p>	<p>The Service Provider will provide information and assistance as may be reasonably required by OLG to conduct such audits, investigations, and inspections.</p>
Fraud and Collusion	<p>OLG will establish or require the establishment of various policies and procedures for fraud and collusion/third party detection and monitor procedural and technology based controls to prevent fraud and money laundering through gaming and account management transactions.</p> <p>OLG will require the Service Provider to provide regular reports on any actual or suspected fraud or collusion activity.</p> <p>OLG will have the right to audit and inspect the Service Provider's compliance with all policies, including by leveraging Service Provider reports and transaction data.</p>	<p>The Service Provider will facilitate the implementation of all such policies and procedures, and will comply with all OLG requirements for reports or other information.</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Anti-Money Laundering	<p>OLG will establish or require the establishment of an anti-money laundering compliance program required to be implemented and complied with by the Service Provider. Such program will, among other things, be designed to allow OLG to comply with its obligations under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).</p> <p>OLG will maintain access to anti-money laundering reports through its central gaming management system and will be responsible for submitting the reports directly to FINTRAC.</p>	<p>The Service Provider will comply with the OLG Policies, including the AML compliance program and other related anti-money laundering policies.</p> <p>Service Provider will use OLG-approved mandatory software to prepare and supply to OLG all anti-money laundering reports as required under the OLG Policies.</p>
Auditing	<p>In addition to ongoing monitoring of operations through control of management information, OLG will be entitled to regularly audit and inspect the Service Provider to, among other things, confirm that it meets all applicable commercial standards, the OLG Policies and contractual obligations.</p> <p>OLG will regularly audit the Service Provider to ensure it meets all regulatory requirements and standards.</p>	<p>Service Provider will actively participate and cooperate as required with all audits and inspections and respond to findings with appropriate action plans. OLG's rights of audit and inspection will not limit or derogate from the Service Provider's obligation to comply with all of its contractual obligations, regulatory requirements and all other applicable law.</p>
Financial Management – OLG and its authorized agents will (a) control all gaming-related funds through ownership of bank accounts; (b) establish or require the establishment of anti-fraud and other financial and risk management policies; and (c) have broad oversight (including audit and inspection rights), control and/or approval rights over various financial reporting and performance metrics and risk management considerations.		
Revenue Reporting	<p>OLG will control all financial transaction information and other information required to calculate and reconcile gaming revenue and related calculations, as defined by OLG, based on transaction and other game play data and information transmitted through the GMS.</p> <p>OLG will be entitled to regularly perform analyses and conduct checks to verify the accuracy of all financial data.</p>	<p>All transaction and game play data and information will flow directly to OLG from the Service Provider systems.</p> <p>The Service Provider will independently reconcile Gaming Revenue from the Gaming Sites within the Gaming Bundle for the Service Provider's own accounting purposes.</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	OLG will have the ability to integrate and reconcile all financial transactions related to Gaming Revenue across its service provider network.	
Control of Funds	All Gaming Revenue will be deposited into OLG bank accounts. The Service Provider will receive its fee from OLG in accordance with the agreed compensation structure.	Service Provider will execute processing of customer payments into OLG bank accounts. Service Provider will maintain adequate cash on hand to maintain operations. Service Provider will be responsible for paying all operating expenses.
Policies and Thresholds	OLG will create policies for planning, budgeting and reporting. In addition, OLG will have certain approval rights over the Service Provider's business and marketing plans.	Service Provider will comply with the OLG Policies, including those related to planning, budgeting and reporting.
Monitoring and Auditing	OLG will be entitled to report various financial data and information to the public and its various stakeholders. OLG will be entitled to receive and review audited financial statements of the Service Provider (prepared in accordance with Canadian generally accepting accounting principles (which include International Financial Reporting Standards)) and other financial and performance reports relating to operations;	Service Provider will supply financial reports, including audited financial statements, to OLG based on requirements in the Casino and Operating Services Agreement and the OLG Policies. In certain circumstances the Service Provider will be required to obtain and deliver to OLG certain financial statements and other information relating to parent entities within its corporate group.

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Financial Planning	<p>OLG will be entitled to assess the ongoing viability of the Service Provider (including capital planning, liquidity and credit, etc.) and key financial risks.</p> <p>OLG may participate in operator financial control activities, including annual financial planning and budgeting processes.</p>	<p>The Service Provider will provide annual business plans to OLG, certain items of which will be subject to approval by OLG. In addition, the Service Provider will be required to prepare financial reports and outlooks for OLG on an ongoing basis.</p> <p>The Service Provider will supply information necessary to assess ongoing viability to OLG in accordance with pre-defined requirements.</p>
Capital Ownership and Management	<p>OLG will establish a portion of the operating fee to be designated for non-discretionary capital maintenance. For clarity, with respect to Gaming Bundle 1 (Ottawa Area), the portion of the operating fee designated for non-discretionary capital maintenance is referred to in Section 2(5) of Part 1 – Background Information.</p> <p>OLG will have approval rights with respect to gaming site relocations, expansions, closures and similar changes.</p>	<p>The Service Provider will supply and maintain all capital assets at Gaming Sites within the Gaming Bundle.</p> <p>Certain procedures and/or approval requirements will apply to the Service Provider's development of annual business plans related to, among other things, site upkeep and equipment purchases, including gaming equipment.</p> <p>Certain procedures and/or approval requirements will apply to the Service Provider regarding gaming site relocations, expansions, closures and similar changes.</p>
Customer Management – OLG or its authorized agents (a) will own and manage customer information; (b) may perform customer analytics; (c) will set processes for prize disbursement above a certain threshold in the AML compliance program in the OLG Policies; and (d) will provide some customer support for certain customer care contact matters as specified in the OLG Policies.		
Customer Information	<p>OLG will own all customer data and information.</p> <p>OLG may consolidate customer and gaming activity information across the Province into single master customer records.</p>	<p>All customer data (other than certain customer care contact matters) will flow automatically from Service Provider systems to OLG.</p> <p>The Service Provider will have</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	OLG will prescribe the information that will be provided by the Service Provider to feed into the central system and will share only data relevant to site operations with the Service Provider.	access to certain OLG data related to customer activity at the Gaming Site, consistent with the OLG Policies, in order to enable customer analytics, marketing of the Gaming Site, player rewards, etc.
Player Marketing and Rewards Programs	OLG will have access to all data related to player marketing and rewards programs, including membership in player marketing and rewards programs, rewards earned, and rewards 'tier' achieved, if applicable, in any such program administered by the Service Provider. OLG will have the ability to require the Service Provider to cease and desist from using or continuing to use an incentive or incentives payable under any rewards programs if such incentive constitutes a material adverse effect of a particular nature.	Service Provider will establish its own player marketing and rewards programs and will provide data with respect to such programs to OLG consistent with the OLG Policies.
Customer Analytics	OLG may perform analytics on customer information to analyze customer behaviours to assist with key OLG business decision making (including, but not limited to, evaluating Service Provider performance and compliance with responsible gambling policies, etc.).	The Service Provider will perform customary analytics related to operations and marketing of Gaming Sites in the Gaming Bundle.
Policies and Thresholds	OLG will establish the AML compliance program in the OLG Policies which will include requirements for handling prize disbursements over a certain monetary threshold.	Service Provider will comply with the OLG Policies.
Customer Support	OLG will establish policies for customer care and verify the implementation of such policies through periodic audits. OLG will provide central customer support for customers requiring support outside of normal lottery or gambling activities. This includes, but is not limited to, matters related to compliance, self-exclusion or reinstatement, self-harm, gaming integrity, gaming stakeholder relations and matters that require escalation to OLG.	Subject to the OLG Policies, Service Provider will provide basic customer support for Gaming Sites within the Gaming Bundle (such as, for example, information on hours of operation, restaurants and other amenities, etc.). To comply with the OLG Policies, Service Provider will develop processes and systems to

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	OLG will define and implement policies and procedures for when customer calls should be escalated to OLG by the Service Provider and have access to all information related to such calls.	provide OLG with relevant data necessary for customer support for certain customer care contact matters.
Operational Management – OLG or its authorized agents will (a) develop operational policies; (b) establish policies for marketing activities; (c) monitor and manage the Service Provider performance; (d) ensure operational gaming integrity; and (d) monitor and verify Service Provider compliance at the Gaming Sites within the Gaming Bundle.		
Operational Policies	OLG will establish operational policies, including, for example, with respect to building maintenance and appearance and will have unfettered access to Gaming Sites within all Gaming Zones, as required. OLG will establish systems to monitor activities at all Gaming Sites within all Gaming Zones.	In accordance with the OLG Policies and other contractual obligations to OLG, the Service Provider will be responsible for day-to-day operations at Gaming Sites within the Gaming Bundle, including responsibility for human resources, customer support and site maintenance. Service Provider will establish procedures and controls to ensure compliance with the OLG Policies. Service Provider will be responsible for complying with all applicable law.
Service Provider Marketing	OLG will establish policies for marketing activities of the Service Provider (i.e. development of responsible gambling requirements). OLG will regularly review marketing conducted by the Service Provider and will have the ability to become involved with marketing efforts in certain circumstances. In such circumstances, OLG will have the right to approve any product or site-related marketing proposed by the Service Provider.	In accordance with the OLG Policies, Service Provider will develop marketing plans for Gaming Sites within the Gaming Bundle.
Game Integrity	OLG will establish policies for managing casino games, security and surveillance and may regularly conduct audits for compliance with policies. OLG will have the ability through the GMS to unilaterally shut down any gaming device in	In consultation with OLG, the Service Provider will develop and establish appropriate procedures and controls to comply with the OLG Policies. The Service Provider will only

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	the Province (or prevent one from being activated).	be able to operate gaming devices with OLG's express permission.
Ongoing Monitoring	<p>OLG will conduct game and equipment monitoring through its GMS, and physical presence and may also conduct physical inspections of equipment at Gaming Sites within all Gaming Zones.</p> <p>OLG will monitor the installation of, and have access to, information regarding the maintenance of games in order to ensure the continued operational integrity of customer game play at all Gaming Sites within all Gaming Zones.</p>	The Service Provider will facilitate OLG's monitoring and inspection of gaming equipment.
Operational Compliance	OLG will establish and implement policies to facilitate the Service Provider's compliance with AGCO standards.	The Service Provider will facilitate implementation of and cooperate fully with OLG Policies.
Information Management – OLG or its authorized agents will (a) be the sole owner of all customer, game play and financial transaction data across the Province; (b) be the sole owner of a central customer database; and (c) have the ultimate ability to govern access to and usage of data at each Gaming Site in the Province.		
Data Ownership and Governance	<p>OLG will own, control or have unfettered access to all management information related to the conduct and management of Gaming Sites.</p> <p>OLG will control and remain the sole owner and authoritative source of customer, game play and financial transaction data for all gaming activity across the Province.</p> <p>OLG will have access to all financial, operations, or other management data required to conduct and manage Gaming Sites.</p> <p>OLG will retain multiple copies of data records for information collected across all Gaming Sites within its own corporate systems.</p>	<p>All customer, game play and financial transaction data will flow automatically from Service Provider systems to OLG.</p> <p>The Service Provider will provide all data determined by OLG as being required to execute its role in conducting and managing gaming in Ontario.</p> <p>The Service Provider will be permitted to use customer, game play and other information for the purposes of optimizing Gaming Site operations and developing recommendations for site specific strategies.</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Central Customer Database	OLG will maintain a customer database consolidating all customer information, including personal, transactional and account-related information from all gambling activities within the Gaming Zones and the Province. Access to information in the customer database will be determined by OLG's data management policies and be consistent with applicable laws, including FIPPA and PIPEDA.	All customer information as prescribed by OLG will flow directly into OLG systems. The Service Provider will receive data from OLG relevant to customers at Gaming Sites within the Gaming Bundle, consistent with the OLG Policies.
Site Database	<p>OLG will establish data access and stewardship policies and procedures for data stored at a Gaming Site (i.e. how data must be stored and protected, the duration of data retention, who can access and use data, etc.).</p> <p>OLG will retain the ultimate ability to control access to data of any user, group of users, Gaming Site or group of Gaming Sites.</p>	The Service Provider will establish procedures and controls to comply with OLG data access and stewardship policies.
Information Technology – OLG or its authorized agents will (a) define information and technology policies for Service Provider's compliance; (b) specify certain system operational requirements; (c) oversee the operation of a central GMS across all Gaming Zones; and (d) monitor and audit Service Provider information security.		
Information Technology	<p>OLG will approve Service Provider planned IT infrastructure and gaming solutions specifications and periodically audit the implemented system for compliance.</p> <p>OLG will approve the specifications of the Service Provider's technical implementation of IT systems, applications, networks, components, equipment and devices to ensure they enable the integrity and fairness of game play and do not affect the accuracy or timeliness of disbursements related to prize claims.</p>	The Service Provider will provide real-time connection between the gaming floor networks with the central GMS as per the OLG Policies.
IT System Operations Requirements	<p>OLG will review and approve certain system operational requirements (e.g. systems performance, capacity, scalability and availability) for the operation of the Gaming Sites.</p> <p>The AGCO and OLG will retain authority over the approved gaming equipment lists,</p>	<p>The Service Provider will manage and administer its IT assets according to OLG policy and operational security and technical requirements.</p> <p>The Service Provider will implement networks, systems,</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	<p>and as a result of such lists, the Service Provider will deal with gaming technology suppliers who supply casino games and/or equipment that are on the approved gaming equipment lists.</p> <p>Service Provider will require prior AGCO and OLG approval to implement gaming relating information technologies.</p> <p>OLG will establish the integration policies and formats for interoperability of the Service Provider system to OLG corporate systems.</p>	<p>equipment and devices according to the OLG Policies and operational security and technical requirements.</p> <p>The Service Provider will ensure technical compatibility and interoperability of its operational system and devices with OLG's key systems.</p>
Gaming Management System (GMS)	<p>OLG will implement operational oversight and will have full system access (and super-user access) and visibility with respect to all transactions and system gaming activity in the Province. To do so, OLG will own and operate a central GMS linking the Service Provider gaming systems (over which OLG has an approval right) and OLG's corporate systems.</p> <p>In the very near term, OLG will continue to operate the current CasinoLink system across Ontario as an interim Province-wide GMS solution to record all transactional activity and provide the necessary operational information to Service Provider.</p>	<p>The Service Provider will ensure continued connectivity between site networks and the central GMS.</p> <p>In the very near term, the Service Provider will use OLG's CasinoLink systems. The Service Provider will be required to purchase new site network and systems (subject to OLG's approval) once OLG has implemented the central GMS.</p> <p>Service Provider will operate the site GMS and associated components.</p>
Auditing	<p>OLG will periodically conduct tests and/or audits to verify the information security and data protection methods and controls used by the Service Provider.</p> <p>OLG may conduct physical site inspections upon 24 hours written notice for compliance with policies related to information technology (including inspection of data centres, Casino computer rooms and information technology hardware).</p>	<p>The Service Provider will facilitate access to all site technology and cooperate fully with OLG personnel.</p>

PART 5
GAMING ZONES

Part 5 GAMING ZONES¹

Gaming Bundle 1 (Ottawa Area):

Gaming Bundle Pertaining to this RFPQ	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle ²	Maximum Number of Electronic Gaming Positions ³	Maximum Number of Live Table Gaming Positions ³
1. Ottawa Area	1	E4: Includes the Rideau Carleton site	2,000	600

Gaming Bundles procured or to be procured along with this RFPQ as part of OLG's modernization procurement process for land-based gaming:

Gaming Bundles Procured or to be Procured along with this RFPQ	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle ²	Maximum Number of Electronic Gaming Positions ³	Maximum Number of Live Table Gaming Positions ³
2. East	3	E1: Includes the Kawartha Downs site E2: Area around the City of Belleville E3: Includes the OLG Casino Thousand Islands	600 450 600	180 180 300
3. North	5	N1: Includes the Sudbury Downs site N2: Includes the OLG Casino Sault Ste. Marie N3: Includes the OLG Casino Thunder Bay N4: Area around the City of Kenora N5: Area around the City of North Bay	600 600 600 300 300	180 120 120 120 120

¹ The information set out in this Part 5 does not represent a binding commitment of OLG and may be subject to change.

² The named Gaming Sites are currently operating as at the time of issuance of this RFPQ.

³ The maximum Gaming Positions set out in this Part 5 represent the maximum number of Gaming Positions permitted in each Gaming Zone. The Service Provider will determine, based on its own analysis, the optimum number of Gaming Positions for the applicable Gaming Zone, subject to the maximum limits set out in this Part 5. The maximum number of Electronic Gaming Positions and/or Live Table Gaming Positions can be increased in accordance with Section 2(1) of Part 1 – Background Information. Applicants are advised that the number and type of Gaming Positions may also be subject to municipal zoning requirements.

Gaming Bundles Procured or to be Procured along with this RFPQ	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle²	Maximum Number of Electronic Gaming Positions³	Maximum Number of Live Table Gaming Positions³
4. Southwest	6	SW3: Includes the Woodstock site SW4: Includes the Western Fair site SW5: Includes the Clinton site SW6: Includes the Dresden site SW7: Includes the Hanover Raceway site SW8: Includes the OLG Casino Point Edward	300 1,200 300 300 300 600	120 300 120 120 120 240
5. GTA	2 ⁴	C2: Includes the Woodbine Racetrack C3: Includes Ajax Downs site C8: Includes Great Blue Heron Casino ⁴	5,000 ⁵ 2,500	2,400 ⁵ 1,200
6. West GTA	4	C4: Includes the Mohawk Raceway site SW1: Includes the Grand River Raceway site SW2: Includes the OLG Casino Brantford SW9: Includes the Flamboro Downs site	2,000 1,200 600 1,200	600 ⁶ 600 ⁶ 600 ⁶ 600 ⁶

⁴ At such time and on such terms as OLG may determine, following consultation with the Mississauga of Scugog Island First Nation, Gaming Zone C8 may become part of Gaming Bundle 5 (GTA). In such event, the Service Provider for Gaming Bundle 5 (GTA) will become the service provider for Gaming Zone C8, which consists of the Great Blue Heron Casino, in the Territory of Mississauga of Scugog Island First Nation. In addition, if, during the term of the Casino Operating and Services Agreement for Gaming Bundle 5 (GTA), a new gaming site is permitted in the City of Toronto (outside of Gaming Zone C2) or in an adjacent municipality, the Service Provider for Gaming Bundle 5 (GTA) will have certain rights with respect to such new gaming site as determined in the Casino Operating and Services Agreement for Gaming Bundle 5 (GTA).

⁵ Applicants should note that for Gaming Zone C2 and any new gaming site permitted in the City of Toronto (outside of Gaming Zone C2) or in an adjacent municipality, there is an aggregate cap of (a) 8,000 Electronic Gaming Positions and only one of Gaming Zone C2 or such new gaming site will be permitted to have up to 5,000 Electronic Gaming Positions; and (b) 3,000 Live Table Gaming Positions and only one of Gaming Zone C2 or such new gaming site will be permitted to have up to 2,400 Live Table Gaming Positions.

⁶ The total number of Live Table Gaming Positions in Gaming Bundle 6 (West GTA) may not exceed 2,000.

Gaming Bundles Procured or to be Procured along with this RFPQ	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle²	Maximum Number of Electronic Gaming Positions³	Maximum Number of Live Table Gaming Positions³
7. Central	3	C5: Includes the Georgian Downs site C6: Includes Casino Rama C7: Area surrounding Collingwood and Wasaga	1,200 3,000 300	600 750 120

Gaming Bundles Procured or to be Procured along with this RFPQ	Number of Gaming Zones included	Gaming Zones included in Gaming Bundle²	Current number of Electronic Gaming Positions⁷	Current number of Live Table Gaming Positions⁷
8. Niagara Falls	2	SW10: Includes Casino Niagara SW11: Includes Fallsview Casino	1,550 3,100	250 1000

Additional Gaming Sites that are not currently contemplated to be part of the modernization of land-based gaming:

Gaming Zone	Current number of Electronic Gaming Positions	Current number of Live Table Gaming Positions
SW12: Includes Caesars Windsor Casino	2,400	486

For additional maps of Gaming Zones, please refer to
<http://www.olg.ca/assets/documents/media/ontario-gaming-zone-maps.pdf>

⁷ These are the current number of the applicable Gaming Positions in Gaming Bundle 8 (Niagara Falls) and do not necessarily represent the maximum number of the applicable Gaming Positions in Gaming Bundle 8 (Niagara Falls).

PART 6

**CHARITABLE GAMING SITES CURRENTLY INTENDING TO PARTICIPATE IN
CHARITY GAMING INITIATIVE**

Part 6
CHARITABLE GAMING SITES CURRENTLY
INTENDING TO PARTICIPATE IN CHARITY GAMING INITIATIVE

BINGO HALL	CITY	ADDRESS
BINGO WORLD NEWMARKET	Newmarket	1230 Kerrisdale Blvd, Newmarket L3Y 8Z9
BINGO WORLD RICHMOND HILL	Richmond Hill	350 Newkirk Road, Richmond Hill L4C 3A2
BOARDWALK GAMING CENTRE BARRIE	Barrie	52 Bayfield St., Barrie L4M 3A5
BOARDWALK GAMING CENTRE HAWKESBURY	Hawkesbury	740 Rue Laurier, Hawkesbury K6A 3N9
BOARDWALK GAMING CENTRE PEMBROKE	Pembroke	1371 Pembroke West, Pembroke K8A 7A5
BOARDWALK GAMING CENTRE PENETANGUISHENE	Penetanguishene	175 Main Street, Penetanguishene L9M 1L8
BOARDWALK GAMING CENTRE SUDBURY	Sudbury	940 Newgate Avenue, Sudbury P3A 5J9
BOARDWALK GAMING CENTRE VAL CARON	Sudbury (Val Caron)	2914 Highway 69 North Sudbury (Val Caron) P3N 1N7
BREAKAWAY GAMING CENTRE	Windsor	655 Crawford Avenue, Windsor N9A 5C7
CAMBRIDGE BINGO CENTRE	Cambridge	255 Elgin St. North, Cambridge N1R 7G4
CHANCES GAMING LOUNGE LEAMINGTON	Leamington	14 Mill Street East, Leamington N8H 1R7
COMMUNITY SPIRIT GAMING CENTRE	Kingston	900 Montreal Street, Kingston K7K 3J9
DELTA GAMING CENTRE BRAMPTON	Brampton	291 Rutherford Road South, Brampton L6W 3R5
DELTA GAMING CENTRE NIAGARA FALLS	Niagara Falls	4735 Drummond Road, Niagara Falls L2E 6C8
DELTA GAMING CENTRE OAKVILLE	Oakville	483 Speers Road, Oakville L6K 2G4
DELTA GAMING CENTRE PETERBOROUGH	Peterborough	1019 Clonsilla Avenue, Peterborough K9J 5Y2
DELTA GAMING CENTRE PICKERING	Pickering	975 Dillingham Road, Pickering L1W 1Z7
DELTA GAMING CENTRE ST. CATHARINES	St Catharines	124 Bunting Road, St Catharines L2P 3G5

BINGO HALL	CITY	ADDRESS
DELTA GAMING CENTRE ST. CLAIR	Toronto	1799 St. Clair Avenue West, Toronto M6N 1J9
DELTA GAMING CENTRE UNCLE SAM'S FORT ERIE	Fort Erie	427 Garrison, Fort Erie L2A 6E6
DOLPHIN BINGO	Toronto	1911 Eglinton Avenue East, Toronto M1L 2L6
GOLDEN NUGGET GAMING CENTRE FORT ERIE	Fort Erie	655 Garrison Rd, Fort Erie L2A 1N5
JACKPOT CITY GAMING ENTERTAINMENT, SARNIA	Sarnia	825 Upper Canada Dr, Sarnia N7W 1A3
JACKPOT CITY GAMING ENTERTAINMENT, ST. THOMAS	St. Thomas	140 Edward St., St. Thomas N5P 1Z3
MAIN STREET GAMING CENTRE WELLAND	Welland	29 East Main St., Welland L3B 3W4
PARADISE GAMING CENTRE	Windsor	2340 Dougall Ave, Windsor N8X 1T1
RAMA CHARITABLE GAMING CENTRE	Mississauga	2295 Battleford Road, Mississauga L5N 2W8
RIVERVIEW BINGO PALACE CHATHAM	Chatham	497 Riverview Dr, Chatham N7M 5J5
SUPERIOR SHORES GAMING CENTRE - THUNDER BAY	Thunder Bay	435 Memorial Ave, Thunder Bay P7B 3Y6
TIMMINS GAMING CENTRE	Timmins	251 First Avenue, Timmins P4N 1H6
TREASURE CHEST BINGO	Kingston	1600 Bath Road, Kingston K7M 4X7

PART 8
DEFINITIONS

Part 8

DEFINITIONS

SECTION 1 GENERAL

- (a) In this RFPQ, the singular shall include the plural and the plural shall include the singular, except where the context otherwise requires.
- (b) Unless explicitly otherwise stated herein, all references in this RFPQ to OLG's or the Evaluation Team's "discretion" or "sole discretion" means the absolute, sole, unqualified, subjective discretion of OLG or the Evaluation Team, as applicable, and all references to OLG's "judgment" means OLG's absolute, sole, unqualified, subjective judgment.
- (c) For clarity, where the expression "Government of Ontario" is used in this RFPQ, it includes all Ministries of the Government of Ontario.

SECTION 2 RFPQ DEFINITIONS

Whenever used in this RFPQ:

"Accessibility for Ontarians with Disabilities Act" means *Accessibility for Ontarians with Disabilities Act*, 2005, SO 2005, c11, as amended.

"Addendum" means a written addendum to the RFPQ Documents issued by OLG as set out in Section 3.3 of Part 7 – RFPQ Process and Legal Matters.

"Affiliate" with respect to any Person, means any Person related to such Person, and the subcontractors and Representatives of such Person.

"AGCO" means the Alcohol and Gaming Commission of Ontario, or any successor or replacement thereof.

"AGCO Contact Person" means the contact person listed in the RFPQ Information Sheet in respect of Section 3.2(8) and Section 4.3(2) of Part 7 – RFPQ Process and Legal Matters.

"AGCO Registration" means obtaining the registration pursuant to the Gaming Control Act from AGCO as set out in Section 4.3 of Part 7 – RFPQ Process and Legal Matters.

"Applicant" means the single entity, Applicant Team or Joint Venture submitting a response to this RFPQ, including all Team Members and all Joint Venture Participants, as applicable.

"Applicant Representative" means the Person who has been authorized by the Applicant to represent and bind the Applicant, including all Team Members and Joint Venture Participants, as applicable, in accordance with Section 3.7(4) of Part 7 – RFPQ Process and Legal Matters.

"Applicants' Meeting Webinar" means an information webinar for all Applicants to assist Applicants in understanding the RFPQ and the RFPQ Process.

“Applicant Team” means, collectively, the Team Members (including Prime Team Members) that form the Applicant.

“Approved LC Issuer” means any one or more of the six largest (by assets) banks listed in Schedule 1 of the Bank Act (Canada) or any other financial institutions approved in writing by OLG acting reasonably, in each case, whose current long-term issuer rating is at least “A” by Standard & Poor’s Rating Service (a division of McGraw Hill Companies Inc.) and “A2” by Moody’s Investors Services, Inc. or an equivalent issuer rating by another Person acceptable to OLG acting reasonably.

“business day” means a day other than a Saturday, Sunday or statutory holiday in the Province of Ontario or any day on which banks are not open for business in the City of Toronto.

“CAD” means Canadian dollar.

“CAMH” means Centre for Addiction and Mental Health. Further details can be found at <http://www.camh.net/>.

“Casino Operating and Services Agreement” means the agreement which may be entered into between OLG and the Service Provider with respect to the Services pursuant to the RFP Process.

“Charity Gaming Initiative” has the meaning given in Section 3(5) of Part 1 – Background Information.

“Closing Letter of Credit” has the meaning given in Section 2(5) of Part 1 – Background Information.

“Confidential Information” means all material, data, information or any item in any form, whether oral or written, including in electronic or hard-copy format, supplied by, obtained from or otherwise procured in any way, whether before or after the Prequalification Response, from the Government or OLG in connection with the Services, but does not include any information which,

- (a) is or becomes generally available to the public other than as a result of a breach of Section 3.14 of Part 7 – RFPQ Process and Legal Matters;
- (b) becomes available to the Applicant on a non-confidential basis from a source other than the Government or OLG so long as that source is not bound by a confidentiality agreement with respect to the information or otherwise prohibited from transmitting the information to the Applicant by a contractual, legal or fiduciary obligation;
- (c) the Applicant is able to demonstrate was known to it on a non-confidential basis before it was disclosed to the Applicant by the Government or OLG; or

- (d) subject to Section 3.14(4) of Part 7 – RFPQ Process and Legal Matters, is required to be disclosed by statute, regulation or decision or order of a court, tribunal or regulatory authority.

“Conflict of Interest” includes any situation or circumstance where the Applicant or any Person related to the Applicant has any commitments, relationships, financial interests, information or property that,

- (a) could or could be seen to create or result in an improper influence over the objective, unbiased and impartial exercise of OLG’s independent judgment;
- (b) could or could be seen to compromise, impair or be incompatible with the effective performance of its obligations under any future relevant agreement; or
- (c) could or could be seen to provide an Applicant or any Person related to the Applicant with an unfair competitive advantage that could or could be seen to prejudice the integrity of the RFPQ Process or the RFP Process,

in each case, as may be determined by OLG in its sole discretion.

“Consultants” means lawyers, accountants, architects, engineers, other duly licensed professionals and other consultants and advisors, but excluding any such consultants who are Prime Team Members described in Subparagraphs (a) or (b) of the definition thereof in this Part 8 – Definitions.

“Control” means, with respect to any Person at any time,

- (a) holding, whether directly or indirectly, as owner or other beneficiary (other than solely as the beneficiary of an unrealized security interest) securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint fifty percent (50%) or more of the individuals who are responsible for the supervision or management of that Person; or
- (b) the exercise of de facto control of that Person, whether direct or indirect and whether through the ownership of securities or ownership interests or by contract, trust or otherwise.

“Electronic Games” means reel-type slot machines, video-type slot machines and Electronic Table Games.

“Electronic Gaming Position” means each seat at an Electronic Game.

“Electronic Table Games” means all table games that utilize a random number generator to calculate or otherwise determine such game’s outcome, whether or not a live dealer is present to enable or control game play.

“Employment Standards Act” means the *Employment Standards Act*, 2000, S.O. 2000, c. 41, as amended.

“Evaluation Team” means the evaluation team established by OLG for the purpose of evaluating Prequalification Responses.

“Fairness Monitor” means the person named as the Fairness Monitor in the RFPQ Information Sheet;

“F&B Agreement” means the food and beverage services agreement between the Racetrack Site Owner and OLG with respect to the existing Gaming Site in Gaming Zone E4, as amended.

“Financing Responsibilities” has the meaning given in Section 3(1)(b) of Part 2–Prequalification Response Requirements.

“FINTRAC” means the Financial Transactions Reports Analysis Centre of Canada.

“FIPPA” means the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended.

“First Nations” means:

- (a) a “Band” as defined in the *Indian Act* (Canada); or
- (b) an entity that is determined by OLG for the purposes of the opportunity set out in this RFPQ to represent the collective interests of a community that is comprised of First Nation individuals.

“French Language Services Act” means the *French Language Services Act*, R.S.O. 1990, c. F.32, as amended.

“Gaming Bundle 1 (Ottawa Area)” means the Gaming Bundle comprised of Gaming Zone E4, as described in Section 2 of Part 1 – Background Information.

“Gaming Bundles” means the groupings of Gaming Zones.

“Gaming Control Act” or **“GCA”** means the *Gaming Control Act*, 1992, S.O. 1992, c. 24, as amended. Further details can be found at http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_92g24_e.htm.

“Gaming Operations Responsibilities” has the meaning given in Section 3(1)(b) of Part 2–Prequalification Response Requirements.

“Gaming Position” means an Electronic Gaming Position or a Live Table Gaming Position, as the context requires.

“Gaming Return on Assets” means net operating profit divided by total assets.

“Gaming Revenue” means, for a specified period, the aggregate amount of all cash and cash equivalents collected or otherwise received from players and other customers for participating in or for the right to participate in any Electronic Game or Live Table Game (including all accepted wagers, rake fees, tournament fees and other fees), less only:

- (a) the aggregate amount of all paid winnings; and
- (b) the aggregate amount of all cash and cash equivalents collected or otherwise received from players and other customers and validly accrued in respect of the funding of progressive jackpots less the aggregate amount of all winnings previously accrued from progressive jackpots.

“Gaming Revenue Sharing and Financial Agreement” means the agreement dated February 19, 2008 among the Province, OLG and Ontario First Nations Limited Partnership and Ontario First Nations (2008) Limited Partnership, as amended, modified, supplemented or restated from time to time.

“Gaming Sites” means the gaming sites located or to be located in the Gaming Zones.

“Gaming Zones” means the geographic gaming zones described in Section 2 of Part 1 – Background Information and Part 5 – Gaming Zones.

“GMS” means Gaming Management System.

“Government” means Her Majesty the Queen in Right of Ontario or any ministry, agency, board, commission, department, corporation or other legal entity of (or owned by) the Government.

“Governmental Authority” means any governmental authority at any level, in any jurisdiction, or any quasi-governmental authority, court, government or self-regulatory organization, commission, board, tribunal, organization, or any regulatory, administrative or other agency or corporation, or any political or other subdivision, department or branch of any of the foregoing, and any entity or person in law exercising applicable executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

“iGaming” means internet gaming.

“includes” and **“including”** means “includes without limitation” and “including without limitation” respectively.

“Ineligible Operator” means any Person and any Person related to such Person who, directly or indirectly, in whole or in part, owns and/or operates:

- (a) a gaming site located outside the Province and within a 150 km radius of any boundary of Gaming Zones E4 within Gaming Bundle 1 (Ottawa Area);

(b) a gaming site (other than a charitable gaming site) located within the Province and within a 150 km radius of any boundary of E4 within Gaming Bundle 1 (Ottawa Area) having a compensation structure (for the purposes of this definition, herein called the “**referenced compensation**”) which is either less favourable to the Province or more favourable to such Person or any Person related to such Person than the terms and conditions of the Compensation Structure described in Section 2(4) of Part 1 – Background Information, provided that, for greater certainty,

(i) if this paragraph (b) applies to a Person and such Person has agreed in writing with OLG, as at the Submission Deadline, to amend or amend and restate the terms and conditions of such other agreement including the compensation provisions thereof in a manner acceptable to OLG in its sole discretion, such Person will no longer be an Ineligible Operator for the purposes of this paragraph (b); or

(ii) if such Person is entitled to the referenced compensation pursuant to:

(A) an agreement with OLG that is terminable by OLG, without financial penalty, on not more than 90 days prior written notice; or

(B) a casino operating and services agreement that has been entered into with OLG pursuant to the procurement process in respect of the modernization of land-based gaming in Ontario,

such Person will not be an Ineligible Operator for the purposes of this paragraph (a); or

(c) Gaming Bundles or Electronic Gaming Positions in the Province that exceed, in the aggregate any of the following:

(i) 50% of the maximum number of OLG-established Gaming Bundles; or

(ii) 50% of the maximum number of OLG-permitted Electronic Gaming Positions,

and for the purposes hereof, it is currently anticipated that OLG will establish a maximum of 9 Gaming Bundles and that OLG will permit a maximum of 39,500 Electronic Gaming Positions in the Province throughout the procurement process for the modernization of land-based gaming.

For the purposes of this definition:

(d) “**own**” means a risk capital interest, an equity interest or other ownership interest equal to or greater than 5%;

- (e) a determination of whether the referenced compensation is “**less favourable to the Province**” or “**more favourable to such Person or any Person related to such Person**” will take into consideration factors including, but not limited to, net profit to the Province and the allocation of capital and operating cost risk; and
- (f) “**charitable gaming site**” means a gaming site in the Province in respect of which:
 - (i) a charitable organization conducts and manages a lottery scheme under the requisite authority of a municipality of the Province or by AGCO; or
 - (ii) OLG conducts and manages a lottery scheme in association with a charitable organization.

“**Ineligible Persons**” means those Persons listed in the RFPQ Information Sheet that are not eligible to participate as, or be a Consultant to, an Applicant, Team Member or Joint Venture Participant.

“**Information and Privacy Commissioner**” means the office of the Information Privacy Commissioner, as established by the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended. Further details can be found at <http://www.ipc.on.ca/english/Home-Page/>.

“**Joint Venture**” means, collectively, the Joint Venture Participants that form the Applicant.

“**Joint Venture Participant**” means an entity or individual in a Joint Venture.

“**Key Individual**” means an individual who will play an important role in the performance of the Services on behalf of an Applicant, Applicant Team or Joint Venture.

“**Labour Relations Act**” means the *Labour Relations Act*, 1995, S.O. 1995, c. 1, Sched. A, as amended.

“**Lead Entity**” has the meaning given in Section 3(1)(b) of Part 2 – Prequalification Response Requirements and for greater certainty, a Lead Entity may not be an individual.

“**Lead Key Individual**” has the meaning given in Section 3(1)(c) of Part 2 – Prequalification Response Requirements.

“**Lenders**” means the lenders providing or that may be providing the debt financing to the Applicant in connection with Gaming Bundle 1 (Ottawa Area), but expressly excluding any lender who, directly or indirectly, provides any form of equity financing or receives any form of participation, benefit or interest in either the Applicant, the Gaming Bundle or all or any part of the revenues relating thereto, other than solely as security to secure debt financing, and expressly excluding any lender who is a Prime Team Member described in Subparagraphs (a) or (b) of the definition thereof in this Part 8 – Definitions.

“Liquor Licence Act” means the *Liquor Licence Act*, R.S.O. 1990, c. L.19, as amended.

“Live Table Games” means games operated by a live dealer at a single gaming table, but excluding Electronic Games.

“Live Table Gaming Position” means each seat at a Live Table Game.

“MERX” means the MERX electronic tendering system.

“Non-Gaming Revenue” means any revenue other than Gaming Revenue.

“Occupational Health and Safety Act” means *the Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, as amended.

“OLG” means the Ontario Lottery and Gaming Corporation. Further details can be found at <http://www.olg.ca/index.jsp>.

“OLGC Act” means the Ontario Lottery and Gaming Corporation Act, 1999, S.O. 1999, c. 12, Sched. L, as amended.

“OLG Pre-Registration Contact Person” means the contact person listed in the RFPQ Information Sheet in respect of Section 2.1(2)(a), Section 3.4(3) and Section 3.5(4) of Part 7 – RFPQ Process and Legal Matters.

“OLG Employee” means any employee of OLG as at the date of issuance of this RFPQ.

“OLG Policies” means the gaming, regulatory and other policies to be performed, observed and complied with by the Service Provider as may be established by OLG from time to time.

“OLG Procurement Contact Person” means the contact person listed in the RFPQ Information Sheet in respect of Section 3.2(1) of Part 7 – RFPQ Process and Legal Matters.

“Ontario Problem Gambling Research Centre” means the not-for-profit corporation known as the Ontario Problem Gambling Research Centre. Further details can be found at <http://www.gamblingresearch.org/>.

“OPGH” means the Ontario Problem Gambling Hotline. The OPGH is an information and referral service available to members of the public, including problem gamblers, family/friends of problem gamblers, and service providers working with clients experiencing problems related to gambling. Further details can be found at <http://www.opgh.on.ca/>.

“Performance Letter of Credit” has the meaning given in Section 2(5) of Part 1 – Background Information.

“Permitted Governmental Authority” means Governmental Authorities of or pertaining to First Nations, pension funds, including pension funds controlled or administered by Governmental Authorities and/or sovereign wealth funds.

“Person” means an individual, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, Governmental Authority or other entity of any kind, and for greater certainty, a **Lead Entity** may not be an individual.

“PIPEDA” means the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5.

“Prequalification Response” means the documentation provided by the Applicant to OLG in accordance with all the requirements of, and in response to, this RFPQ.

“Prequalification Response Forms” means the forms attached as Part 9 to this RFPQ.

“Prequalification Response Requirements” means the requirements set out in Part 2 – Prequalification Response Requirements.

“Prequalified Respondent” means those Applicants who are eligible to receive the RFP for the Services pursuant to the evaluation process set out in the RFPQ Information Sheet.

“Prime Team Member” means any Person that:

- (a) has or will have a risk capital interest, an equity interest or other ownership interest of 10% or more in the Service Provider;
- (b) will undertake any significant role in the delivery of the Services or in any of the Gaming Operations Responsibilities, Property Development Responsibilities or Financing Responsibilities; or
- (c) is in possession of or will come into possession of sensitive commercial or financial information which, if disclosed to another Applicant, could or could be seen to provide an unfair or improper competitive advantage to such Applicant in either the RFPQ Process or the RFP Process or both, but expressly excluding Lenders and Consultants.

“Property Development Responsibilities” has the meaning given in Section 3(1)(b) of Part 2 – Prequalification Response Requirements.

“Province” means the Province of Ontario.

“Racetrack Premises Lease ” means the lease between OLG and the Racetrack Site Owner in respect of the existing Gaming Site in Gaming Zone E4.

“Racetrack Site Owner” means, in respect of any Gaming Zone within the Gaming Bundle which is the subject of this RFPQ, the owner, landlord or licensor of facilities located at a racetrack within such Gaming Zone, where OLG has conducted and managed or is currently conducting and managing a lottery scheme.

“Rated Requirement” means an item which will be assigned points based on pre-determined scoring criteria as outlined in Section 7 of Part 2 – Prequalification Response Requirements.

“RBR” means Risk Based Registration.

“related” when used in relation to a Person, means a Person not dealing at arm’s length with the first mentioned Person, as the term “arm’s length” is defined in the *Income Tax Act* (Canada), and for the purposes of this RFPQ and without limiting the foregoing, affiliates as defined in the *Business Corporations Act* (Ontario) and Key Individuals of an Applicant shall be deemed to be related to such Applicant.

“Representatives” means the directors, officers, ministers, employees, agents, accountants, consultants, financial or legal advisors and all other representatives of the Person, including Key Individuals, being referred to.

“Response to Questions Document” means a document with written responses to questions that are submitted in accordance with Section 3.2 of Part 7 – RFPQ Process and Legal Matters, that OLG will provide the Applicants.

“RFP” means Request for Proposals.

“RFP Process” means the competitive procurement process that follows the RFPQ Process and is intended to result in the identification of the Successful Respondent.

“RFPQ” means this Request for Prequalifications and is comprised of the RFPQ Documents.

“RFPQ Documents” include:

- (a) Part 1 – Background Information;
- (b) Part 2 – Prequalification Response Requirements;
- (c) Part 3 – RFPQ Information Sheet;
- (d) Part 4 – Roles and Responsibilities;
- (e) Part 5 – Gaming Zones;
- (f) Part 6 – Charitable Gaming Sites Currently Intending to Participate in Charity Gaming Initiative;
- (g) Part 7 – RFPQ Process and Legal Matters;
- (h) Part 8 – Definitions;
- (i) Part 9 – Prequalification Response Forms; and
- (j) Addenda to the RFPQ Documents, if any.

“RFPQ Information Sheet” means the RFPQ Information Sheet attached as Part 3 – RFPQ Information Sheet.

“RFPQ Number” is 1617-005.

“RFPQ Process” means the competitive procurement process which is intended to result in the identification of the Prequalified Respondents.

“RG” means responsible gambling.

“RG Check Program” means an operational program that is integrated into business activities and customer interactions and is designed to support and promote responsible gambling behaviours by providing information and tools to assist in the prevention of problem gambling and to help players make informed decisions about gambling. The RG Check Program is described in Section 3(4) of Part 1 – Background Information.

“RGC-O” means the Responsible Gambling Council of Ontario.

“Self-Exclusion” means a voluntary self-help tool designed to assist people wishing to limit or stop their gambling by helping them stay away from OLG gaming sites and by stopping OLG marketing.

“Service Provider” means the Person or Persons formed or that will be formed by the Successful Respondent to enter into the Transition and Asset Purchase Agreement and the Casino Operating and Services Agreement with OLG in accordance with the terms of the RFP.

“Services” means the services that will be provided by the Service Provider to OLG pursuant to the Casino Operating and Services Agreement, certain of which are described in Part 4 – Roles and Responsibilities.

“Site Operating Cost” means expenditures required to conduct normal operations including, but not limited to, labour, marketing and gaming expenses.

“Sports Book” means a place or facility accepting wagers on various sports competitions.

“Submission Deadline” means the deadline for the submission of Prequalification Responses as outlined in the RFPQ Information Sheet.

“Successful Respondent” means the Prequalified Respondent selected to carry out the Services as a result of the RFP Process.

“Team Member” means a member of the Applicant’s team and for greater certainty, includes Prime Team Members, and any Person who leases, licences or otherwise grants a right to use or occupy premises for the purpose of a Gaming Site.

“Timetable” means the general timetable for the RFPQ Process as outlined in the RFPQ Information Sheet.

“Total Revenue” means, collectively, Gaming Revenue and Non-Gaming Revenue.

“Transaction Agreements” means, collectively, the Transition and Asset Purchase Agreement and the Casino Operating and Services Agreement.

“Transition and Asset Purchase Agreement” means the agreement which may be entered into between OLG, Ontario Gaming Assets Corporation and the Service Provider pursuant to the RFP Process, with respect to the transition of operations and the transfer of assets to the Service Provider in connection with Gaming Bundle 1 (Ottawa Area).

“Union” means any organization of employees formed for purposes that include the regulation of relations between employees and employers and includes a provincial, territorial, national or international union, a certified council of unions, a designated or certified employee bargaining agency, and any organization which has been declared a union pursuant to applicable law or which may qualify as a union.

“World Lottery Association” means the international association of state lottery and gaming organizations known as the World Lottery Association.