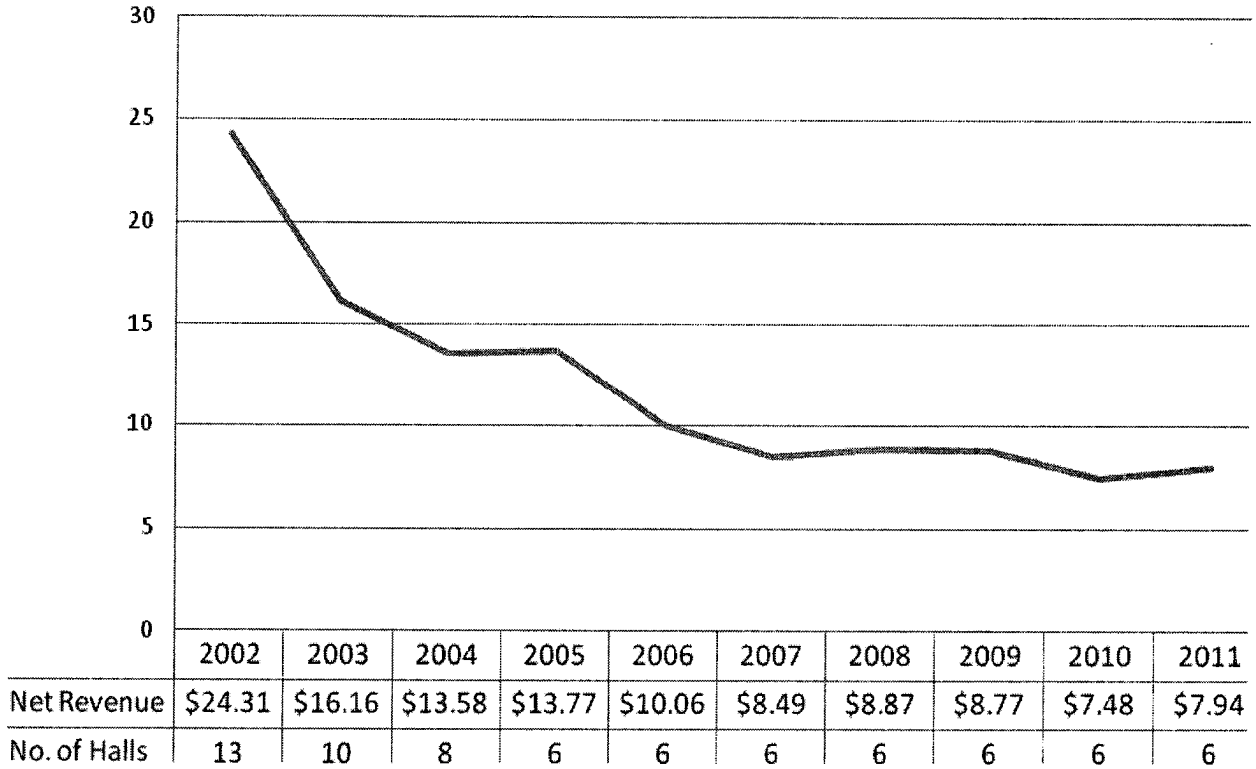
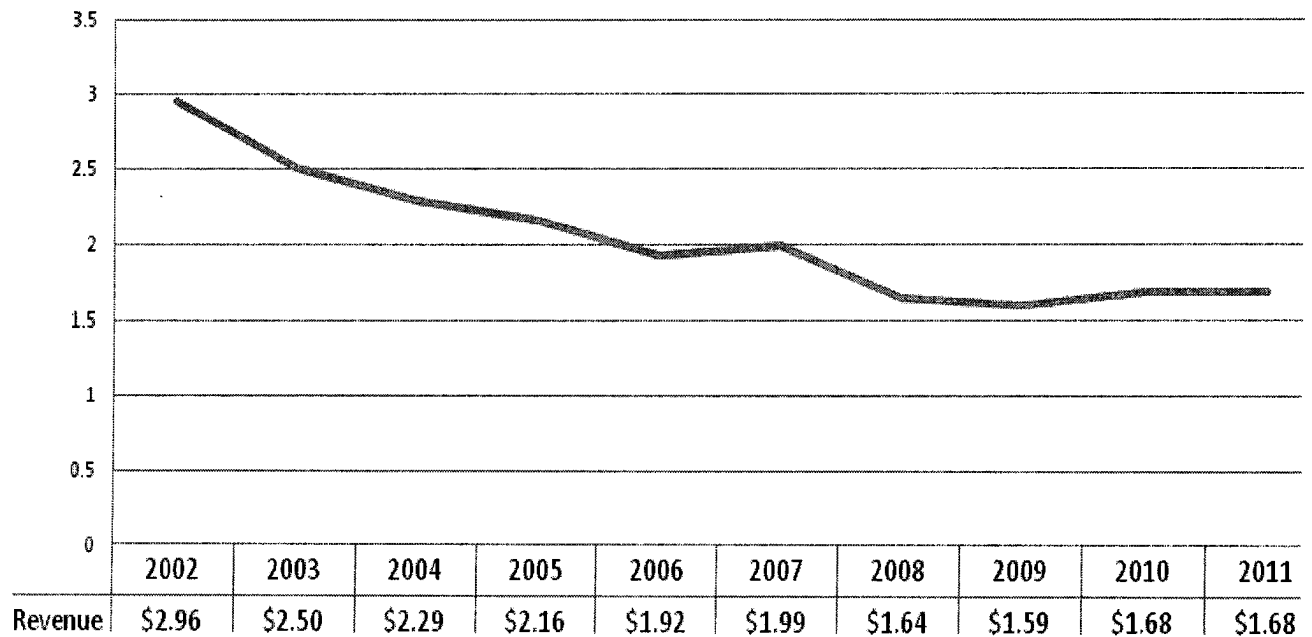


## Appendix "A" Declining Charity and Bingo Licensing Revenues

### City of Toronto Bingo Charity Revenue (in millions)



### City of Toronto Bingo Licensing Revenue (in millions)



**Appendix "B"**  
**OLG Letter Dated March 16, 2006**



7

March 16, 2006

Ms Bonita Pietrangolo  
Director of Elections and Registry Services  
City of Toronto  
City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

4120 Yonge Street  
Suite 500  
Toronto, Ontario  
M2P 2F8

4120, rue Yonge  
Bureau 500  
Toronto (Ontario)  
M2P 2F8

Tel: (416) 224-1772  
Fax: (416) 224-7005

[www.olg.ca](http://www.olg.ca)

Dear Ms Pietrangolo,

I am writing today to discuss the importance of charitable gaming in Ontario to the modernization of OLG.

As you may know, the Ontario Lottery and Gaming Corporation has launched a significant modernization plan. While much of the recent news regarding this plan has focused on the transformation of lottery and casino-based gaming, an equally important part of this initiative is the modernization of charitable gaming.

Just as OLG is committed to modernizing operations to better serve our customers and the province, we are also committed to revitalizing the charitable gaming industry to ensure continued support of community organizations. I have attached, as Appendix A, a more detailed overview of what this revitalization will entail.

The direction OLG has received from government regarding the modernization of charitable gaming has been clear: OLG is to facilitate the introduction of electronic games into bingo halls. This means that in bingo halls where customers were traditionally limited to playing paper-based games, OLG will now be able to offer customers the opportunity to play bingo on electronic devices. It also means that OLG will be able to introduce new electronic charitable games, including Rapid Draw Bingo, Electronic Break Open Tickets and Electronic Instant Games. These new games will appeal to customers and help increase the support for local charities and community organizations.

The direction OLG received from government was also clear on another matter: slot machines will not be included in the modernization of charitable gaming.

I have attached, as Appendix B, a full overview of the games contemplated for Phase One of our Charitable Bingo and Gaming Revitalization Initiative.

Open and transparent communication will be critical to the future success of charitable gaming. To this end, I want to assure you that we value the City of Toronto's participation as a key player in this initiative. This includes OLG's commitment not to introduce games that are not included in our current direction into Toronto bingo halls without first engaging the City of Toronto in consultation.

If you would be interested in a meeting to further discuss the role of charitable gaming in Toronto, or have any additional questions, Ro Ko, Director, Bingo Gaming, would be happy to speak with you. Please don't hesitate to contact him at (416) 224-7062.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Marinelli". The signature is written in a cursive, flowing style.

Tom Marinelli  
BVP, Chief Transformation Officer and Chief Information Officer

**Appendix "C"**  
**Comparison of the Regulatory Framework**

	<b>Current Model</b>	<b>Charitable Bingo &amp; Gaming Revitalization Initiative</b>
<b>Regulatory Framework</b>	<b>Alcohol &amp; Gaming Commission (AGCO)</b>	<b>Ontario Lottery &amp; Gaming (OLG)</b>
<p><b>Federal</b></p> <p>In Canada, all authority to licence gaming activity flows from provisions in the <i>Criminal Code</i> (Canada).</p>	<p><b>Criminal Code s. 207(1)(b)</b></p> <p>Allows for a <u>charitable or religious organization</u>, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person in authority in the province as may be specified by the Lieutenant Governor in Council to <u>conduct and manage</u> a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose.</p>	<p><b>Criminal Code s. 207(1)(a)</b></p> <p>Allows for the <u>government</u> of a province, either alone or in conjunction with the government of another province, to <u>conduct and manage</u> a lottery scheme in that province, or in that and the other province, in accordance with any law enacted by the legislature of that province.</p> <p>Only the government of a province can operate games of chance that are played through a computer, video device or slot machine. [s. 207(4)(c)]</p>
<p><b>Provincial</b></p>	<p><b>Gaming Control Act</b> Regulates the commercial sector (eg. hall operators, gaming suppliers) of the charitable gaming industry.</p>	<p><b>Gaming Control Act</b> Regulates the commercial sector (eg. hall operators, gaming suppliers) of the charitable gaming industry.</p>
	<p><b>Order-in-Council 1413/08</b></p> <p>The Government of Ontario has delegated its authority to licence charitable gaming events to:</p> <ul style="list-style-type: none"> <li>• the Registrar of the Alcohol and Gaming Commission, and</li> <li>• municipal councils.</li> </ul> <p>Empowers a municipality to issue licences/authorizations to eligible charitable organizations to conduct and manage certain types of lottery schemes, where the proceeds from the lottery scheme is used for charitable or religious objects providing a direct benefit to the residents of Toronto. Examples of lottery schemes under municipal council jurisdiction include bingo, raffle, break-open ticket or a bazaar lottery.</p>	<p><b>Ontario Lottery and Gaming Corporation Act, 1999.</b></p> <p>The OLG is the Operational Enterprise Agency created by the Government of Ontario to conduct lottery schemes and operate gaming sites.</p> <p>OLG is authorized to <u>enter into agreements</u> to develop, undertake, organize conduct and manage lottery schemes. [s.3(5)]</p>

	<b>Current Model</b>	<b>Charitable Bingo &amp; Gaming Revitalization Initiative</b>
<b>Regulatory Framework</b>	<b>Alcohol &amp; Gaming Commission (AGCO)</b>	<b>Ontario Lottery &amp; Gaming (OLG)</b>
<b>Municipal</b>	<p><b>Municipal Code Chapter 553, Lottery Licensing</b></p> <p>Governs the type of lottery schemes for which the City can issue licences. It regulates the issuance of licences and the payment of fees for licences.</p> <p>The City Clerk is responsible for regulating and enforcing the provisions of the Code and determining whether or not an application to conduct a lottery complies with provincial regulations.</p>	<p><b>Charitable Gaming Centre Municipality Agreement</b></p> <p>The agreement establishes the municipality as the Permitting Authority for supplying permits to eligible charities on behalf of the OLG. It stipulates the role of the municipality and payment to the municipality for its services.</p>

**Appendix "D"**  
**Roles and Responsibilities of Stakeholders**

# Roles and Responsibilities

	Charity	Commercial Operator	Municipality	OLG
<b>Role Definition</b>	Provide "good causes awareness general" service to OLG for revenue commission (direct funding)	Provide site operations service to OLG for revenue commission	Provide charity eligibility and controls service to OLG for revenue commission	Conduct & Manage (operating mind oversight)
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>Promote charitable efforts done in community</li> <li>Provide superior customer service support</li> <li>Support OLG corporate initiatives</li> <li>Comply to and Promote OLG Responsible Gaming initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Provide facilities</li> <li>Daily operations management</li> <li>Gaming product mix management</li> <li>Site marketing</li> <li>Staffing</li> <li>Superior customer service</li> <li>Compliance to OLG's policies &amp; procedures</li> <li>Support OLG corporate initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Manage charity eligibility process - issuance of permits</li> <li>Enforcement of use of charitable proceeds</li> <li>Mediate and resolve charity permit discrepancies</li> <li>Manage number of eligible charities per site</li> </ul>	<ul style="list-style-type: none"> <li>Operating mind oversight</li> <li>Approval of site game-programs, marketing and initiatives</li> <li>Central marketing</li> <li>New product development</li> </ul>

**CHARITABLE BINGO AND GAMING REVITALIZATION**



**CGAO**  
Charitable Gaming Association of Ontario



# Roles and Responsibilities

	Charity	Commercial Operator	Municipality	OLG
<b>Role Definition</b>	Provide "good causes awareness generation" service to OLG for revenue commission (direct funding)	Provide site operations service to OLG for revenue commission	Provide charity eligibility and controls service to OLG for revenue commission	Conduct & Manage (operating mind oversight)
<b>Accountabilities</b>	<ul style="list-style-type: none"> <li>Promote charitable efforts done in community</li> <li>Provide superior customer service support</li> <li>Support OLG corporate initiatives</li> <li>Comply to and Promote OLG Responsible Gaming initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Provide facilities</li> <li>Daily operations management</li> <li>Gaming product mix management</li> <li>Site marketing</li> <li>Staffing</li> <li>Superior customer service</li> <li>Compliance to OLG's policies &amp; procedures</li> <li>Support OLG corporate initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Manage charity eligibility process - issuance of permits</li> <li>Enforcement of use of charitable proceeds</li> <li>Mediate and resolve charity permit discrepancies</li> <li>Manage number of eligible charities per site</li> </ul>	<ul style="list-style-type: none"> <li>Operating mind oversight</li> <li>Approval of site game-programs, marketing and initiatives</li> <li>Central marketing</li> <li>New product development</li> </ul>

CHARITABLE BINGO AND GAMING REVITALIZATION



CGAO  
COSTA-GREEN ASSOCIATES



## Appendix "E"

### OLG Financial Commission Model

Revenue/Cash Sales	100%
Prize Payout	70.0%
Net Win	30.0%

#### Marketing Fund Allocation from Net Win

Site Marketing	5.0%
Province Marketing	<u>2.0%</u>
Total	<u>7.0%</u>
Adjusted Net Win	<u>27.9%</u>

#### Stakeholder Commission from Monthly Adjusted Net Win

Charity Share	25.0%
Operator	
On first \$250k	53.0%
On next \$150k	37.0%
Above \$400k	42%
Operator Share (Blended Average)	47.0%
Municipality Share	3.0%
OLG Share	25.0%

Appendix "F"  
Letters of Support from Hall Operators and Charity Associations



483 Speers Road  
Oakville, Ontario L6K 2G4  
Phone: (905) 842-9386  
Fax: (905) 842-9232

Dear Mr. Mayor and Members of Council,

I am writing to state our unwavering support for the Delta Bingo St. Clair to move forward with the OLG in partnership with their E bingo initiative. This bold initiative is the culmination of tremendous efforts of the Bingo operators, charities and the government of Ontario to breathe new life into the bingo industry.

The bingo business has been in serious decline over the past decade. Nowhere has that decline been more evident than in our great city of Toronto. At one time there were nineteen (19) bingo halls in Toronto, today there are only six (6). The bingo business is unable to modernize without a partnership with the OLG. Under the criminal code of Canada, bingo halls cannot offer games operated on or through a computer without having the provincial authority in the "manage and conduct" role. This program will allow us to bring our game into the twenty first century and allow us to capture new and lapsed players, which will ultimately benefit the charities who operate bingo at St Clair.

Without the implementation of technology our hall will continue to decline to the point where it is no longer a viable business and the charities which raise the funds to benefit our community will be left without a place to do their great work.

Since the construction of the dedicated right of way for streetcars on St. Clair Avenue, Delta Bingo has seen revenues decline dramatically. Delta Bingo needs this initiative to reinvent ourselves. The E bingo program is the most exciting initiative to hit the bingo business in my lifetime. We anxiously await the city's approval in order to begin the process of rejuvenating this business that puts millions of dollars annually into the hands of city of Toronto charities.

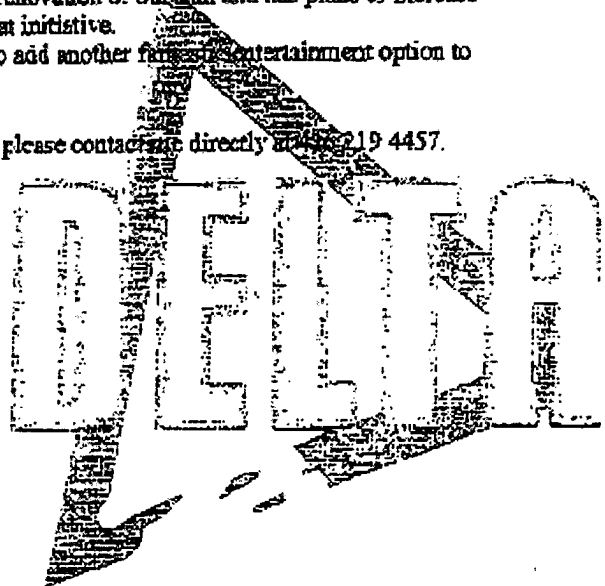
My company has earmarked one million dollars to the renovation of our hall and has plans to increase staff by twenty five percent at the beginning of this great initiative. I look forward to embarking on this thrilling program to add another fun entertainment option to our fabulous city.

If you require any information regarding this initiative, please contact me directly at 416 219 4457.

Thank you for your time.

A handwritten signature in black ink, appearing to read "Cameron Johnstone".

Cameron Johnstone  
Delta Bingo Halls  
416 219 4457  
cam@deltabingo.com



[www.deltabingo.com](http://www.deltabingo.com)



May 16, 2011

Ms. Cathy Burns  
Manager of Registry Services  
City of Toronto

Dear Ms. Burns,

This is to inform the City of Toronto that the charities from Delta Bingo St. Clair Sponsors Association raising funds at Delta Bingo St. Clair have demonstrated a commitment of interest to participate in the Revitalization of Charitable Bingo and Gaming Initiative offered by Ontario Lottery and Gaming.

We recognize that charitable bingo needs new technology and new products to remain viable for our charities in future years. Overall, bingo revenues in the province have been declining at an average of 8 to 10 percent a year. Bingo revenues are a critical source of fundraising for our charities and play an important role in providing needed services in this community.

We are requesting that our municipality and our council support our participation in this new model and that the municipality agrees to move forward with the partnership with Ontario Lottery and Gaming.

If you have any questions, please feel free to contact me at the number listed below.

Kind Regards,



Truy Solton  
President  
Delta Bingo Sponsors Association, On behalf of the Charities  
(647)382-9500



Sponsors' Association  
c/o FitzPatrick Controllershyp & Administrative Services Inc.  
3090 Kingston Road Suite 202  
Toronto, ON. M1M 1P2

August 24, 2011

Toronto City Hall  
City Clerk's Office  
100 Queen St. West  
Main Floor North  
Toronto, ON. M5H 2N2

Attention: Gaming Services-Sandy Leblanc

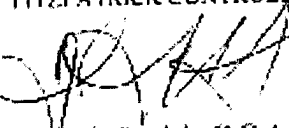
Dear Ms. Leblanc:

On behalf of the Dolphin Bingo Sponsors' Association please be advised that a motion was passed at their AGM in June 2011 stating that the Association wished to procedure with the eBingo initiative.

This interest has also been passed onto the OCGA.

If you have any further questions, please feel free to contact us.

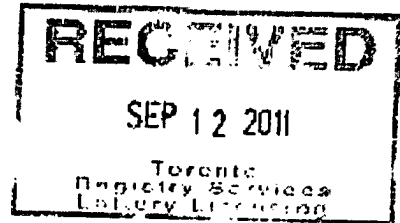
Dolphin Bingo Sponsors' Association Administrators  
FITZPATRICK CONTROLLERSHIP & ADMINISTRATIVE SERVICES INC.



John FitzPatrick, C.G.A

Cc: Mr. Charles Smith, DBSA President  
Cc: Mr. Jeffrey Stein, DBSA Treasurer  
Cc: Ms. Lana Louis, DBSA Vice President

Nits Investments Ltd.  
o/a Dolphin Bingo  
1911 Eglinton Ave. E.  
Scarborough, Ontario  
M1L 2L6  
416-759 3066



August 24, 2011

Toronto City Hall  
City Clerk's Office  
100 Queen St. W.  
Main Floor North  
Toronto, Ontario  
M5H 2N2

Attention: Gaming Services – Sandy Leblanc

Dear Ms. Leblanc,

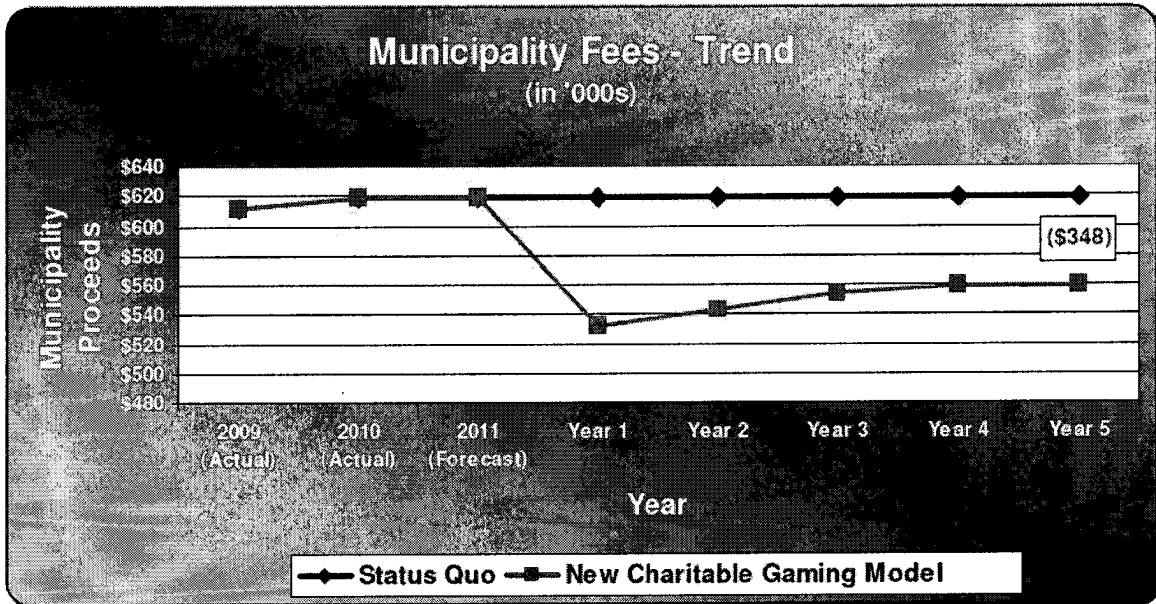
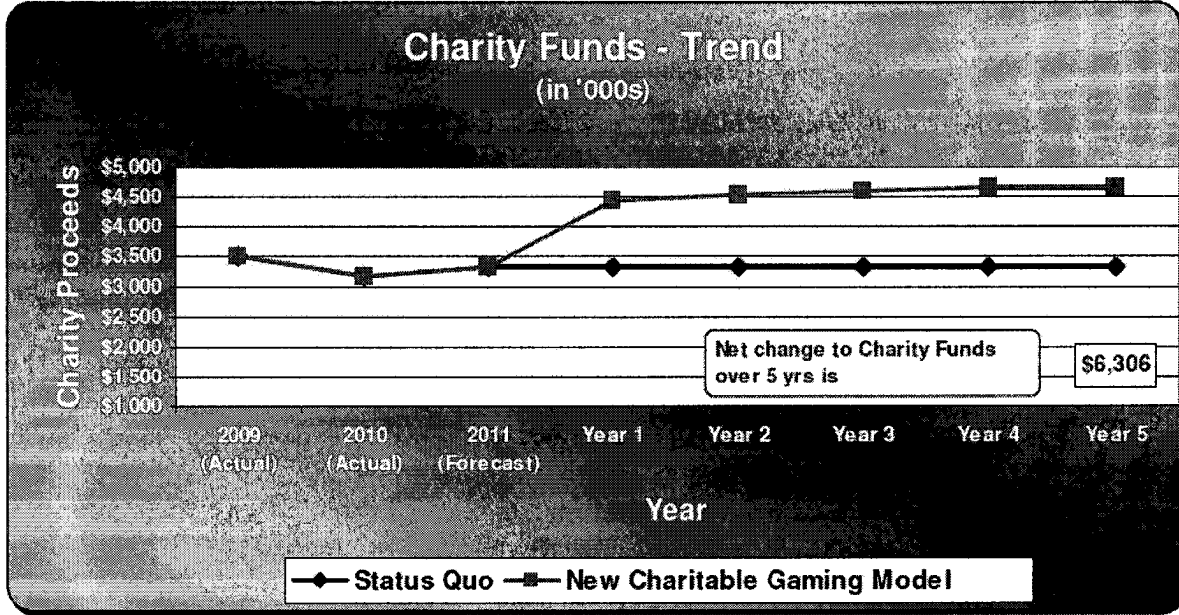
This will confirm that Nits Investments Ltd., operating as Dolphin Bingo, would like to move forward with the E-Bingo initiative. A separate letter from our charities, the Dolphin Bingo Sponsors' Association will also confirm their formal intent to move forward with E-Bingo.

If further information is required, please do not hesitate to contact me.

Yours truly,

  
Paul Nitsopoulos

## Appendix "G" OLG's Projected Revenues Over Next Five Years



**Appendix "H"**  
**Sample of OLG Charitable Gaming Centre Municipality Agreement**

**CHARITABLE GAMING CENTRE MUNICIPALITY AGREEMENT**

**THIS AGREEMENT** is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2012

**BETWEEN:**

**ONTARIO LOTTERY AND GAMING CORPORATION**, a statutory corporation established under the *Ontario Lottery and Gaming Corporation Act, 1999*, with an office located at 4120 Yonge Street, Suite 500, Toronto, Ontario M2P 2B8, facsimile number 416-224-7074

(hereinafter referred to as "OLG")

**OF THE FIRST PART**

- and -

**CITY OF TORONTO**, with its administrative office located at City Hall, 100 Queen Street West, Toronto, ON, M5H 2N2, facsimile number 416-392-3781

(hereinafter referred to as the "Municipality")

**OF THE SECOND PART**

WHEREAS OLG has the authority to conduct and manage lottery schemes on behalf of the government of Her Majesty in right of Ontario pursuant to Section 207(1)(a) of the *Criminal Code (Canada)* and in accordance with the *Ontario Lottery and Gaming Corporation Act, 1999* (Ontario) and to enter into agreements with third parties regarding any lottery schemes conducted or managed by OLG on behalf of the Province.

In consideration of the respective agreements, representations, warranties and indemnities herein contained and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party hereto) the parties agree as follows:

**1. DEFINITIONS**

As used herein, the following terms shall have the respective meanings indicated below:

- (a) **"Charity Assignment"**, means a predetermined allotment of time when individual charities are scheduled and are required to provide volunteer resources to execute roles and responsibilities as required under the policies and standards as prescribed by OLG in return for a share of the charities proceeds.
- (b) **"Charitable Gaming Centre"** means the lands and buildings, or area in the lands and buildings, located at the address in the Municipality set out in, and more particularly described in, Schedule B hereto (regardless of whether or not any of the words "charitable", "bingo", "centre" or "hall" forms part of its name);
- (c) **"Charitable Gaming Centre Association"** or **"CGCA"** means, with respect to the Charitable Gaming Centre, an association formed by Permittees that, prior to the commencement of this Agreement, conducted regular bingo lottery events under the *Gaming Control Act, 1992* within the Charitable Gaming Centre, provided that OLG shall not be required to recognize more than one such CGCA in respect of the Charitable Gaming Centre.

(d) **"Charitable Gaming Centre Service Provider"** or **"CGCSP"** means the service provider who has entered into a Charitable Gaming Centre Service Provider Agreement with OLG to provide operational services in the Charitable Gaming Centre;

(e) **"Charitable Games"** or **"Charitable Gaming"** means paper and electronic lottery schemes of a social charitable nature, conducted and managed by OLG, tested and approved by AGCO and set out in Schedule A, but excluding OLG Lottery Games;

(f) **"Charitable Organization"** means a charity or non-profit organization that meets the Permit Requirements and participates in assignments in the Charitable Gaming Centre;

(g) **"Bona Fide Member"** means a member, 18 years of age or over, in good standing of a Permittee and who has other activities, beyond participating in lottery events, within the Permittee organization and, for greater certainty, excludes a member of convenience;

(h) **"Eligible Charity"** means a charitable organization which: (1) as of the day immediately preceding the Start Date, held a valid, unsuspended licence, issued by the Registrar of Alcohol and Gaming based on an authorization issued by the Municipality, to conduct and manage a charitable gaming lottery event at the Charitable Gaming Centre; or (2) had held such a valid, unsuspended licence for a period wholly within the preceding 12 month period preceding the Start Date or held a Permit under the existing OLG initiative;

(i) **"Gaming Revenue"** means, for any period, the total as calculated by OLG in OLG's sole and unfettered discretion, absent manifest error, of all money constituting part of Gross Receipts which are derived from any Charitable Gaming activity at the Charitable Gaming Centre including without limitation the Charitable Games, whether such revenue is generated as cash sales or from OLG-authorized coupons;

(j) **"Gross Receipts"** means, for any period, the total, as calculated by OLG, in OLG's sole and unfettered discretion, absent manifest error, of all money received (exclusive of any applicable taxes) by, or in trust for, OLG from the retail sale of any products or services in the Charitable Gaming Centre before any deduction (this includes CGCSP commissions from the sale of OLG Lottery Game products, but otherwise excludes any amounts paid, directly or indirectly, by OLG to the CGCSP or from the sale of OLG Lottery Game products);

(k) **"Net Gaming Win"** means Gaming Revenue less prizes, plus expired prize liabilities (which include player credits removed after a predetermined expiry date) plus or minus Charitable Gaming Centre adjustments, all as may be calculated by OLG in OLG's sole and unfettered discretion, absent manifest error;

(l) **"Adjusted Net Gaming Win"** means Net Gaming Win less the total percentage allocation of advertising and promotion expenditure. The total advertising and promotion expenditure is seven (7) per cent of Net Gaming Win, consisting of the Local Advertising and Promotion Component and the Provincial Advertising and Promotion Component.

(m) **"Local Advertising and Promotion Component"** means five (5) per cent of the Net Gaming Win at the Charitable Gaming Centre, to be used for Charitable Gaming Centre specific advertising and promotional activities managed by the Charitable Gaming Centre;

(n) **"Provincial Advertising and Promotion Component"** means two (2) per cent of the Net Gaming Win at the Charitable Gaming Centre, to be used for provincial level advertising and promotional activities managed by OLG;

- (o) **"Start Date"** means, with respect to the Charitable Gaming Centre, such date as OLG shall determine for the opening of the Charitable Gaming Centre to the general public and the operation of the Charitable Games therein, provided that where the Municipality has previously entered into a bingo centre municipality agreement with respect to the Charitable Gaming Centre, the Start Date shall be such date as OLG shall determine for the replacement, with respect to the Charitable Gaming Centre, of such agreement with this Agreement. OLG shall provide the Municipality with written notification of the Start Date;
- (p) **"Participation Requirements"** means such requirements and criteria that a charitable organization must meet and maintain (including those relating to use of proceeds) as OLG may from time to time prescribe, including such elements of the Alcohol and Gaming Commission of Ontario's ("AGCO's") Lottery Licensing Policy Manual as OLG may specify;
- (q) **"Permit"** means a permit governed by the Permit Requirements set out in Appendix 1 hereto and supplied by the Municipality to an Eligible Charity which is receiving the permit on behalf of OLG, confirming that that Eligible Charity meets the Participation Requirements in respect of the Permit Period;
- (r) **"Permit Application Form"** means the form annexed hereto as Appendix 2;
- (s) **"Permittee"** means, with respect to any CGCA, a charitable organization which holds a valid Permit from the applicable Permitting Authority;
- (t) **"Permitting Authority"** means the Municipality;
- (u) **"Permit Period"** means the twelve (12)-month period commencing on the Start Date (or such shorter Permit Period as OLG may allow or that past practices for a given eligible charity may dictate) but in no event a period that extends beyond twelve (12) months after the Start Date, subject to the discretion of the Permitting Authority;
- (v) **"prescribe", "prescribes" or "prescribed"** means specified, designated or approved in writing by OLG from time to time;
- (w) **"Quarterly Amount"** has the meaning ascribed to it in Section 4 hereof;
- (x) **"Term"** means the period of time referred to and described in Section 2 hereof;
- (y) **"OLG Lottery Game"** means any ticket lottery game conducted and managed by OLG now or in the future (other than a Charitable Game) and commonly referred to by OLG as a lottery game;
- (z) **"Registrar of Alcohol and Gaming"** means the Registrar of Alcohol and Gaming established under the *Alcohol and Gaming Regulation and Public Protection Act, 1996* (Ontario) and includes such Deputy Registrars to whom the Registrar has delegated certain authority.

## 2. Term

2.01 (a) The Term of this Agreement will be eight (8) years with two consecutive automatic four-year renewal periods, with such Term commencing on the Start Date, and unless earlier terminated pursuant to the provisions hereof. However, OLG may provide no less than sixty (60) days' notice of non-renewal to the Municipality prior to the end of the Term (or prior to the end of the first renewal period), in which case the Term shall not be renewed (or further renewed, as the case may be).

(b) Where, pursuant to paragraph (a) hereof, OLG provides no less than sixty (60) days' notice of non-renewal to the Municipality prior to the end of the Term, then, for the purposes of winding down the parties' respective obligations under this Agreement, the Term will continue for a further period of two (2) years past the initial eight-year Term, unless earlier terminated pursuant to the provisions hereof.

(c) Where paragraph (b) hereof does not apply and, pursuant to paragraph (a), OLG provides no less than sixty (60) days' notice of non-renewal to the Municipality prior to the end of the first renewal period, then, for the purposes of winding down the parties' respective obligations under this Agreement, the Term will continue for a further period of one (1) year past the first four-year renewal period, unless earlier terminated pursuant to the provisions hereof.

2.02 Notwithstanding Section 2.01, OLG may, at its option, terminate this Agreement if the Municipality fails to perform or observe any term, covenant or agreement contained herein; provided that OLG shall first provide written notice of its intent to terminate, and termination shall be effective only if the Municipality fails to remedy such failure to perform within thirty (30) days of receipt of notice.

2.03 Notwithstanding Sections 2.01 and 2.02, OLG may, at its option, terminate this Agreement by providing the Municipality with ninety (90) days' written notice of termination.

### 3. Financial Calculations

OLG shall calculate the Adjusted Net Gaming Win on a calendar quarter basis.

### 4. Payment

In consideration for the Municipality's role, OLG shall, in accordance with the procedures set out herein, pay to the Municipality, in respect of each calendar quarter an amount (the "Quarterly Amount") equal to the amount calculated in accordance with Schedule B, and such payment is inclusive of any applicable taxes payable by OLG. Within twenty-one (21) days of the end of each calendar quarter, OLG shall pay to the Municipality the Quarterly Amount in respect of such quarter.

### 5. Municipality's Role

The Municipality shall act as the Permitting Authority and shall supply Permits to the Eligible Charities to receive the Permits on behalf of OLG.

The service of supplying the Permits includes the Municipality's performance of the following:

- (a) reviewing and processing the Permit Application Form submitted to the Municipality by each Eligible Charity within the time limits prescribed by OLG;
- (b) notifying OLG in writing, no less than thirty (30) days prior to the Start Date, of the identity of any Eligible Charity that has not submitted a Permit Application Form to the Municipality;
- (c) notifying OLG in writing, no less than twenty (20) days prior to the Start Date of the identity of any Eligible Charity to whom the Municipality has not supplied a Permit;
- (d) where an Eligible Charity has submitted a properly completed Permit Application Form to the Municipality, the supply of a Permit in accordance with the provisions of paragraph (f) below to that Eligible Charity within twenty (20) days of receipt of Permit Application Form;



- (c) supplying Permits only in the form annexed hereto as Appendix 1;
- (f) when considering the issuance of new Permits or the renewal of Permits on or after the Start Date, the Municipality shall consider factors such as the number of bingo authorizations already issued, the Eligible Charity's financial need and community benefit, remaining consistent with the Participation Requirements;
- (g) monitoring each Permittee's compliance with the Permit Requirements set out in Appendix 1 annexed hereto and investigating any breaches of the Permit Requirements set out in Appendix 1;
- (h) monitoring the CGCA's compliance with the distribution requirements of issued Permits by:
  - (i) ensuring monthly reports are received from the CGCA that certify members of the CGCA have acted in compliance with such distribution requirements; (ii) ensuring the CGCA has pooled and distributed funds electronically as set out in the respective Permits; (iii) reviewing CGCA Distribution reports (Appendix 3) submitted to the Municipality to ensure that the Permittees have received their share of Charitable Gaming proceeds only where they have a valid Permit and have fulfilled attendance requirements; (iv) upon request, ensuring Bona Fide Member attendance reports are received from CGCA and Bona Fide Member lists are received from CGCA; (v) validating that the Permittees have met attendance requirements (including, at the Municipality's discretion, by conducting periodic checks and verifying that attendance reports submitted by CGCS's match Bona Fide Member lists submitted by the CGCA (Sample attached as Appendix 5)); (vi) notifying OLG as quickly as practicable (and, in any event, no less frequently than once per year) of the CGCA where it has not fulfilled, or is not fulfilling, the above requirements;
- (i) not imposing any other requirements, terms or conditions on any Permittee, other than the Permit Requirements set out in Appendix 1, or as set out below:
 

The Municipality may place any or all of the following conditions on a Permit: (i) conditions transcribing the approved eligible use for the proceeds from the application form in line with the Participation Requirements; (ii) a requirement to provide the financial reports referred to in Appendix 4 on a monthly basis; (iii) other additional conditions which may be necessary and have received prior approval by OLG (including the conditions set out in the Participation Requirements);
- (j) no later than sixty (60) days following the Start Date, refunding to each Eligible Charity any fees paid by it to the Municipality in respect of the unexpired term (pro-rated to the Start Date) of any licence issued by the Registrar of Alcohol and Gaming based on an authorization issued by the Municipality to the Eligible Charity to conduct and manage a bingo lottery event at the Charitable Gaming Centre;
- (k) no later than the Start Date, retrieving from each Eligible Charity, and cancelling, the authorization referred to in subsection (j);
- (l) not supplying any Permit to any person or organization that is not an Eligible Charity; for greater certainty, if an Eligible Charity is under investigation by the Municipality or the AGCO as of the day immediately preceding the Start Date, then the Municipality shall: (i) ensure that the Permit supplied to such Eligible Charity is conditional upon the outcome of such investigation; and (ii) inform OLG of the outcome of such investigation as soon as practicable after it has been completed;
- (m) not supplying any more concurrently valid permits than the total number of eligible charities that held a valid licence or Permit as of the day immediately preceding the Start Date or as OLG may specify;
- (n) in the event that the number of eligible charities that have been supplied with permits by the Municipality as

of the Start Date decreases, the Municipality may supply additional permits (up to the maximum allowable number of permits) to applying charitable organizations that meet the Participation Requirements:

- (o) not issuing to any person or organization any authorization to conduct and manage a bingo lottery event at the Charitable Gaming Centre during the Permit Period;
- (p) ensuring charity compliance through the following mechanism:
  - (i) notifying OLG as soon as practicable after the Municipality becomes aware that an Eligible Charity has contravened, or is about to contravene, any of the Participation Requirements or Permit Requirements;
  - (ii) cancelling, suspending, revoking or terminating a charity's Permit where it fails to meet the requirements of that Permit and subject to the following conditions:
    - (1) the Municipality has first investigated the alleged contravention and has, in good faith, attempted to resolve any issues with the charity and the corresponding CGCA (or any agent acting on their behalf); (2) the Municipality immediately (within two (2) working days) of cancelling, suspending, revoking or terminating a charity's Permit, has informed OLG, indicating the charity involved and why the Permit was cancelled, revoked, terminated or suspended; (3) OLG reserves the right to reverse, in whole or in part, any decision made by the Municipality with respect to the cancellation, revocation, termination or suspension of any Permit;
  - (iii) cancelling, revoking, terminating or suspending a Permit immediately upon OLG's direction to the Municipality to that effect;
  - (iv) forwarding to OLG any suggestions or possible improvements to the enforcement process for discussion;
  - (v) informing the CGCA of the situation in order to ensure good communication
- (c) for the purposes of supporting the Charitable Gaming Program objectives of supporting and encouraging innovation and encouraging cooperation among Charitable Gaming stakeholders, sharing with OLG any possible improvements, innovations, best practices or issues of potential benefit or interest;
- (r) maintaining books and records consisting of Permit applications, copies of Permits, the CGCA's monthly reports, each Permittee's report in accordance with Appendix 4 hereto and the Municipality's investigation notes, recommendations and reports pursuant to this Agreement, and causing such books and records to be made available to OLG;
- (s) monitoring each Eligible Charity's use of proceeds from the Charitable Games, and, within thirty (30) days of the receipt of the financial report annexed hereto as Appendix 4, furnishing to OLG a written report with respect thereto, such report to be in such format as may be prescribed by OLG (but, in any event, listing each Eligible Charity's name and, beside each name, the Municipality's confirmation that there have been no breaches of the Participation Requirements by the Eligible Charity revealed by the Municipality during the reporting period);
- (t) if requested by OLG, providing to OLG such copies of any Permit Application Form and other materials submitted by an Eligible Charity in connection with such Permit Application Form; and
- (u) for greater certainty, not charging any fees (including administrative fees) for any of the foregoing.

## 6. Representations and Warranties

The Municipality hereby covenants, represents and warrants as follows and acknowledges that OLG is relying

thereon in connection with entering into this Agreement

(e) that it has the right and capacity to enter into this Agreement and to perform its obligations hereunder;

(b) that each Eligible Charity meets at the time of issuing the Permit, and is expected by the Municipality to continue meeting, the Participation Requirements; and

(c) that, in addition to subsection (b), prior to the Start Date, the Municipality, in previously having decided to issue an authorization to the Eligible Charity to conduct and manage a large lottery event at the Charitable Gaming Centre, took into account factors such as the number of authorizations already issued, the Eligible Charity's financial need and community benefit, remaining consistent with the Participation Requirements.

#### **7. Further Assurances**

The parties agree to do, or cause to be done, all acts or things and execute all such further documents as may be necessary to implement and carry into effect this Agreement to its full extent.

#### **8. No Liability of OLG**

The Municipality acknowledges that OLG and any provincial agency, ministry or crown corporation shall not be liable to the Municipality for any loss, direct, indirect or consequential damages or injury relating to the operation of the Charitable Games or the Charitable Gaming Centre, including but not limited to loss of fees resulting from the operation or malfunction of equipment.

#### **9. Notice**

Any notice permitted or required to be given by OLG to the Municipality may be given by posting the same by prepaid registered mail; by personal delivery to the Municipality; or by telefax addressed to the Municipality at the address appearing in this Agreement. Any notice permitted or required to be given by the Municipality to OLG may be given by posting the same by prepaid registered mail; by personal delivery to OLG, or by telefax addressed to OLG at the address appearing in this Agreement (to the attention of "Vice-President, Emerging Business" in the case of OLG, and to the attention of "City Clerk" in the case of the Municipality), or to such other address, and to the attention of such other person or office, as the subject party may designate in writing by notice given in the aforesaid manner. Any notice posted by pre-paid registered mail shall be deemed to have been received on the fifth day following such mailing and any notice personally delivered or sent by telefax shall be deemed to have been received on the day so delivered or sent by telefax. During periods of a postal strike or of a general interruption of postal services, any notice shall be given by personal delivery or telefax.

#### **10. Relationship of Parties**

The Municipality acknowledges that the Municipality is not an employee, agent or representative, joint venturer, or partner of OLG, and the Municipality shall not represent itself to others as being authorized to assume, incur or create any obligation of any kind (express or implied) on behalf of (or in the name of) OLG or any other provincial agency, ministry or crown corporation, or purport to bind OLG or any other provincial agency, ministry or crown corporation in any respect.

#### **11. Severability**

If any covenant or term hereof or the application thereof to any person, or in any circumstance, to any extent is held invalid or unenforceable, the remainder of this Agreement or the application of the term, covenant or

condition to any person or circumstance, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant and condition shall be valid and enforceable to the fullest extent permitted by law, except that if on the reasonable construction of this Agreement as a whole, the applicability of the other provisions presumes the validity and enforceability of the particular provision, the other provisions will be deemed also to be invalid or unenforceable.

## **12. Governing Law**

This Agreement shall be interpreted and the rights of the parties shall be governed by and construed in accordance with the laws of the Province of Ontario and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of such Province.

## **13. Time**

Time shall in all respects be of the essence of this Agreement. The time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the parties.

## **14. Counterparts**

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

## **15. Disclosure**

The parties acknowledge that OLG is a Crown Agency and that it is subject to the *Freedom of Information and Protection of Privacy Act*, and that the Municipality is subject to the *Municipal Freedom of Information and Protection of Privacy Act*, and that, as a result, either party may be required to observe certain obligations with respect to the disclosure or non-disclosure of information, whether to government agencies or ministries or otherwise.

## **16. Waiver**

No waiver or any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any provision hereof and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

## **17. Modifications**

If the parties shall deem it necessary or expedient to make any alteration in or addition to this Agreement, they may do so by a written agreement between them which shall be supplemental hereto and form part hereof.

## **18. Assignment**

No transfer, sale or assignment by the Municipality of this Agreement or the Municipality's rights hereunder is valid without the prior written consent of OLG, which consent shall not be unreasonably withheld. This Agreement shall enure to the benefit of, and be binding upon, the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

**ONTARIO LOTTERY AND GAMING CORPORATION**

per: \_\_\_\_\_

Name: Rod Phillips

Title: President & CEO

I have the authority to bind the Corporation

**CITY OF TORONTO**

per: \_\_\_\_\_

1. Name: \_\_\_\_\_

Title: \_\_\_\_\_

per: \_\_\_\_\_

2. Name: \_\_\_\_\_

Title: \_\_\_\_\_

## Schedule A

For the purposes of this Agreement, the Charitable Games are certain specified games conducted and managed by OLG, namely:

- session play paper bingo games
- session play electronic bingo games
- paper break open ticket lottery games
- electronic break-open ticket dispensers
- personal play electronic bingo
- personal play electronic break-open tickets
- personal play electronic instant games
- rapid draw bingo
- electronic shatterboard games

If OLG so determines:

The availability of the certain specified games as listed above will be determined based on OLG's charitable gaming centre service provider implementation Schedule.

OLG may from time to time add games to the list of Charitable Games listed above, consistent with direction from OLG's Board of Directors and the Government of Ontario.

For greater certainty, the Charitable Games do not include OLC Lottery Games.

**Schedule B**

**Name and Address of the Charitable Gaming Centre:**

**Quarterly Amount Payable to Municipality:**

Three (3) % of unaudited Adjusted Net Gaming Win at the above-listed Charitable Gaming Centre, subject to OLG adjustments.

**Appendix "I"**  
**Excerpt from OLG's letter dated February 29, 2012 - Response to Requested Changes to Charitable Gaming Centre Municipality Standard Agreement**

Item and Description		OLG Response	
1. Product Control	Request for a "product control" clause" to be added to Schedule A of the Standard Agreement	No	<p>The Province of Ontario direction to OLG contemplates the continuing expansion of electronic bingo (eBingo) and additional eSuite of products (i.e. electronic Break Open tickets); and introducing new games such as Rapid Draw Bingo.</p> <p>OLG will provide a non-contractual statement in writing based on this direction from the Government of Ontario in letter form to municipalities outside of the Standard Agreement.</p>
2. Term	Request for a shorter term in the Standard Agreement	No	<p>OLG developed a common standard term of one (1) eight year initial term with two (2) four year renewals that supports:</p> <ul style="list-style-type: none"> <li>- alignment of all stakeholders - bingo centre service providers, charity associations and municipalities within each participating market</li> <li>- a long-term, viable role and revenue stream for municipalities as a service provider under OLG's Conduct and Manage responsibilities</li> <li>- cost recovery for OLG over an eight year period for provision of all hardware, software, product development, etc.</li> <li>- a payback period for bingo centre service providers to recoup capital investment in their</li> </ul>
3. Termination Clause	Request to include a termination clause for municipalities	No	<p>There is no termination clause in the Standard Agreements for charity associations, bingo centre service providers or municipalities.</p> <p>The rationale is that all three parties must be aligned to the same contract term to fulfil key financial targets.</p> <p>The initial pilot markets have been operating for approximately seven years without a termination clause.</p>



4. Liability / Indemnification	Request to provide a mutual liability and/or indemnification clause	No	<p>OLG does not typically extend mutual liability or indemnification clauses in service provider agreements.</p> <p>This is standard practice for service provider contracts in OLG's various lines of business.</p>
5. Revenue Neutral	Request to hold participating municipality revenue neutral for the first full year of operations	No	<p>OLG conducted extensive financial sensitivity analysis in order to develop a fair commission share model for all stakeholders.</p> <p>None of the stakeholders – including OLG – have a revenue guarantee. It is in everyone's best interest to ensure revenue projections are being met.</p> <p>OLG is not in a position to contemplate revenue guarantees for any stakeholder. However, there is a commitment to work collaboratively to endeavour to meet financial projections.</p>
6. OCGA	Request to remove all reference to OCGA in the contract	Yes	<p>Municipalities have no contractual obligations to OCGA and as such OLG will remove all references to OCGA in the Standard Agreement.</p>
7. Product Descriptions / Schedule	Request to provide clarity on products and product refresh schedule	Yes	<p>OLG is committed to delivering new charitable games as outlined in Schedule A to meet financial projections. As well, our product refresh strategy calls for new charitable games to be offered in subsequent years to ensure continued year-over-year growth.</p> <p>OLG will provide documentation of product information for each OLG charitable game on Schedule A and provide detail of the refresh strategy for these OLG products. This will be provided in the form of a non- contractual letter outside the Standard Agreement.</p>

8. Dispute Resolution	Request to add dispute resolution clause to the Standard Agreement	No	<p>OLG's current general approach is not to have contractual dispute resolution clauses involving a third party(ies). We are confident that we can resolve any differences by maintaining an open dialogue with your municipality.</p> <p>OLG has a single point of contact for municipalities where all communication can be channelled for response.</p>
9. Schedule B	Request to change wording in Schedule B to reflect municipality must agree to any new site launch in market (i.e. not an automatic)	Yes	<p>Initially, OLG developed the wording for efficiency of adding new sites in the same market to the existing Agreement.</p> <p>OLG will make a revision to help satisfy the request of municipalities. This will require that there be a separate, stand-alone Standard Agreement between the Municipality and OLG in respect of each OLG Charitable Gaming Centre located in that Municipality.</p>
10. Policies & Procedures	Request for copy of Charity Association Policies and Procedures	Yes	<p>OLG will provide a copy of the Policies and Procedures. It should be noted that this document is under revision to reflect AGCO's new standards-based regulation for Charitable Gaming, pending formal implementation.</p>