



RFPQ# 1314-001
Modernizing Land Based Gaming in Ontario
Gaming Bundle 4 (Southwest)



Preface

On May 29th 2013, OLG issued to the market RFPQ# 1314-001 for Gaming Bundle 4 (Southwest) - 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 4 (Southwest)

Ontario Lottery and Gaming Corporation

RFPQ No. 1314-001

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) assist OLG in the 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 new 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 29 Gaming Zones, 25 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 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 for which OLG has established 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 25 Gaming Zones relevant to the current procurement process can be found in Part 5 – Gaming Zones.

Of the 29 Gaming Zones, five new Gaming Zones have been established based on direction OLG has received from the Province. The five proposed Gaming Zones that allow for new Gaming Sites are: C1, C7, E2, N4 and N5. Applicants should refer to the general description of Gaming Zones in Part 5 – Gaming Zones.

Due to existing agreements, the following Gaming Zones will not be included within the scope of the current procurement process in respect of the modernization of land-based gaming in Ontario: C8 (Great Blue Heron Casino, in the territory of the Mississauga of Scucog Island First Nation), SW10 (Casino Niagara, in the City of Niagara Falls), SW11 (Fallsview Casino, in the City of Niagara Falls) and SW12 (Caesars Windsor Casino, in the City of Windsor). Some or all of these Gaming Zones may become part of a subsequent procurement process.

Applicants are advised that the Gaming Zones may be subject to change. Any financial impacts arising from such changes will be addressed in the Operating and Services Agreement.

This RFPQ is being issued for Gaming Bundle 4 (Southwest). A description of Gaming Bundle 4 (Southwest) 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 4 (Southwest). The boundaries of Gaming Bundle 4 (Southwest) are shown on the map in Figure 1 of Part 1 – Map of Gaming Bundle 4 (Southwest).

Gaming Bundle 4 (Southwest) is comprised of 6 Gaming Zones:

- Gaming Zone SW3 which includes parts or all of the City of Woodstock and Oxford County (Townships of East Zorra-Tavistock, South-West Oxford, Norwich). Gaming Zone SW3 includes approximately 29,000 residents and is currently served by the OLG Slots at Woodstock Raceway.
- Gaming Zone SW4 which includes parts or all of the City of London, Middlesex County (Townships of Middlesex Centre, Thames Centre, Strathroy-Cardoc), City of St. Thomas and Elgin County (Municipality of Central Elgin, Township of Southwold). Gaming Zone SW4 includes approximately 357,000 residents and is currently served by the OLG Slots at Western Fair District.
- Gaming Zone SW5 which includes parts or all of Huron County (Township of Goderich, Township of Ashfield-Colbourne-Wawanosh, Municipality of Central Huron, Municipality of Bluewater, Municipality of Huron East). Gaming Zone SW5 includes approximately 22,000 residents and is currently served by the OLG Slots at Clinton Raceway.
- Gaming Zone SW6 which includes parts or all of Chatham-Kent. Gaming Zone SW6 includes approximately 48,000 residents and is currently served by the OLG Slots at Dresden Raceway.
- Gaming Zone SW7 which includes parts or all of Bruce County (Brockton, South Bruce) and Grey County (Hanover, West Grey). Gaming Zone SW7 includes approximately 18,000 residents and is currently served by the OLG Slots at Hanover Raceway.
- Gaming Zone SW8 which includes parts or all of Point Edward and Sarnia. Gaming Zone SW8 includes approximately 60,000 residents and is currently served by the OLG Casino Point Edward.

OLG believes that Gaming Bundle 4 (Southwest) represents a valuable commercial opportunity that has not been fully exploited. With the goal of improving the delivery of gaming in the Southwest, OLG wishes to recruit a suitably qualified service provider to assist OLG in:

- leveraging the success of the existing Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8 which have an established customer base and experienced employees;

- improving service in the market through the expansion of Electronic Gaming Positions in the Gaming Zones of Gaming Bundle 4 (Southwest) as follows:
 - (i) up to 300 in each of Gaming Zones SW3, SW5, SW6 and SW7;
 - (ii) up to 1,200 in Gaming Zone SW4; and
 - (iii) up to 600 in Gaming Zone SW8,
 and an expansion of Live Table Gaming Positions in the Gaming Zones in Gaming Bundle 4 (Southwest) as follows:
 - (i) up to 120 in each of Gaming Zones SW3, SW5, SW6 and SW7;
 - (ii) up to 300 in Gaming Zone SW4; and
 - (iii) up to 240 in Gaming Zone SW8,
 and enhancing non-gaming amenities, as appropriate; and
- earning an enhanced but reasonable return on capital investment over the duration of the Operating and Services Agreement.

Moreover, given the similarity in size of the markets in each Gaming Zone, OLG believes that there are opportunities to leverage synergies across the 6 Gaming Zones to increase Gaming Revenue and net profit to the Province.

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 4 (Southwest) 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 4 (Southwest).

The Successful Respondent will enter into an Operating and Services Agreement with OLG and will perform the obligations of the Service Provider. While OLG will at all times be responsible for the conduct and management of gaming, the Service Provider will have certain exclusive rights. It will be responsible for the operation of the Gaming Sites located in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8 for a term of approximately 20 years, with the option in favour of OLG to extend the term for unlimited periods of 10 years each, subject to and in accordance with the provisions of the Operating and Services Agreement. Operation of the Gaming Sites 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. The roles and responsibilities of OLG and the Service Provider are described in Part 4 – Roles and Responsibilities.

As noted above, each of the Gaming Zones currently contains an existing Gaming Site. At this time, OLG has an agreement with the Racetrack Site Owners in Gaming Zones SW3, SW4, SW5, SW6 and SW7 to remain in the existing Gaming Sites and is continuing to negotiate new Racetrack Premises Leases for all such Gaming Sites. Unless extensions to the agreements or new Racetrack Premises Leases are finalized prior to the RFP submission deadline, it may be necessary to relocate some or all of the existing Gaming Sites in these Gaming Zones, with OLG approval. If extensions to the agreements or new Racetrack Premises Leases are finalized prior to the RFP submission deadline, the Service Provider will be permitted to continue to operate or relocate the applicable existing Gaming Sites, subject to OLG approval. In determining whether to grant its approval, OLG will consider, among other things, whether the applicable relocation will enhance the achievement of OLG's two key objectives referred to above. With respect to Gaming Zone SW8, the Gaming Site is subject to a long-term lease which will be assigned to the Service Provider.

The Service Provider will be entitled to operate non-gaming amenities, in its discretion, subject to OLG's customer service policies and minimum design policies. Service Providers will be entitled to all of the revenue from the non-gaming amenities.

OLG believes that its current employees are an asset to the operation of the Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8, and that existing employees should be smoothly transitioned to the Service Provider. As part of the RFP Process, OLG will develop more detailed plans to ensure stability for OLG's employees and customers, including a requirement for the Service Provider to retain current employees for a period of not less than 12 months.

All Gaming Revenue from the Gaming Sites 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 Operating and Services Agreement. The fixed and variable fees paid by OLG will not be subject to change. OLG will pay the Service Provider:

- an aggregate fixed fee of approximately CAD \$40 Million per year for Gaming Bundle 4 (Southwest), subject to an annual adjustment for inflation, intended to approximately compensate for non-discretionary operating costs and capital expenses, a portion of which fixed fee will be allocated to each individual Gaming Site; and
- a variable fee with respect to variable operating costs and discretionary capital expenses equal to 70% of annual Gaming Revenue (on all Electronic Games and Live Table Games) for Gaming Bundle 4 (Southwest), above a specified annual threshold, which shall be the annual threshold as bid by the Successful Respondent as part of the competitive RFP Process.

In bidding the annual threshold referred to above, Prequalified Respondents will be expected to bid annual threshold amounts for Gaming Bundle 4 (Southwest) for the number of years specified in the RFP.

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 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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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 new 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 conduct, management and oversight 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 the modernization exercise in 2017-18, 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 will 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 4 (Southwest)

(1) Background Information Pertaining to Gaming Bundle 4 (Southwest)

Gaming Bundle 4 (Southwest) is comprised of 6 Gaming Zones:

- Gaming Zone SW3 which includes parts or all of the City of Woodstock and Oxford County (Townships of East Zorra-Tavistock, South-West Oxford, Norwich). Gaming Zone SW3 includes approximately 29,000 residents and is currently served by the OLG Slots at Woodstock Raceway.
- Gaming Zone SW4 which includes parts or all of the City of London, Middlesex County (Townships of Middlesex Centre, Thames Centre, Strathroy-Cardoc), City of St. Thomas and Elgin County (Municipality of Central Elgin, Township of Southwold). Gaming Zone SW4 includes approximately 357,000 residents and is currently served by the OLG Slots at Western Fair District.
- Gaming Zone SW5 which includes parts or all of Huron County (Township of Goderich, Township of Ashfield-Colbourne-Wawanosh, Municipality of Central Huron, Municipality of Bluewater, Municipality of Huron East). Gaming Zone SW5 includes approximately 22,000 residents and is currently served by the OLG Slots at Clinton Raceway.
- Gaming Zone SW6 which includes parts or all of Chatham-Kent. Gaming Zone SW6 includes approximately 48,000 residents and is currently served by the OLG Slots at Dresden Raceway.
- Gaming Zone SW7 which includes parts or all of Bruce County (Brockton, South Bruce) and Grey County (Hanover, West Grey). Gaming Zone SW7 includes approximately 18,000 residents and is currently served by the OLG Slots at Hanover Raceway.
- Gaming Zone SW8 which includes parts or all of Point Edward and Sarnia. Gaming Zone SW8 includes approximately 60,000 residents and is currently served by the OLG Casino Point Edward.

OLG believes that Gaming Bundle 4 (Southwest) represents a valuable commercial opportunity that has not been fully exploited. With the goal of improving the efficiency of gaming in the Southwest, OLG wishes to recruit a suitably qualified service provider to assist OLG in:

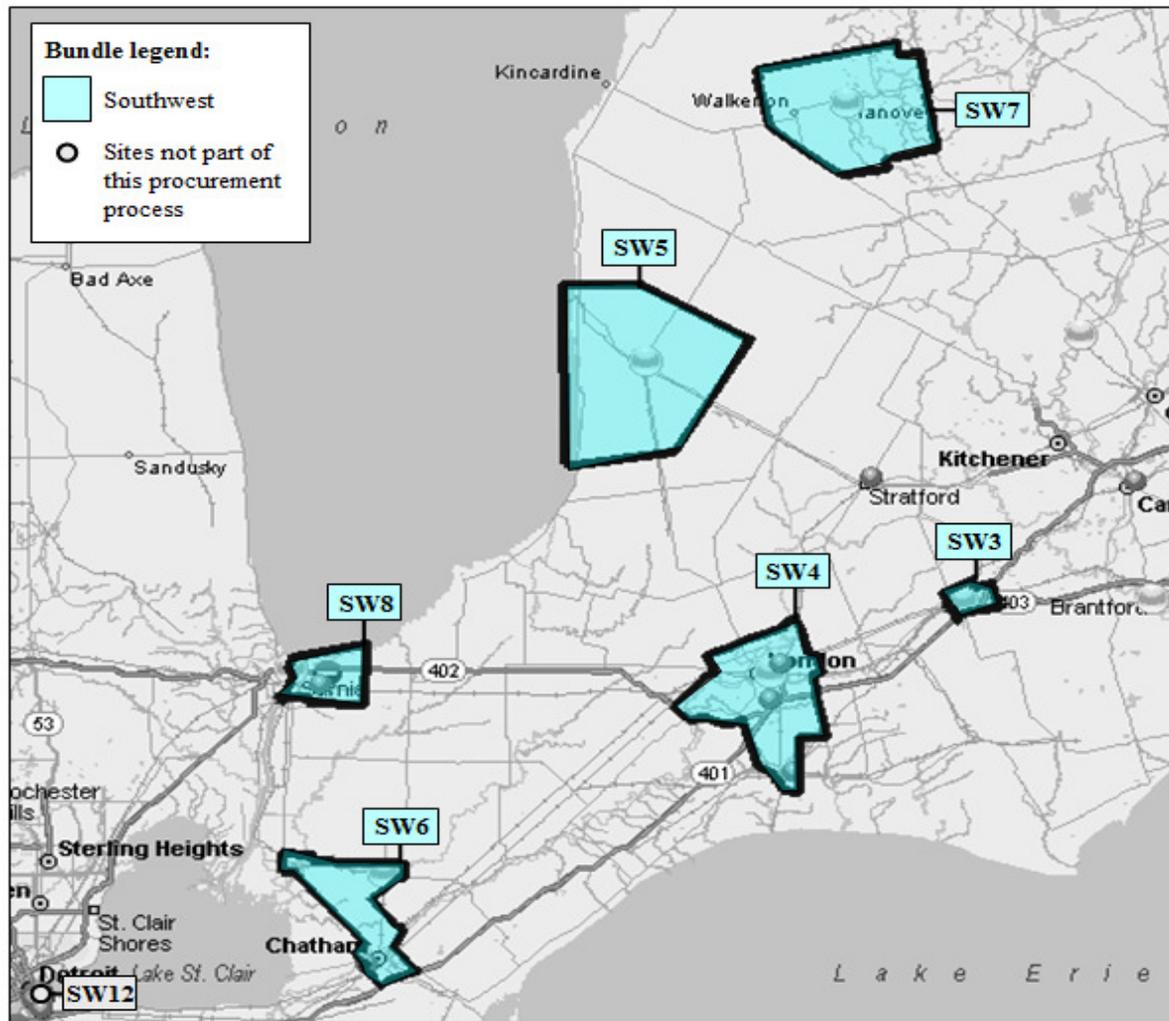
- leveraging the success of the existing Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8 which have an established customer base and experienced employees;
- improving service in the market through the expansion of Electronic Gaming Positions in the Gaming Zones in Gaming Bundle 4 (Southwest) as follows:
 - (i) up to 300 in each of Gaming Zones SW3, SW5, SW6 and SW7;
 - (ii) up to 1,200 in Gaming Zone SW4; and
 - (iii) up to 600 in Gaming Zone SW8,and an expansion of Live Table Gaming Positions in the Gaming Zones in Gaming Bundle 4 (Southwest) as follows:
 - (i) up to 120 in each of Gaming Zones SW3, SW5, SW6 and SW7;
 - (ii) up to 300 in Gaming Zone SW4; and
 - (iii) up to 240 in Gaming Zone SW8,and enhancing non-gaming amenities, as appropriate; and
- earning an enhanced but reasonable return on capital investment over the duration of the Operating and Services Agreement.

Moreover, given the similarity in size of the markets in each Gaming Zone, OLG believes that there are opportunities to leverage synergies across the 6 Gaming Zones to increase Gaming Revenue and net profit to the Province.

At this time, OLG has an agreement with the Racetrack Site Owners in Gaming Zones SW3, SW4, SW5, SW6 and SW7 to remain in the existing Gaming Sites in these Gaming Zones and is continuing to negotiate new Racetrack Premises Leases for all such Gaming Sites. Unless extensions to the agreements or new Racetrack Premises Leases are finalized prior to the RFP submission deadline, it may be necessary to relocate some or all of the existing Gaming Sites. If extensions to the agreements or new Racetrack Premises Leases are finalized prior to the RFP submission deadline, the Service Provider will be permitted to continue to operate or relocate the applicable existing Gaming Sites, subject to OLG approval. The Service Provider will be permitted to either continue to operate or relocate the Gaming Site operating in Gaming Zone SW8, with the approval of OLG. With respect to Gaming Zone SW8, the Gaming Site is subject to a long-term lease which will be assigned to the Service Provider.

OLG will make available an overview of the existing Gaming Sites and select key performance indicators for such Gaming Sites via WatchDox, a secure online application system.

Figure 1
Map of Gaming Bundle 4 (Southwest)



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
Southwest	6	SW3: Includes the Woodstock site	300	120
		SW4: Includes the Western Fair site	1,200	300
		SW5: Includes the Clinton site	300	120
		SW6: Includes the Dresden site	300	120
		SW7: Includes the Hanover Raceway site	300	120
		SW8: Includes the OLG Casino Point Edward	600	240

Gaming Zone SW12 is not included in Gaming Bundle 4 (Southwest).

(2) **Scope of Services**

The Service Provider will be responsible for the operation of the Gaming Sites located in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8. Primary responsibilities are expected to include but not be limited to:

- acquisition of the land, buildings, leasehold improvements and gaming and related equipment, to the extent owned by OLG in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8 at the book value thereof, which is estimated to be approximately \$43 Million as at March 31, 2013, as well as payment of working capital and other closing adjustments;
- exclusive right to operate the existing Gaming Sites located in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8 for a term of approximately twenty (20) years commencing on the execution and delivery of the Operating and Services Agreement, with the option in favour of OLG to extend the term for unlimited periods of ten (10) years each, subject to and in accordance with the provisions of the Operating and Services Agreement;
- assumption of existing contracts in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8, including, if applicable, any Racetrack Premises Leases in respect of Gaming Zones SW3, SW4, SW5, SW6 and SW7;
- adherence to site-level policies and operating controls, as defined by OLG;
- assumption of existing employees in respect of Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8;
- operation, expansion and/or reduction of non-gaming amenities at the Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8; 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 Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8, and that existing employees should be smoothly transitioned to the Service Provider. During the RFP Process, OLG will develop more detailed plans to ensure stability for OLG's employees and customers, including a requirement for the Service Provider to retain employees for a period of not less than 12 months.

Operation of the Gaming Sites 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. The roles and responsibilities of OLG and the Service Provider are described in Part 4 – Roles and Responsibilities.

(3) **Relocation of the Existing Gaming Sites**

For the reasons noted above, it may be necessary to relocate the existing Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6 and SW7 to a new location within the applicable Gaming Zone. In addition, the Service Provider may, during the term of the Operating and Services Agreement, recommend that the existing Gaming Sites in Gaming Zones SW3, SW4, SW5, SW6, SW7 and/or SW8, be relocated to new locations within the applicable Gaming Zone to improve the performance of such Gaming Site. If relocation is necessary or the Service Provider recommends the relocation of a Gaming Site, any such relocation will be subject to OLG approval and such other approvals as are prescribed in Regulation 81/12 of the OLG Act. In determining whether to grant its approval, OLG will consider, among other things, whether the relocation will enhance the achievement of OLG's two key objectives referred to in Section 1.7 of Part 7 – RFPQ Process and Legal Matters.

With respect to the approved relocation of Gaming Sites, the Service Provider will be responsible for the following:

- acquisition of or otherwise securing the site upon which the Gaming Site will be located;
- design of the Gaming Site, including non-gaming amenities;
- construction of the Gaming Site; and
- financing the acquisition, design, development and construction of the Gaming Site,

all subject to compliance with OLG's policies. For clarity, the term of the Operating and Services Agreement shall not be extended to accommodate any period of construction or relocation of the Gaming Site.

The Service Provider may operate non-gaming amenities in its discretion, subject to OLG's policies. The Service Provider will be entitled to all of the revenues generated from the non-gaming amenities.

The Service Provider will also be responsible for obtaining municipal approvals, including site plan approvals, minor variances and building permits, all as required.

(4) **Compensation Structure**

General – All Gaming Revenue from a Gaming Site will flow into OLG bank accounts. The Service Provider will receive all of the revenues generated from non-gaming amenities at the Gaming Site.

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 OLG policies, 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 Operating and Services Agreement. The fixed and variable fees paid by OLG will not be subject to change. OLG will pay the relevant municipalities and First Nations a portion of the Gaming Revenue retained by it in accordance with applicable revenue sharing formulas. All other costs and expenses 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 CAD \$40 Million per year for Gaming Bundle 4 (Southwest), a portion of which fixed fee will be allocated to each individual Gaming Site. 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. Non-discretionary capital expenses could include the cost of land and buildings, maintenance costs, the cost of interior fittings and a portion of the cost of gaming equipment.

A portion of the fixed fee, estimated to be CAD \$5 Million, is intended to approximately compensate for non-discretionary capital expenses and will be payable to the Service Provider only to the extent of capital invested in the Gaming Sites, and otherwise, will be accrued and carried forward to subsequent years if the Service Provider has no unrecovered capital invested in the Gaming Sites. These funds could be used for the maintenance, renovation or expansion of an existing Gaming Site, or for the construction of a relocated Gaming Site.

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 4 (Southwest) over a specified annual threshold. This fee is intended to compensate the Service Provider for variable operating costs incurred in respect of the Gaming Bundle. All Gaming Revenue below the specified threshold will be retained by OLG.

The major variable operating costs at a Gaming Site are marketing (including player marketing and rewards programs) and the portion of employee salaries and benefits related to customer service. Discretionary capital expenses could include investments by the Service Provider in higher quality interior fittings and furnishings intended to increase the customer appeal of the Gaming Site.

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 4 (Southwest) for the number of years specified in the RFP. 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 \$40 Million per year for Gaming Bundle 4 (Southwest), subject to an annual adjustment for inflation, to approximately compensate for non-discretionary

operating costs and capital expenses, a portion of which will be allocated to each individual Gaming Site; and

- (ii) a variable fee with respect to variable operating costs and discretionary capital expenses equal to 70% of annual Gaming Revenue (on all Electronic Games and Live Table Games) for Gaming Bundle 4 (Southwest) 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 4 (Southwest). Consider a hypothetical Gaming Site with \$100 Million in Gaming Revenue and \$20 Million in non-gaming revenue. For this hypothetical example, assume that OLG establishes a \$15 Million fixed fee, of which \$5 Million is designated for capital expenses, and that the Service Provider bids an annual threshold of \$60 Million pursuant to the RFP Process, which forms part of its successful proposal. In this case, the Service Provider would receive:

- (i) \$20 Million in non-gaming revenue;
- (ii) \$15 Million from the fixed component of the fee, assuming the Service Provider has unrecovered capital expenses of at least \$5 Million; and
- (iii) \$28 Million from the variable component of the fee, which is based on a 70% payment for the Gaming Revenue above the \$60 Million annual threshold.

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

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 policies established by OLG. OLG will retain control over lottery and gaming, but will expect the Service Provider to adopt processes, subject to OLG policies, for the operation of the Gaming Site 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. The anticipated roles and responsibilities of OLG and the Service Provider for Gaming Bundle 4 (Southwest) 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, including a management monitoring system; 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 that govern how business is conducted in Ontario by the private sector (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. Examples of these statutes include, but are not limited to:

- FIPPA
- *French Language Services Act* (Ontario).

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

(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 be holding a workshop webinar on standards and requirements on the date and at the time set out in the Timetable in the RFPQ Information Sheet and will be available to discuss the standards and requirements and expectations of AGCO with individual Applicants on an “as requested” basis. The purpose of the workshop webinar and the individual meetings are 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.

In 2013 and beyond, 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 which is currently being developed.

- 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 to the highest level of 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. This modernization plan 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 61 bingo halls throughout the Province, 39 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 OLGC 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.

The intent of the Charity Gaming Initiative is not to increase the total number of gaming positions currently offered at charitable gaming sites, but rather, to supplement current product offering with a variety of modern games. For example, if a charitable gaming site currently has 250 bingo seats, that charitable gaming site, once modernized, may offer 100 paper bingo seats, 100 electronic bingo seats (or devices that also offer a number of ancillary games) and up to 50 electronic break-open dispensing machines. The initial mix of paper and electronic devices per site will consider current bingo business volumes (as a proxy for local demand).

It should be noted that the types of electronic games permitted at charitable gaming sites may evolve over time, subject to OLG policies. Prize payouts for core bingo gaming will likely range from 70% to 80% while other electronic gaming (such as electronic break-open dispensing machines) will likely range from 75% to 95% depending on individual game type. In addition, no slot machines will be permitted in charitable gaming sites.

(6) Charitable Gaming Locations

Charitable gaming sites may operate in or near a number of Gaming Zones. Information on the 39 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 and the Operating and Services Agreement.

(7) **IGAMING**

OLG has signed a contract with a service provider to develop an internet gaming platform, and will, over the coming months, be implementing its internet gaming platform.

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 pursuant to the separate procurement process referred to above. 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 4 (Southwest) 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 4 (Southwest).

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 relocations 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 4 (Southwest) 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) Identification of the Applicant, Team Members and/or Joint Venture Participants who will be jointly and severally liable for the Service Provider’s obligations under the Operating and Services Agreement (collectively, the “**Financial Covenantors**” and individually, a “**Financial Covenantor**”);
- (e) 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

- (f) 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.
- (g) 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, comprised of:
 - (i) an example relevant to the opportunity in Gaming Zone SW4, the most populous Gaming Zone in Gaming Bundle 4 (Southwest);
 - (ii) an example relevant to the opportunity in any of Gaming Zones SW3, SW5, SW6, SW7 and SW8; and
 - (iii) an example relevant to the opportunity in any of the Gaming Zones within Gaming Bundle 4 (Southwest).

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) should 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
- (ix) Name of the specific Gaming Zone to which the example of gaming site operations experience provided by the Applicant is applicable.

Rated Requirements

- (x) 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).
- (xi) Relevance of the Gaming Operations to Gaming Bundle 4 (Southwest): 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 4 (Southwest) by discussing the similarities with respect to the Gaming Zone within Gaming Bundle 4 (Southwest) 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.
- (xii) 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 4 (Southwest), including with respect to (B), with reference to Ontario’s conduct and manage approach. Where differences exist, the Applicant should describe how those differences affect gaming operations.

- (xiii) **Relevance of the Non-Gaming Operations to Gaming Bundle 4 (Southwest):** 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 is relevant to the opportunity in Gaming Bundle 4 (Southwest). The Applicant should demonstrate the relevance of this experience to Gaming Bundle 4 (Southwest) by discussing the similarities with respect to the Gaming Zone within Gaming Bundle 4 (Southwest) for which the example has been provided 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.
- (xiv) **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					

Performance metric	Year 1	Year 2	Year 3	Year 4	Year 5
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 opportunities in one or more of the Gaming Zones in Gaming Bundle 4 (Southwest).
- (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 opportunities in one or more of the Gaming Zones in Gaming Bundle 4 (Southwest).

- (c) **Revenue and Cost Synergies:** Describe three strategies used to drive revenue and/or cost synergies across gaming sites located within a close geographic proximity to each other. 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 specific gaming site operations. 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 site operations experience, and if the latter, the name of the applicable gaming sites should be provided. Describe the results of these strategies and whether the benefits were one time or recurring. Include in your response a description of how each of these strategies could be applied to the opportunities in one or more of the Gaming Zones in Gaming Bundle 4 (Southwest). Note that if examples of gaming site operations experience are provided, such experience 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. If the Applicant chooses to reference gaming sites other than the three examples used in Section 4(1) of this Part 2, the gaming sites should either be currently operating or have been operated within the 5 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.

(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 relevant property development experience with respect 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 purpose intended) within the 15 years immediately preceding the Submission Deadline, comprised of:
 - (i) two examples relevant to the opportunity in Gaming Zone SW4, the most populous Gaming Zone in Gaming Bundle 4 (Southwest); and
 - (ii) one example relevant to the opportunity in any of the Gaming Zones in Gaming Bundle 4 (Southwest). 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:
 - (i) Gaming Zone SW4, in the case of the two examples provided by the Applicant relevant to the opportunity in Gaming Zone SW4; and
 - (ii) any of the Gaming Zones in Gaming Bundle 4 (Southwest), in the case of the one example provided by the Applicant relevant to the opportunity in any of the Gaming Zones in Gaming Bundle 4 (Southwest).
- (c) The examples of property development experience used by the Applicant 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
- (vii) Name of the specific Gaming Zone to which the example of property development experience provided by the Applicant is applicable.

Rated Requirements

- (viii) 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.
- (ix) 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 opportunities in any of the Gaming Zones within

Gaming Bundle 4 (Southwest). For non-gaming projects, specifically discuss the similarities of each example of property development experience provided to a gaming site development;

- (x) 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 market environment. Include in your response a description of how the design and integration of the development is relevant to the opportunities in any of the Gaming Zones within Gaming Bundle 4 (Southwest).
- (xi) 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 in stakeholder management and explain how the challenge was managed. Include in your response a description of how these stakeholder management experiences are relevant to one or more of the opportunities in Gaming Bundle 4 (Southwest).
- (xii) 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 and Financial Information

(1) Financial Information (Not Rated)

Provide the following information for each Financial Covenantor:

- (a) audited financial statements for the past three fiscal years, including relevant revenue and cost breakdowns (i.e. if the gaming operator was a Financial Covenantor, provide Gaming Revenue derived from gaming operations);

- (b) quarterly financial statements for each quarter since the last audited financial statements;
- (c) details of any credit rating (if applicable); and
- (d) details of any material events that may affect the Financial Covenantor's financial standing since the last annual or quarterly statements provided.

If necessary, in respect of Section 6(1) of this Part 2, OLG may accommodate a confidential review of the annual audited and quarterly financial statements submitted by the Applicant at OLG's premises. Applicants should indicate in their Prequalification Response if they require such an accommodation and provide a rationale for such request.

(2) Examples of Financing Experience

- (a) The Applicant should provide three examples of financing experience from the 15 years immediately preceding the Submission Deadline 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 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(2), 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 \$30 Million or more was raised. A greater number of points will be awarded to examples of financings that exceed \$30 Million based on the extent to which the financing exceeds \$30 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 2008 and the Submission Deadline.

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	70%
Part 2, Section 4(1) – Examples of Operating Relevant Gaming Sites	43%
Part 2, Section 4(2) – Operating Capabilities	17%
Part 2, Section 4(3) – Critical Criteria	10%
Part 2, Section 5 – PROPERTY DEVELOPMENT EXPERIENCE	10%
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 responsible for optimizing Gaming Site operational processes and expenses 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 Operating and Services Agreement to be entered into between the Service Provider and OLG. 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
<p>Strategic Planning – OLG will (a) define the Gaming Zones for the Province and service strategy (e.g., types of games) in each zone; (b) define the product mix for the Gaming Sites and Gaming Zones; (c) define responsible gambling policies and programs; (d) define and maintain OLG brand and related brands; and (e) establish policies for the operation of non-gaming amenities.</p>		
<p>Service/ channel strategy</p>	<p>OLG will determine the number of Gaming Zones and Gaming Sites (including charitable gaming facilities) in the Province, when to create a new Gaming Zone, eliminate a Gaming Zone, change the boundaries of a Gaming Zone and when to expand the maximum size of a Gaming Site within a Gaming Zone.</p> <p>OLG will determine when to bundle Gaming Zones together to be operated by a single service provider.</p> <p>OLG will determine the mix of gaming services (e.g., Electronic Games, Live Table Games, Sports Book) within each Gaming Zone, based on an assessment of the performance of the Gaming Site within the Gaming Zone.</p> <p>OLG will, to ensure a competitive marketplace, establish limits with respect to the permissible number of Gaming</p>	<p>In cooperation with OLG, Service Provider will formulate site specific strategies.</p> <p>Within parameters determined and established by OLG, Service Provider will optimize operational processes and costs.</p>

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
	Sites and Gaming Positions that may be operated by a Service Provider in the Province.	
Product strategy	<p>OLG will determine the maximum number of Gaming Positions in the Gaming Sites through analysis of existing channel and customer performance.</p> <p>OLG will set maximum slot denominations and table betting limits, and maximum and minimum payout rates for Electronic Games within AGCO allowance ranges.</p> <p>OLG will manage the master list of approved gaming products and check for consistency with regulatory requirements (i.e. pay-out, thematic appropriateness, etc.)</p>	Within the policies established by OLG, Service Provider will select exact products from the OLG-approved master product list to offer at the Gaming Site.
Responsible gambling	OLG will establish and enforce Province-wide RG 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 RG leadership.	Service Provider will act consistently with OLG direction in supporting responsible gambling at the Gaming Site.
Performance Management	OLG will establish commercial policies for Service Provider performance.	Service Provider will comply with performance policies.
Enterprise (OLG) brand	<p>OLG will define and maintain an enterprise-wide brand under which it will manage active customer engagement and support in areas including, but not limited to, responsible gambling and game integrity.</p> <p>OLG will define policies for product marketing and will have the right to approve any product or site-related marketing proposed by the Service Provider.</p>	Service Provider will follow OLG direction as required to enable the delivery of these corporate brands at the 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
Non-Gaming Amenities	OLG will establish a limited set of customer service policies and minimum design policies for the operation of non-gaming amenities associated with the Gaming Sites.	Service Provider will comply with OLG policies.
Risk Management and Audit – OLG will (a) establish common risk management policies for all service providers;(b) assist in investigations; (c) establish policies for fraud and collusion detection; (d) ensure that Service Provider complies with FINTRAC; and (e) perform ongoing monitoring and periodic audits of the Service Provider.		
Risk Management	<p>OLG will maintain risk management capabilities to protect the interest of customers and stakeholders, focusing on disaster recovery, business continuity and fraud protection.</p> <p>OLG will establish risk management policies and procedural controls and work in collaboration with the Service Provider to ensure significant business and/or technology risks are appropriately identified and addressed in a timely fashion.</p>	In consultation with OLG, Service Provider will develop risk management capabilities consistent with OLG’s policies and controls that are suitable to protect their own business interests, including disaster recovery, business continuity and fraud protection, consistent with OLG policies.
Investigations	OLG will perform investigations and assist with investigations performed by AGCO and Ontario Provincial Police associated with prize claims, customer complaints, etc.	Service Provider will facilitate all such investigations by providing full and frank disclosure of all information and cooperate with all investigators.
Fraud and collusion	<p>OLG will establish policies for fraud and collusion 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 fraud and collusion activity.</p> <p>OLG will audit the Service Provider’s compliance with all policies, leveraging Service Provider reports and transaction data.</p>	Service Provider will facilitate implementation of OLG policies related to fraud prevention, detection and reporting, comply with all OLG requirements for reports or other information and cooperate with any audits.

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Money laundering	<p>OLG will ensure that the Service Provider complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, by adhering to a Province-wide anti-money laundering policy and risk framework.</p> <p>OLG will maintain a central database of all anti-money laundering reports and intervene as required.</p>	<p>Service Provider will comply with applicable laws and OLG policies.</p> <p>Service Provider will use OLG-approved reporting software to supply all anti-money laundering reports to OLG.</p>
Auditing	<p>In addition to ongoing monitoring of operations through control of management information, OLG will regularly audit the Service Provider to ensure it meets all commercial standards, 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 as required with all audits and respond to findings with appropriate action plans.</p>
<p>Financial Management – OLG or its authorized agents will (a) accurately reconcile and report revenue and transactions; (b) control funds through ownership of bank accounts associated with gaming; (c) set policy to prevent fraud and audit Service Provider performance; (d) set and audit financial policies; (e) monitor and audit finances; and (f) regularly review Service Provider financial integrity to manage overall financial risk.</p>		
Revenue reporting	<p>OLG will control all financial transaction information and other information required to calculate net win as defined by OLG, and reconcile daily Gaming Revenue, with game play data provided through the GMS.</p> <p>OLG will regularly perform analyses and conduct checks to verify the accuracy of all financial data.</p> <p>OLG will integrate and reconcile all financial transactions related to Gaming Revenue across its service provider network.</p>	<p>All transaction and game play data will flow directly to OLG from Service Provider systems.</p> <p>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
Control of funds	All Gaming Revenue will flow into OLG bank accounts. Service Provider will receive its operating fees 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 pay for all operating expenses out of the fees paid to it by OLG.
Policies and thresholds	OLG will define financial accounting policies related to revenue, marketing expenses and capital expenditures.	Service Provider will comply with OLG financial accounting policies.
Monitoring and auditing	OLG will compile, document and prepare financial information for external reporting. OLG will monitor the integrity of the Service Provider's accounting process by requiring the Service Provider to furnish audited financial statements in accordance with International Financial Reporting Standards and OLG-defined accounting policies.	Service Provider will supply financial reports, including audited financial statements to OLG based on pre-defined requirements.
Financial Planning	OLG will assess the ongoing viability of the Service Provider (including capital planning, liquidity and credit, etc.) and key financial risks. OLG will participate in operator financial control activities, including annual financial planning and budgeting processes.	In consultation with OLG, Service Provider will develop annual financial plans and budgets. Service Provider will supply information necessary to assess ongoing viability to OLG in accordance with pre-defined requirements.

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Capital ownership and management	<p>OLG will establish a portion of the operating fees to be designated for non-discretionary capital maintenance. For clarity, with respect to Gaming Bundle 4 (Southwest), the portion of the operating fee designated for non-discretionary capital maintenance is referred to in Section 2(4) of Part 1 – Background Information.</p> <p>OLG will approve capital budgets for site construction, relocation and major expansions.</p>	<p>Service Provider will own all capital assets at Gaming Sites within the Gaming Bundle.</p> <p>Service Provider will consult with OLG in developing annual capital plans related to site upkeep and equipment purchases, including gaming equipment.</p> <p>Service Provider will consult with OLG regarding site construction, relocation and major expansion.</p>
<p>Customer Management – OLG or its authorized agents will (a) own and manage customer information, including player marketing and rewards program membership; (b) perform customer analytics; (c) set policies and procedures for prize disbursement above a certain threshold; and (d) provide some central customer support.</p>		
Customer information	<p>OLG will own all customer data and information.</p> <p>OLG will consolidate customer and gaming activity information across the Province into single master customer records.</p> <p>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.</p>	<p>All customer data will flow automatically from Service Provider systems to OLG.</p> <p>Service Provider will have access to OLG data related to customer activity at the Gaming Site, consistent with OLG policies, in order to enable customer analytics, marketing of the Gaming Site, player rewards, etc.</p>
Player Marketing and Rewards Programs	<p>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.</p>	<p>Service Provider will establish its own player marketing and rewards programs and will provide data with respect to such programs to OLG consistent with OLG policies.</p>

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Customer analytics	OLG will perform analytics on customer information to analyze customer behaviours to assist with key business decision making (including, but not limited to, Service Provider performance, compliance with responsible gambling policies, etc.).	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 policies and procedures for prize disbursement for large prizes (i.e. above a certain monetary threshold).	Service Provider will comply with OLG policies.
Customer Support	<p>OLG will establish policies for customer care and verify the implementation of such policies through periodic audits.</p> <p>OLG will provide central customer support for customers requiring support outside of normal lottery or gambling activities. This includes, but is not limited to, complaints about operations, general gaming inquiries, investigations and responsible gambling.</p> <p>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.</p>	<p>Subject to 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.).</p> <p>To comply with OLG policies, Service Provider will develop processes and systems to provide OLG with relevant data necessary for customer support for all escalated calls.</p>
<p>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.</p>		
Operational policies	OLG will establish operational policies, including, for example, building maintenance and appearance and have unfettered access to Gaming Sites within all Gaming Zones, including ongoing presence, as required. OLG will establish systems to monitor activities at all Gaming Sites within all Gaming Zones.	<p>In accordance with OLG policies, 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.</p> <p>Service Provider will establish procedures and controls to ensure compliance with OLG policies.</p>

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Service Provider marketing	<p>OLG will establish policies for marketing activities of the Service Provider (e.g. direct marketing, incentives to customers, mass media advertising).</p> <p>OLG will regularly review the Service Provider performance and adherence to policy.</p> <p>OLG will have the right to approve any product or site-related marketing proposed by the Service Provider.</p>	<p>In accordance with OLG policies, Service Provider will develop marketing plans for Gaming Sites within the Gaming Bundle.</p>
Performance management	<p>OLG will monitor and assess the Service Provider’s performance against operational policies and require any corrective action to be taken.</p> <p>OLG will establish a range of disciplinary measures in the event of non-performance.</p>	<p>Within the policies established by OLG, Service Provider will optimize site operational performance.</p>
Game integrity	<p>OLG will establish policies for physical access to gaming equipment and regularly conduct audits for compliance with policies.</p> <p>OLG will have the ability to unilaterally shut down any gaming device in the Province (or prevent one from being activated) through the GMS.</p>	<p>In consultation with OLG, Service Provider will develop and establish appropriate procedures and controls to comply with OLG policies.</p> <p>Service Provider will only be able to operate gaming devices with OLG’s express permission.</p>
Ongoing Monitoring	<p>OLG will conduct ongoing game and equipment monitoring through its GMS, and physical presence and will also conduct physical inspections of equipment at Gaming Sites within all Gaming Zones.</p> <p>OLG will monitor the installation and maintenance of games in order to ensure the continued operational integrity of customer game play at all Gaming Sites within all Gaming Zones.</p> <p>OLG will monitor the logistics and distribution of gaming products from suppliers to the Service Provider.</p>	<p>Service Provider will facilitate OLG’s monitoring and inspection of gaming equipment.</p>

Areas of responsibility	Description of OLG's role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Operational Compliance	OLG will establish and implement policies to ensure the Service Provider's compliance with AGCO standards.	Service Provider will facilitate implementation of and cooperate fully with OLG's 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>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>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>
Central Customer Database	OLG will maintain a central 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 central 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. Service Provider will receive data from OLG relevant to customers at Gaming Sites within the Gaming Bundle, consistent with OLG policies.

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
Site Database	<p>OLG will establish data access and stewardship policies 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>	<p>Service Provider will establish procedures and controls to comply with OLG data access and stewardship policies.</p>
<p>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 and approved gaming technology vendors; (c) oversee the operation of a GMS across all Gaming Zones; and (d) monitor and audit Service Provider information security.</p>		
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>	<p>Service Provider will provide real-time connection between the gaming floor networks with the OLG GMS as per OLG policies.</p>

Areas of responsibility	Description of OLG’s role and responsibilities	Areas in which the Service Provider will have operational responsibilities
<p>IT System Operations Requirements</p>	<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>OLG will retain sole authority over the portfolio of approved gaming technology suppliers. Service Provider will require prior OLG approval to acquire and implement gaming technologies.</p> <p>OLG will establish the integration policies and formats for interoperability of the Service Provider system to OLG corporate systems.</p>	<p>Service Provider will manage and administer its IT assets according to OLG policy and operational security and technical requirements.</p> <p>Service Provider will implement networks, systems, equipment and devices according to OLG policies and operational security and technical requirements.</p> <p>Service Provider will ensure technical compatibility and interoperability of its operational system and devices with OLG’s key systems.</p>
<p>Gaming Management System (GMS)</p>	<p>OLG will implement operational oversight and will have full system 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 and GMS to OLG’s corporate systems.</p> <p>In the 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>Service Provider will ensure continued connectivity between site networks and OLG’s Province-wide GMS.</p> <p>In the near term, Service Provider will use OLG’s CasinoLink systems. Service Provider will be required to purchase new site network and systems once OLG has implemented a new Province-wide GMS.</p> <p>Service Provider will operate the site GMS and associated components.</p>
<p>Auditing</p>	<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 will conduct site inspections for compliance with technology policies.</p>	<p>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 4 (Southwest):

Gaming Bundle Pertaining to 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	300	120
		SW4: Includes the Western Fair site	1,200	300
		SW5: Includes the Clinton site	300	120
		SW6: Includes the Dresden site	300	120
		SW7: Includes the Hanover Raceway site	300	120
		SW8: Includes the OLG Casino Point Edward	600	240

Gaming Bundles Procured Prior to this RFPQ:

Gaming Bundles Procured Prior to 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
1. Ottawa Area	1	E4: Includes the Rideau Carleton site	2,000	600
2. East	3	E1: Includes the Kawartha Downs site	600	180
		E2: Area around the City of Belleville	300	180
		E3: Includes the OLG Casino Thousand Islands	600	300
3. North	5	N1: Includes the Sudbury Downs site	600	180
		N2: Includes the OLG Casino Sault Ste. Marie	600	120
		N3: Includes the OLG Casino Thunder Bay	600	120
		N4: Area around the City of Kenora	300	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 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 based on consultation with OLG, with approval granted at OLG's discretion.

Gaming Bundles Procured Prior to 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
		N5: Area around the City of North Bay	300	120

Preliminary Gaming Zones to be considered in Subsequent OLG Procurements:

Preliminary Gaming Zones to be considered in Subsequent OLG Procurements²	Maximum Number of Electronic Gaming Positions³	Maximum Number of Live Table Gaming Positions³
C1: Area surrounding Toronto	5,000 ⁴	TBD
C2: Includes the Woodbine site	5,000 ⁴	TBD
C3: Includes the Ajax Downs site	1,600 ⁵	TBD
C4: Includes the Mohawk Raceway site	1,200	TBD
C5: Includes the Georgian Downs site	1,200	TBD
C6: Casino Rama	3,000	TBD
C7: Area surrounding Collingwood and Wasaga	300	TBD
SW1: Includes the Grand River Raceway site	1,200 ⁶	TBD
SW2: Includes the OLG Casino Brantford	600	TBD
SW9: Includes the Flamboro Downs site	1,200	TBD

⁴ Between Gaming Zones C1 and C2, only one Gaming Site will be allowed up to 5,000 Electronic Gaming Positions and the other Gaming Site will be allowed up to 3,000 Electronic Gaming Positions.

⁵ The Gaming Site in the Regional Municipality of Durham is currently located in the Town of Ajax. The official plan for the Town of Ajax caps the number of Electronic Gaming Positions at 800.

⁶ The Centre Wellington Zoning By-law for the Township of Centre Wellington, County of Wellington, caps the number of Electronic Gaming Positions at 450.

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
C8: Includes Great Blue Heron Casino, in the territory of Mississauga of Scucog Island First Nation)	533	360
SW10: Includes Casino Niagara	1,550	240
SW11: Includes Fallsview Casino	3,100	798
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>

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
BOARDWALK GAMING CENTRE BARRIE	Barrie	52 Bayfield St. Barrie L4M 3A5
TREASURE CHEST BINGO	Kingston	1600 Bath Road Kingston K7M 4X7
KAWARTHA CLUB BINGO	Peterborough	1019 Clonsilla Avenue Peterborough
BOARDWALK GAMING CENTRE SUDBURY	Sudbury	940 Newgate Avenue Sudbury P3A 5J9
BREAKAWAY BINGO	Windsor	655 Crawford Avenue Windsor N9A 5C7
PARADISE BINGO	Windsor	2340 Dougall Avenue Windsor N8X 1T1
VALLEY BINGO	Sudbury (Val Caron)	2914 Highway 69 North Sudbury (Val Caron) P3N 1E3
COMMUNITY SPIRIT BINGO CENTRE	Kingston	900 Montreal St. Kingston K7K 3J9
ANGEL GATE BINGO	Penetanguishene	175 Main St. Penetanguishene L9M 1L8
DELTA MAYFAIR OAKVILLE	Oakville	483 Speers Road Oakville L6K 2G4
MEADOWVALE BINGO	Mississauga	2295 Battleford Road Mississauga L5N 2W8
DELTA BINGO	Toronto	1799 St. Clair Avenue West Toronto M6N 1J9
DOLPHIN BINGO	Toronto	1911 Eglinton Ave E. Toronto M1L 4P4
RUTHERFORD BINGO	Brampton	291 Rutherford Road S. Brampton L6W 3R5
DELTA BINGO RICHMOND HILL	Richmond Hill	350 Newkirk Road Richmond Hill L4C 3G7
DELTA MAYFAIR PICKERING	Pickering	975 Dillingham Road Pickering L1W 1Z7
BINGO WORLD	Newmarket	1230 Kerrisdale Blvd. Newmarket L3Y 8Z9
LONG SAULT BINGO	Hawkesbury	740 Laurier St. Hawkesbury K6A 3N9
THUNDER BAY CB	Thunder Bay	425 Northern Avenue Thunder Bay P7C 2V7
BINGO COUNTY LONDON	London	1106 Dearness Drive London N6E 1N9
LUCKY DAYS BINGO	London	539 First St. London N5V 1Z5
BINGO COUNTRY	St. Thomas	140 Edward St. St. Thomas N5P 1Z3
BOARDWALK GAMING STRATFORD	Stratford	353 McCarthy Road Stratford N5A 6W1
CAMBRIDGE BINGO CENTRE	Cambridge	255 Elgin St. North Cambridge N1R 7G4
RIVERVIEW BINGO COUNTRY LTD.	Chatham	497 Riverview Line Chatham N7M 5J5
CHANCES	Leamington	14 Mill Street East Leamington N8H 1R7

BINGO HALL	CITY	ADDRESS
SOUND BINGO	Owen Sound	938 2 nd Avenue E. Owen Sound N4K 2H6
BINGOLAND SOUTH	Ottawa	9 Slack Road Ottawa K1G OB7
OVERBROOK BINGO PALACE	Ottawa	1150 Lola St. Ottawa K1K 3W9
BINGO COUNTY	Pembroke	1371 Pembroke St. W. Pembroke K8A 7A5
DELTA UNCLE SAMS BINGO	Fort Erie	427 Garrison Road Fort Erie L2A 6E6
GOLDEN NUGGET BINGO	Fort Erie	655 Garrison Road Fort Erie L2A 1N5
DELTA BINGO	Niagara Falls	4735 Drummond Road Niagara Falls L2E 6C8
DELTA BINGO CENTRE HAMILTON	Hamilton	45 King Street East Hamilton L8N 1A5
DELTA BINGO ST CATHARINES	St. Catharines	227 Church St. St. Catharines L2R 3E8
TIMMINS CITY BINGO	Timmins	251 First Avenue Timmins P4N 1H6
BINGO COUNTY SARNIA	Sarnia	825 Upper Canada Drive Sarnia N7W 1A3
BELLEVILLE LIONS	Belleville	610 Dundas St. E. Belleville K8N 1G7
KIRKLAND LAKE	Kirkland Lake	38 Duncan St. North Kirkland Lake P2N 3N8

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 Alcohol and Gaming Commission of Ontario. Further details can be found at <http://www.agco.on.ca/>

"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.

“**CAD**” means Canadian dollar.

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

“**Charity Gaming Initiative**” has the meaning given in Section 3(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), (b) or (d) 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.

“**Customer Loyalty Program**” means any incentive program that allows players to earn points or other incentive rewards as a result of participating in any Electronic Game or Live Table Game, which points or other incentive rewards are convertible or exchangeable pursuant to the terms and conditions of such program into cash and cash equivalents.

“**Dealer Assisted Electronic Games**” means all electronic gaming devices that are operated by a live dealer who serves Electronic Gaming Positions electronically. For clarity, each Gaming Position of a Dealer Assisted Electronic Game will be considered an Electronic Gaming Position.

“**Electronic Games**” means all electronic gaming devices, including reel-type and video-type slot machines, Dealer Assisted Electronic Games and Electronic Table Games.

“**Electronic Gaming Positions**” 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;

“**Financial Covenantor**” is defined as those Persons (e.g. Applicant, Prime Team Members or Joint Venture Participants) who will be jointly and severally liable for the Service Provider’s obligations under the Operating and Services Agreement (collectively, the “**Financial Covenantors**” and individually, a “**Financial Covenantor**”).

“**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 band as defined in the *Indian Act* (Canada) or similar indigenous peoples or groups in the United States, Australia or New Zealand, as defined in the relevant legislation in those countries.

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

“**Gaming Bundle 4 (Southwest)**” means the Gaming Bundle comprised of Gaming Zones SW3, SW4, SW5, SW6, SW7 and SW8, 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 Positions**” means an Electronic Gaming Position or 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 of all cash or cash equivalents collected or otherwise received from players and other customers from 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;
- (b) the aggregate amount of all liabilities validly accrued under any Customer Loyalty Program in respect of points and other incentive rewards that are earned as a result of participating in any Electronic Game or Live Table Game; and
- (c) the aggregate amount of (i) cash and cash equivalents collected or otherwise received from players and other customers and validly accrued in respect of the funding of progressive jackpots; and (ii) all winnings from progressive jackpots,

provided however that, for greater certainty, Gaming Revenue will not include promotional play unless it is a redemption, conversion or exchange under a Customer Loyalty Program.

“**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 SW3, SW4, SW5, SW6, SW7 or SW8 within Gaming Bundle 4 (Southwest);
- (b) a gaming site (other than a charitable gaming site) located within a 150 km radius of any boundary of Gaming Zones SW3, SW4, SW5, SW6, SW7 or SW8 within Gaming Bundle 4 (Southwest) 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 (a) applies to a Person and such Person has agreed, as at the Submission Deadline, to convert the referenced compensation to the Compensation Structure described in Section 2(4) of Part 1 – Background Information, pursuant to a transition process agreed to by OLG, such Person will no longer be an Ineligible Operator for the purposes of this paragraph (a); 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) an 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 Zones, 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 Zones;
 - (ii) 50% of the maximum number of OLG-established Gaming Bundles; or
 - (iii) 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 29 Gaming Zones and between 10 and 15 Gaming Bundles, and that OLG will permit a maximum of 32,500 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 of Ontario:
 - i) where a charitable organization, under the authority of a permit or authorization issued by a municipality or by AGCO, participates in a lottery scheme conducted and managed by OLG pursuant to an agreement approved by AGCO; or
 - ii) where a charitable organization conducts and manages a lottery scheme under the authority of a licence issued by a municipality or by AGCO.

“**Ineligible Persons**” means those Persons listed in the RFPQ Information Sheet that are not eligible to participate as, or be an advisor 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 4 (Southwest), 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), (b) or (d) of the definition thereof in this Part 8 - Definitions.

“**Letter of Intent**” means a letter of intent between OLG and a Racetrack Site Owner setting out the principles upon which such Racetrack Site Owner agrees to lease facilities to OLG for a term following March 31, 2013.

“**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 Positions**” 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 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/>.

“**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.

“**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/>.

“**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;
- (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; or
- (d) is a Financial Covenantor.

“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 a fully executed lease between OLG and a Racetrack Site Owner pursuant to which such Racetrack Site Owner agrees to lease facilities to OLG for the purpose of a lottery scheme conducted and managed by OLG, having a term that expires or terminates after March 31, 2013 (without regard to any overholding period) and, for clarity, shall not include a Letter of Intent that has not been formalized in a Racetrack Premises Lease executed by OLG and the Racetrack Site Owner by the Submission Deadline.

“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, 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 1314-001.

“**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 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 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.

“**Uncommitted Racetrack Site Owner**” means a Racetrack Site Owner who, as at the Submission Deadline, is not party to a Racetrack Premises Lease or other binding agreement with OLG for the use of the racetrack premises for a period expiring not earlier than the Submission Deadline.

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