

AMENDED AND RESTATED MUNICIPALITY CONTRIBUTION AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT is made as of the _____ day of _____, 2013.

BETWEEN:

ONTARIO LOTTERY AND GAMING CORPORATION, a statutory corporation established under the *Ontario Lottery and Gaming Corporation Act, 1999* (Ontario) with its head office located at 70 Foster Drive, Suite 800, Sault Ste. Marie, ON P6A 6V2 and its corporate office located at 4120 Yonge Street, Suite 420, Toronto, ON M2P 2B8, facsimile number 416-224-7003

(hereinafter referred to as “**OLG**”)

OF THE FIRST PART

- and -

CITY OF TORONTO with its administrative office located at Toronto City Hall, 100 Queen Street West, Toronto, ON M5H 2N2, facsimile number 416-696-3687

(hereinafter referred to as the “**Municipality**”)

OF THE SECOND PART

WHEREAS OLG has the authority to conduct and manage lottery schemes within the meaning of subsection 207(4) of the *Criminal Code* (Canada) and subject to the *Gaming Control Act, 1992* (Ontario), including Electronic Games and Live Table Games;

AND WHEREAS OLG conducts and manages a gaming site at 555 Rexdale Boulevard, Toronto, ON M9W 5L1 (the “**Location**”);

AND WHEREAS the parties entered into a municipality contribution agreement (the “**Previous MCA**”) dated as of November 3, 2000 whereby the parties acknowledged it would be in the public interest for the host Municipality of the Location to have access to funds which may be used, at the discretion of the Mayor and Council, for municipal purposes such as services relating to registering property, transit services and passenger transportation services;

AND WHEREAS, as a result of an amendment in the calculation of the Annual Contribution and the implementation of a community recognition program (the “**CRP**”) by the parties, the parties hereto desire to amend and restate the Previous MCA by entering into this amended and restated municipality contribution agreement (the “**Agreement**”);

APPROVED AS TO FORM
FOR ANNA KINASTOWSKI
City Solicitor

NOW THEREFORE in consideration of the respective covenants and 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, including the foregoing recitals, the following terms shall have the respective meanings indicated below:

- (a) **“Agreement”** has the meaning set forth in the recitals to this Agreement;
- (b) **“Annual Contribution”** has the meaning set forth in Section 3(a);
- (c) **“Annual Contribution Quarterly Payment”** has the meaning set forth in Section 4(a);
- (d) **“Casino Games”** means Electronic Games, Live Table Games and such other casino games and promotional schemes that are, in each case, conducted and managed by OLG from time to time during the Term at the Location;
- (e) **“CRP”** has the meaning set forth in the recitals to this Agreement;
- (f) **“Effective Date”** means April 1, 2013 or such later date as OLG may specify;
- (g) **“Effective Date of Termination”** has the meaning set forth in Section 2;
- (h) **“Electronic Games”** means all electronic gaming devices, including but not limited to reel-type and video-type slot machines, electronic table games and dealer assisted electronic games, in each case, whether or not a live dealer is present to enable or control game play;
- (i) **“Electronic Games Revenue”** means, for any period, the sum of net revenue generated from Electronic Games at the Location, calculated in accordance with International Financial Reporting Standards or such other Canadian generally accepted accounting principles as OLG adopts from time to time in its sole discretion. For greater certainty, the Electronic Games Revenue will only include net revenue generated from the Electronic Games at the Location and will not include any revenue whatsoever from other products or services provided by OLG at the Location in the Municipality;
- (j) **“Live Table Games”** means games operated by a live dealer at a single gaming table, but excluding Electronic Games;
- (k) **“Live Table Games Revenue”** means, for any period, the sum of net revenue generated from Live Table Games at the Location, if any, calculated in accordance with International Financial Reporting Standards or such other Canadian generally accepted accounting principles as OLG adopts from time to time in its sole discretion. For greater certainty, the Live Table Games Revenue will only include net

revenue generated from the Live Table Games at the Location and will not include any revenue whatsoever from other products or services provided by OLG at the Location in the Municipality;

- (l) “**Location**” has the meaning set forth in the recitals to this Agreement;
- (m) “**Operating Year**” means each period from April 1st to March 31st inclusive, during the Term, to the end of the Term, except that the first Operating Year shall be the period beginning on the Effective Date and ending on the following March 31st and if this Agreement shall be terminated effective on a date other than March 31st in any year, then the period from April 1st of the calendar year in which such termination occurs (or April 1st of the immediately preceding calendar year if the date of termination occurs in January, February or March) to such effective date of termination shall be treated as an Operating Year;
- (n) “**Overpayment**” has the meaning set forth in Section 4(c);
- (o) “**Previous MCA**” has the meaning set forth in the recitals to this Agreement; and
- (p) “**Term**” means the period of time referred to and described in Section 2 hereof.

2. Term and Termination

The term of this Agreement (the “**Term**”) will become effective on the Effective Date and will terminate at the earliest of:

- (a) the date on which all Casino Games are no longer conducted and managed by OLG in the Municipality at the Location;
- (b) the date on which any license, permit, approval, consent and/or other permission that may be required for the continued use and operation of the Casino Games at the Location in the Municipality is no longer available, becomes invalid or ceases to have effect;
- (c) the effective date of written notice of termination provided by OLG to the Municipality, which effective date must be specified by OLG in such notice; provided, however, that such effective date shall be at least 30 days following the date of such notice. OLG will endeavour to provide more than 30 days’ notice, and, where not practicable to do so, OLG shall:
 - (i) explain, in said notice, why it is not practicable to do so, subject to any confidentiality concerns, as well as setting out in such notice the length of the time period equal to the difference between: (A) 365 days; and (B) the number of days’ notice actually given by OLG. For greater certainty, such time period shall not exceed 335 days; and
 - (ii) pay to the Municipality, in accordance with the timelines in Section 4, amounts which aggregate OLG’s estimation of the Annual Contribution

Quarterly Payment that OLG would have paid in respect of the time period referred to in subsection 2(c)(i) above had this Agreement not been terminated in accordance with this Section 2(c); and

- (d) the date mutually agreed to in writing between OLG and the Municipality (the “**Effective Date of Termination**”).

3. **Payments**

- (a) During the Term and subject to the terms and conditions of this Agreement, the Municipality shall be entitled to receive from OLG in respect of each Operating Year the amount (the “**Annual Contribution**”) equal to the sum of **A + B**, where:

A is the aggregate (without duplication) of:

- (i) 5.25% of the Electronic Games Revenue, if any, generated in such Operating Year that is less than or equal to \$65 million; plus
- (ii) 3.00% of the Electronic Games Revenue, if any, generated in such Operating Year, that is more than \$65 million and less than or equal to \$200 million; plus
- (iii) 2.50% of Electronic Games Revenue, if any, generated in such Operating Year, that is more than \$200 million and less than or equal to \$500 million; plus
- (iv) 0.50% of Electronic Games Revenue, if any, generated in such Operating Year, that is more than \$500 million; and

B is 4.00% of Live Table Games Revenue, if any, generated during such Operating Year.

- (b) Following the Effective Date, in the event any additional taxes, charges, conditions or requirements are imposed by the Municipality on OLG in respect of the continued operation of the Casino Games at the Location in the Municipality, the Municipality acknowledges and agrees that OLG shall be entitled to amend the calculation of the Annual Contribution in a way that may reduce the Municipality’s entitlement. For greater certainty, the Annual Contribution for the first Operating Year shall be calculated based on Electronic Games Revenue and Live Table Games Revenue generated as of the Effective Date.

4. **Timing and Calculation of Payments**

- (a) Subject to Section 4(b), within twenty-one (21) days of the end of each Operating Year quarter during the Term, OLG shall pay to the Municipality the portion of the Annual Contribution (the “**Annual Contribution Quarterly Payment**”) to which the Municipality is entitled for such Operating Year quarter. In calculating the

portion of each Annual Contribution Quarterly Payment derived from Electronic Games, OLG will notionally aggregate all Electronic Games Revenue generated during such Operating Year in order to apply the correct percentage set out in Section 3(a). OLG will provide access to its most current audited consolidated financial statements once such are made public by the Ministry of Finance in public accounts.

For example and by way of illustration only, Exhibit A to this Agreement sets out a sample calculation of the Annual Contribution.

- (b) In the event the Effective Date of Termination of this Agreement occurs on or before the date that is twenty-one (21) days following the end of an Operating Year quarter, OLG shall, within fifteen (15) days of such Effective Date of Termination, pay to the Municipality the Annual Contribution Quarterly Payment to which it is entitled in respect of the period beginning on the first day of the Operating Year quarter in which such termination took place up to and including the Effective Date of Termination.
- (c) At any time and from time to time during an Operating Year and up to the date that is 60 days after the last day of such Operating Year, in the event OLG determines that there has been an overpayment (“**Overpayment**”) by OLG to the Municipality of any Annual Contribution Quarterly Payment in such Operating Year, the Municipality acknowledges and agrees that OLG may deduct and set off the full amount of such Overpayment from future Annual Contribution Quarterly Payment(s) or, if there are insufficient future Annual Contribution Quarterly Payments to fully set off such Overpayment, the Municipality will promptly reimburse OLG for the full amount of such Overpayment (or the remaining amount thereof not already deducted as set-off). OLG will use its commercially reasonable efforts to effect any deduction and set-off pursuant to this Section 4 in a manner that recognizes the Municipality’s desire to realize reasonable continuity in cash flow associated with the Annual Contribution.

5. Community Recognition Program

- (a) During the Term, the parties will collaborate in good faith to design and jointly implement the CRP for the promotion of the positive impact of the Annual Contribution on the Municipality and to promote and communicate to the public decisions made and initiatives taken by the Municipality regarding the deployment or other allocation of the Annual Contribution for municipal purposes.
- (b) It is expected that the CRP will include, at a minimum, one community event during each Operating Year during the Term, discussions and meetings on a regular basis between the appropriate representatives of each party relating to spending, allocation and deployment of the Annual Contribution, the allocation of responsibilities and obligations in respect of the development, operation and/or other activities and initiatives of the CRP, including but not limited to any program management functions to be performed by each party.

- (c) The Municipality will cooperate reasonably with OLG to facilitate messaging and communication of the CRP and its mandate. The Municipality will comply with all reasonable initiatives and requests proposed by OLG to the Municipality from time to time relating to the CRP and its initiatives, including but not limited to branding, marketing and public acknowledgements in respect of funding by OLG.
- (d) The Municipality will ensure that its marketing and advertising materials are not false, misleading or deceptive, do not portray OLG or customers of the Location or the general public in a disparaging manner, and that such marketing and advertising materials are in compliance with the marketing and branding guidelines which OLG communicates to the Municipality from time to time. In the event the Municipality does not comply with OLG's marketing and branding guidelines, OLG may thereafter require the Municipality to submit all proposed advertising and marketing materials in relation to the matters set out herein to OLG for its review and approval not less than 15 business days prior to the expected use or distribution of such materials.

6. Amendment and Restatement; Entire Agreement

This Agreement constitutes the entire agreement between the Municipality and OLG with respect to the matters herein and, without limiting the foregoing, amends and restates in full and supersedes the Previous MCA, with effect as of the date hereof, and all prior agreements and understandings, oral or written, between the parties hereto or their respective representatives with respect thereto. It is hereby confirmed by the parties hereto that all prior actions of the parties made pursuant to the Previous MCA are effective as if made under this Agreement on the date made.

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. Normal Costs of Development

The parties acknowledge and agree that nothing herein shall operate to fetter any legislative or quasi-judicial jurisdiction of the Municipality, and in particular, it is understood and agreed by the parties that this Agreement does not preclude the Municipality from imposing upon occupants, owners or developers of the property at which the Casino Games are located, normal development related costs (including but not limited to the costs of infrastructure improvements under local or regional jurisdiction) arising from the Casino Games in the same manner and to the same extent as may be imposed by the Municipality on other occupants, owners or developers of land within the Municipality, and further that this Agreement does not preclude the Municipality from imposing such taxes, fees, charges, conditions or other requirements as may be imposed in accordance with applicable law upon owners, occupants, developers, properties or businesses in the Municipality (including, without limitation, realty taxes, development charges, conditions of site plan approval and sewer and water charges).

9. No Liability of OLG

The Municipality acknowledges and agrees that none of OLG and any provincial agency, ministry or crown corporation, nor any of their respective officers, directors, employees, agents or representatives shall be liable to the Municipality for or in respect of any claims (including but not limited to claims based in contract, tort or negligence, active or passive), any cause of action, demands, losses, liabilities or damages whatsoever (including but not limited to consequential, exemplary, special, punitive and indirect damages) arising out of, in respect of, or relating indirectly or directly to this Agreement, the Casino Games, the operation, cessation of operation or malfunction of any systems or equipment, or any injury to or death of any person. Furthermore, the Municipality releases OLG from any and all losses in respect of the foregoing.

10. Notice

Any notice or other communication permitted or required to be given by OLG to the Municipality shall be given by either posting the same by prepaid registered mail or by facsimile addressed to the Municipality at the address or facsimile number, as applicable, appearing in this Agreement or by personal delivery to the Municipality. Any notice or other communication permitted or required to be given by the Municipality to OLG shall be given by either posting the same by prepaid registered mail or by facsimile addressed to OLG at the following address or facsimile number, as applicable: 4120 Yonge Street, Suite 420, Toronto, ON M2P 2B8, facsimile number 416-224-7003. Any notice posted by pre-paid registered mail shall be deemed to have been received on the third business day following such mailing and any notice personally delivered or sent by facsimile shall be deemed to have been received at 5:00 p.m. on the day so delivered or sent by facsimile (if such day is a business day and if such notice is sent prior to 5:00 p.m. on that day, and if not, on the next following business day). During periods of a postal strike or of a general interruption of postal services, any notice shall be given by personal delivery or facsimile hereunder and shall be deemed to have been received on the second business day following posting of the same.

11. Relationship of Parties

OLG acknowledges the Municipality's role as a host municipality of the Casino Games at the Location. The Municipality acknowledges and agrees 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. For greater certainty, the Municipality acknowledges that OLG has, and shall have, the sole right to determine, from time to time and at any time, the number and type of Electronic Games operated at the Location.

12. Severability

If any covenant or term herein or the application thereof to any person or entity, 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, event 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.

13. 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.

14. Attornment

Each party irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

15. Recitals

The recitals to this Agreement form part thereof, and this Agreement is to be construed accordingly.

16. Time

Time shall in all respects be of the essence in this Agreement.

17. 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.

18. 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*, R.S.O. 1990, c.F.31, as amended, and that the Municipality is subject to the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56, as amended, and that, as a result, each party is required to observe certain legislative obligations with respect to the disclosure or non-disclosure of information, whether to government agencies or ministries, members of the public, or otherwise.

19. Modifications

Excluding an amendment permitted under Sections 3(b) and 4(c), no amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party providing such waiver, and will be limited to the specific breach being waived.

20. 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.

21. Benefit of the Agreement

This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

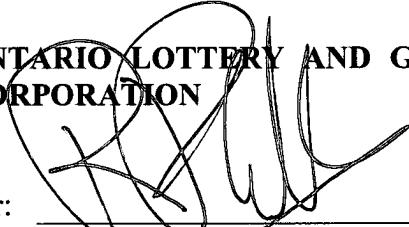
22. Electronic Execution

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

[Remainder of Page Left Intentionally Blank]


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 and Chief Executive Officer

I have the authority to bind OLG

CITY OF TORONTO

Per: 
Name: Marilyn M. Toft
Title: for Ulli S. Watkiss City Clerk

c/s

Per: 
Name: G. CARBONE
Title: TREASURER

I/We have authority to bind the Municipality.


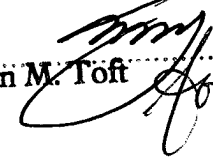

Authorized by Executive Committee,
Item No. EX 35.6 14, 15 & 18 ^{W/S}
as adopted by City of Toronto
Council on November 13, 2013
.....

Marilyn M. Toft
City Clerk

EXHIBIT A

Calculation of Annual Contribution

For example and by way of illustration only: if the Electronic Games Revenue and Live Table Games Revenue for an Operating Year is \$650 million and \$100 million respectively and as further described in Table A below, then the applicable Annual Contribution for such Operating Year would be \$19,712,500:

TABLE A

	Electronic Games Revenue (in millions)	Live Table Games Revenue (in millions)	Annual Contribution Quarterly Payment (in millions)
Operating Year Quarter No. 1 (April 1 – June 30)	\$100	\$25	$[0.0525 \times \$65] + (0.03 \times \$35) + [0.04 \times \$25]$ = \$5.4625
Operating Year Quarter No. 2 (July 1 – September 30)	\$175	\$22	$[0.03 \times \$100] + (0.025 \times \$75) + [0.04 \times \$22]$ = \$5.755
Operating Year Quarter No. 3 (October 1 – December 31)	\$170	\$23	$[0.025 \times \$170] + [0.04 \times \$23] = \$5.17$
Operating Year Quarter No. 4 (January 1 – March 31)	\$205	\$30	$[0.025 \times \$55] + (0.005 \times \$150) + [0.04 \times \$30]$ = \$3.325
Total	\$650	\$100	\$19.7125