

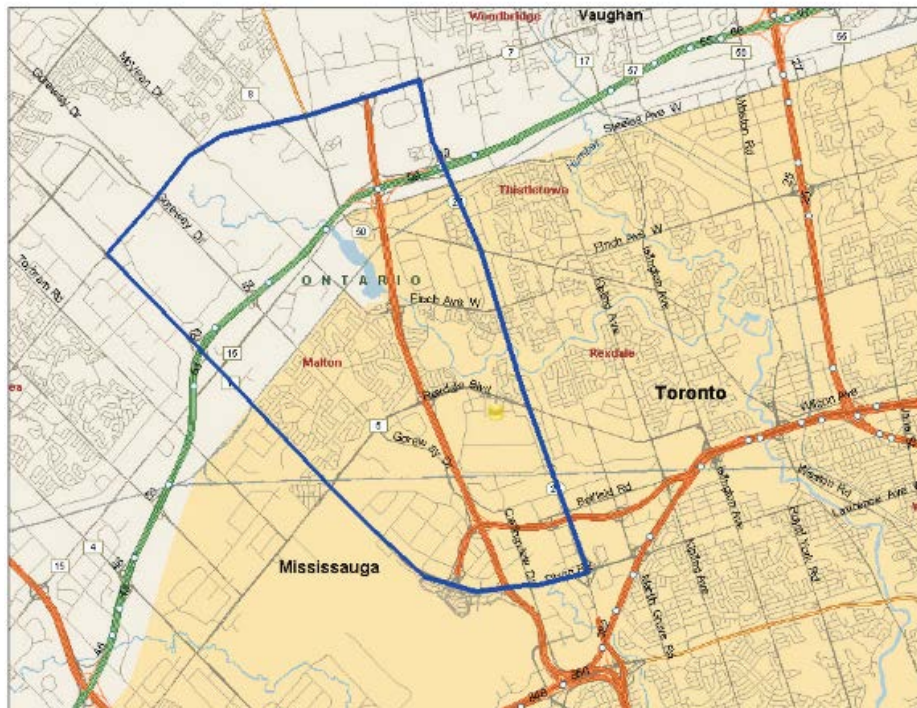
BACKGROUND: EXPANDED GAMING AND WOODBINE RACETRACK

Expanded Gaming & OLG Modernization

In 2010, the Government of Ontario directed the Ontario Lottery and Gaming Corporation (OLG) to modernize charitable and commercial gaming in Ontario. A review of land-based gaming facilities in Ontario resulted in a proposal to develop a limited number of new gaming sites and expand regulated private sector delivery at existing gaming sites (that were owned, leased and/or operated by OLG).

Through the modernization initiative, OLG identified 29 gaming zones across Ontario with Gaming Zone C2 including the gaming facility at Woodbine Racetrack. In 2012, OLG began procurement processes across Ontario to identify private sector operators for all gaming bundles. In December 2013, OLG started the procurement process for the GTA Gaming Bundle, comprised of the gaming facility at Woodbine Racetrack (which is in Gaming Zone C2, see Figure 1) along with facilities in Durham Region.

Figure 1 - OLG Gaming Zone C2



As detailed in the 2015 report to City Council, the process to establish gaming sites in Ontario (which includes the addition of live table games) is overseen by OLG but requires a municipal resolution supporting expanded gaming as outlined in Ontario Regulation 81/12 under the *Ontario Lottery and Gaming Corporation Act, 1999*. The process also requires OLG to submit a formal business case to the Minister of Finance for final approval. Similar approvals are required should there be a request to move a gaming facility to another location within a Gaming Zone.

Woodbine Racetrack

Woodbine Racetrack is currently the home of Casino Woodbine, which operates 24-hours a day, 7 days a week and contains approximately 3,000 electronic games (slots and other games such as electronic poker), but no live dealer tables. Casino Woodbine employs 723 people, 80 per cent of which are unionized. The site was established in 2000 with 1,700 electronic games. In 2017, the gaming facility at Woodbine generated 32 per cent of all gross gaming revenue for Ontario's 21 slots and casino sites (not including resort properties such as in Niagara and Windsor) and was one of the busiest gaming floors in North America.

Woodbine Entertainment Group (WEG) owns the 684-acre property at 555 Rexdale Boulevard where Casino Woodbine resides and operates the adjacent racetrack. As such, WEG is the landlord for the gaming facility which currently operates in the existing grandstand. In August 2015, WEG entered into two long-term leases (both 22 years in length) to continue to allow gaming in the grandstand and allow OLG's service provider to develop an additional area to the northeast of the grandstand (see below for details on the Gaming District).

The racetrack was originally established in 1956 and currently attracts over six million visitors a year. The racetrack hosts more than 144 thoroughbred racing days and 120 standardbred racing days per year, employing 1,100 individuals in the grandstand plus an additional 2,200 in the backstretch.

WEG has been a long-standing member of the Rexdale community and its WoodbineCares program has provided a total of over \$10 million in corporate and in-kind contributions to local organizations. WEG's ongoing partnerships include:

- A program to train local community members with no prior experience with horses to work in the backstretch (benefitting 20-30 people each year).
- An urban food garden built in 2016 to provide access to local, healthy food to local community organizations and shelters.
- Annual hosting of the Rexdale Summer Games.
- Annual contributions to Humber College (\$15,000) and for various student scholarships (\$2,000), while employing co-op students (10-20) on culinary and security teams.

Roles and Responsibilities Under Expanded Gaming

The Province of Ontario, the Alcohol and Gaming Commission of Ontario (AGCO) and OLG continue to retain broad authority over gaming in Ontario under expanded gaming (Figure 2). The roles and responsibilities for gaming are established through legislation such as the Criminal Code (Canada), and the *Gaming Control Act* (Ontario) and *Ontario Lottery and Gaming Corporation Act* (Ontario) and associated regulations which continue to provide the framework to operate a gaming facility. Accordingly, roles and responsibilities for these three entities remain largely unchanged with the selection of a private sector operator whose primary purpose is to have responsibility for day-to-day

operations of the facility (with assets acquired from OLG) within rules established by the crown.

Figure 2 - Roles and Responsibilities Under Expanded Gaming in Ontario

Entity	Role/Responsibility
Province of Ontario	<ul style="list-style-type: none"> • Authority over gaming in Ontario and sole shareholder of OLG. • Oversight of OLG (Ministry of Finance), including gaming policy and the <i>Ontario Lottery and Gaming Corporation Act</i>. • Oversight of AGCO (Ministry of the Attorney General) including the <i>Gaming Control Act</i>. • Development and implementation of problem gambling strategy (Ministry of Health and Long-Term Care).
Alcohol and Gaming Commission of Ontario (AGCO)	<ul style="list-style-type: none"> • Regulator of the gaming sector, with the objective being "to ensure gaming is operated within the law and with honesty and integrity and in the broader public interest". • Inspect, audit and monitor for compliance with the Criminal code of Canada, the <i>Gaming Control Act</i> and associated regulations, standards and directives. • Register and approve operators, suppliers and employees of the gaming sector (includes due diligence prior to registration). • Establish standards and requirements for conducting, managing and operating gaming sites (including with respect to Responsible Gambling). • Maintain Ontario Provincial Police (OPP) Casino Enforcement operations and presence at all gaming sites.
Ontario Lottery and Gaming Corporation (OLG)	<ul style="list-style-type: none"> • Conduct and manage lottery schemes offered at gaming facilities pursuant to the Criminal Code of Canada. • Establish and oversee gaming operations, including managing the provincial market. • Develop and implement policies and programming (training, monitoring, testing and reporting) on anti-money laundering (as per federal and provincial law and regulatory regimes). • Develop Responsible Gambling initiatives (including those required by the Province and AGCO). • Mandate and oversee service provider compliance, including with OLG operating agreements, anti-money laundering and Responsible Gambling frameworks. • Responsible for providing financial support to the horse racing industry as approved by the Minister of Finance.

Entity	Role/Responsibility
Ontario Gaming GTA Limited Partnership (service provider)	<ul style="list-style-type: none"> • Own, lease and operate gaming facilities on a day-to-day basis. • Implement and comply with regulatory requirements, including those of AGCO. • Comply with all agreements and legal requirements including OLG's contractual and other requirements.
Woodbine Entertainment Group (WEG)	<ul style="list-style-type: none"> • Landowner of 555 Rexdale Boulevard and landlord (leaseholder) for the gaming facility. • Development of broader site.