



NICK EAVES
President and CEO

March 6, 2015

Mayor John Tory and Deputy Mayor Vincent Crisanti
100 Queen Street West, City Hall
Toronto ON M5H 2N2

Dear Mayor Tory and Deputy Mayor Crisanti,

Re: Woodbine Racetrack

Woodbine Entertainment Group (WEG) is Canada's largest horse racing operator. Formerly The Ontario Jockey Club, WEG traces its roots in Toronto back to 1881. WEG is the owner and operator of Woodbine Racetrack in Toronto and Mohawk Racetrack in Milton. The company's operations include racetracks, dining facilities, broadcasting, off-track wagering and pari-mutuel account wagering. As a corporation without share capital, all profits, after paying taxes, are reinvested back into our core mandate, namely Ontario's horse racing industry, our facilities, our employees, and our local communities.

Woodbine Racetrack was built at its current location in 1956. The property is approximately 266 hectares in size and is generally bounded by Rexdale Boulevard to the north, Highway 27 to the east, Highway 427 to the west and the Metrolinx rail corridor to the south, and is located within the northwest portion of the former City of Etobicoke.

In March of 2000, OLG Slots at Woodbine Racetrack opened with 1,700 slot machines; since then, the number of slot machines has increased to 3,005. The facility is currently operated by the Ontario Lottery and Gaming Corporation ("OLG"), pursuant to its legislated mandate to conduct and manage gaming in the Province. Under OLG's Municipality Contribution Agreement, OLG makes payments to the City of Toronto for hosting OLG Slots at Woodbine Racetrack. For the 2013-14 Fiscal Year, OLG paid the City approximately \$15M in hosting revenue. In addition, OLG Slots at Woodbine Racetrack has helped support horseracing at Woodbine, making the success of the facility a key element in WEG's strategy for sustainable horseracing.

WOODBINE ENTERTAINMENT GROUP

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Woodbine Racetrack has made a significant social, cultural and economic contribution to the Rexdale community, the City of Toronto and the Province of Ontario. WEG is fully committed to ensuring the sustainability and growth of the horse racing and breeding industry in Ontario. While Woodbine and other horseracing facilities in Ontario have entered into short-term transitional arrangements with the Province, through the Horse Racing Partnership Funding Program, the Program is set to end in 2019 and is subject to a review in 2017.

To achieve long-term sustainability of the horse racing industry, WEG must identify solutions that work over the long-term, and provide sustainable revenue streams that will facilitate growth and provide security for our industry. This is consistent with the Government of Ontario's strategy for integrating gaming and horseracing, and its plan to support the industry by leveraging synergies between gaming and the horseracing industry. For these reasons, we support the expansion of gaming at Woodbine with the goal of becoming a catalyst for revitalization, employment and growth.

Fundamentally, Woodbine's intention is to move forward with a comprehensive development of the entire property in a manner which is complementary to our core horse racing business. Such a development will transform Woodbine into an entertainment destination and be the centre of economic activity and new jobs in the Rexdale community.

We are writing to you today, to request your support to attain a resolution by the City of Toronto to permit the expansion of gaming at Woodbine, including the introduction of live table games. We believe that a responsibly operated casino, integrated in a racetrack environment, provides sustainable, secure revenue that supports the horse racing industry and facilitates growth. These revenues in turn allow WEG to continue to provide benefits to many, including:

- Direct employment for approximately 1,800 people;
- Indirect employment for more than 7,500 in Toronto;
- Employing 10% of the workforce in Rexdale – that is equal to one of every ten jobs in a community that has seen a 26% decline in jobs over the last 10 years;
- Providing the foundation for Ontario's horse racing and breeding industry that employs more than 55,000 people across the Province;
- \$814 million in annual expenditures generated from the horse racing at Woodbine Racetrack and related gaming and hospitality activities;
- Contributing more than \$3.5 million in municipal taxes every year;
- Welcoming six million visits every year, which generates spin-off benefits for local businesses.

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In addition, revenues from OLG Slots at Woodbine Racetrack provide the City with millions in hosting revenues annually, under OLG's Municipal Contribution Agreement. This included approximately \$15M in hosting payments in Fiscal 2013-14.

As you may recall, in 2012, OLG launched a procurement process to identify private sector service providers to operate gaming sites across the Province (the "Modernization Plan"). As part of this, OLG committed to not impose the expansion of a gaming facility on an unwilling municipality. As a result, in 2013, the City of Toronto initiated an exhaustive public consultation process to determine public support for a new downtown casino, as well as an expanded gaming facility located at the Woodbine site. In addition, the City produced a comprehensive report that, among other things, addressed the social and economic impacts of an expanded Woodbine site.

The City staff report, dated April 5, 2013, that was presented to Council included a thorough analysis and recommendations for expansion of the current slot facility located at Woodbine, and concluded that:

"The planning framework for Woodbine supports both the current gaming (slots and electronic games) as well as a potential full-service casino (slots and live dealer tables) in this area. The expansion has the potential to support additional development on this site that is in keeping with both the planning and economic framework approved by City Council in 2007, for Woodbine as an entertainment and retail destination. Given the rise in job losses in northwest Toronto and the threatened nature of the horse racing industry, expanding Woodbine supports broader revitalization plans for the area."

<http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-57336.pdf>

And

"While the area (Rexdale) has traditionally had a solid manufacturing base, between 2001 and 2011, the area north of Eglinton and west of the Humber lost 14,300 jobs (16.8%). Rexdale and Northwest Etobicoke lost 8,100 jobs (13.6%)."

<http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-57336.pdf>

The same staff report provided an analysis of the benefits of expanded gaming and redevelopment at the Woodbine site, including:

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- 4,000 construction jobs and 1,605 jobs related to an expanded casino complex at Woodbine which represents in total about 28% of the annual job growth target included in Collaborating for Competitiveness.
- A \$153 million annual increase in GDP related to operations and a \$995 million increase in GDP over the 3-year construction period at Woodbine.
- Significant additional annual revenue to the City of Toronto through the Municipal Contribution Agreement, mostly due to the introduction of new live table games.

Unfortunately, in May of 2013, the City of Toronto Council narrowly decided to refuse the recommendations from the City staff report for gaming expansion at Woodbine, in the context of a debate which was largely focused on the different issue of a non-racetrack-aligned casino in the downtown area.

The OLG is currently engaged in a procurement process to identify a qualified private sector service provider to operate OLG Slots at Woodbine Racetrack pursuant to its Modernization Plan. At present, a Request for Prequalification (RFPO) is currently in market. By supporting a resolution for expansion of gaming at Woodbine, including the introduction of live table games, the City will allow WEG and a future private sector service provider to create a catalyst for redevelopment of Woodbine and the surrounding area. The City of Toronto, the Province of Ontario, WEG and the province's horse racing and breeding industry would all benefit from this outcome.

Without such a resolution passing, the Woodbine location will not be able to realize its potential. If the City elects to not support the expansion of gaming at Woodbine, it will be walking away from the economic benefits a redeveloped Woodbine could bring. Further, neighbouring municipalities, which are working to attract this investment, could be successful, thereby significantly straining Woodbine's business model and threatening the revenue streams currently earned by all stakeholders from the Woodbine site.

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We are confident that expanding gaming at Woodbine is supported by the residents of Toronto and, in particular, our local community. In preparing its 2013 Report, the City of Toronto held numerous public consultations and an extensive Environics poll was conducted. The City's poll showed 55% support for expanded gaming at Woodbine. Further, during a 2-day session of the Executive Committee, in April 2013, over 100 individuals came forward as deputants to express their respective views on gaming and gaming expansion in Toronto. While there was considerable opposition towards a new downtown casino in the City of Toronto, support for Woodbine at that meeting was very strong. In addition, WEG has collected signatures of support from over 10,000 people.

In 2014, Woodbine engaged the Gandalf Group to conduct its own own poll and found that across the City of Toronto, a majority of the public supported expanded gaming at Woodbine. This number rose significantly with the residents of Etobicoke.

With expanded gaming as a catalyst, it is Woodbine's intention to move forward with a comprehensive development of the entire property in a manner which is complementary to our core horse racing business. Such a development will transform Woodbine into an entertainment destination and would bring substantial economic development and jobs to the Rexdale community.

On behalf of the approximately 1,800 employees of Woodbine Entertainment Group, and the hundreds more who will gain new jobs through the modernization of Woodbine, I ask that the City pursue a resolution for expansion of gaming at Woodbine, including the introduction of live table games. We look forward to working with you and your colleagues to achieve this important goal. Please feel free to contact me if you have any questions or comments regarding our vision and goals for Woodbine.

Yours truly,



Nick Eaves
President & CEO

cc: Councillor Rob Ford, Ward 2, Etobicoke North