

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Friday, January 16, 2015 10:26 AM
To: XT:Piva-Babcock, Laura FIN:IN
Subject: RE: Table Revenue Split Changes

Ok fantastic, thanks Laura!

Meghan Thorneloe
250-952-6651

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Friday, January 16, 2015 10:21 AM
To: Thorneloe, Meghan FIN:EX
Subject: RE: Table Revenue Split Changes

Ok. I've asked. I'm going to guess they've been in place since the games were first introduced (or at least since BCLC has been responsible for table games). But will see if we have the facts on that. L

From: Thorneloe, Meghan FIN:EX [<mailto:Meghan.Thorneloe@gov.bc.ca>]
Sent: January 16, 2015 10:20 AM
To: Laura Piva-Babcock
Subject: RE: Table Revenue Split Changes

Not as far as I know. I looked it up earlier, but it only had the explanation of the change, not when the original calculations were put into place.

Meghan Thorneloe
250-952-6651

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Friday, January 16, 2015 10:16 AM
To: Thorneloe, Meghan FIN:EX
Subject: RE: Table Revenue Split Changes

Hi,

I know a briefing note was developed when the change was requested. Does the note mention this at all? L

From: Thorneloe, Meghan FIN:EX [<mailto:Meghan.Thorneloe@gov.bc.ca>]
Sent: January 16, 2015 10:10 AM
To: Laura Piva-Babcock
Subject: Table Revenue Split Changes

Hi Laura,

I'm response to the question below, but I'm wondering if you can tell me when the original formulae were created, before the 2014 change?

Many thanks

Meghan Thorneloe
250-952-6651

From: Thorneloe, Meghan FIN:EX
Sent: Friday, January 16, 2015 9:41 AM
To: Jaggi-Smith, Michele FIN:EX; Branch, Gaming
Subject: RE: Question Regarding BCLC formulae

Hi Andrea,

Thanks for your email regarding the BC Lottery Corporation's (BCLC) Table Revenue Split Changes.

In 2014, revenue split changes were made to increase the percentage of win for the Service Providers. Prior to the 2014 directive, the revenue split for table games in B.C.'s gaming facilities was as follows:

75 per cent of the win on Craps to the Service Provider with threshold up to \$270,000 per table per quarter, then reverts to 40 per cent of win to Service Provider after threshold is reached;
Midi Craps was a new product, therefore no revenue split existed prior to this directive;
40 per cent of the win on Low Limit Blackjack to the Service Provider;
40 per cent of the win on Low Limit Roulette to the Service Provider; and
25 per cent of the win on Touch Bet Baccarat to the Service Provider.

Thank you for taking the time to write.

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, January 15, 2015 7:23 PM
To: Branch, Gaming
Cc: Thorneloe, Meghan FIN:EX
Subject: Re: Question Regarding BCLC formulae

Meghan please

Sent from my iPhone

On Jan 15, 2015, at 5:33 PM, Branch, Gaming <Gaming.Branch@gov.bc.ca> wrote:

To whom would you like this assigned?

Cheers!
-B-

From: Lee, Andrea [<mailto:Andrea.Lee@leg.bc.ca>]
Sent: Thursday, January 15, 2015 12:44 PM
To: Branch, Gaming
Subject: Question Regarding BCLC formulae

Hello,

I'm a librarian at the Legislative Library of BC. We do research for MLAs and their staff. I'm looking into something for one of our clients and am hoping you can help.

In the course of some research for a client, I found this March 2014 directive from the GPEB to the BCLC printed in the Gazette:

DIRECTIVE TO BRITISH COLUMBIA LOTTERY CORPORATION

General Manager, **Gaming Policy and Enforcement Branch**, directive to the British Columbia Lottery Corporation, section 28, Gaming Control Act.

This directive is issued pursuant to section 28 (1) (j) (ii) of the Gaming Control Act, approving the amendment of the formulae to determine the amount of gaming revenue that may be retained by or paid to a Gaming Services Provider for the provision of gaming services in connection with the conduct, management, operation or presentation of lottery schemes, as follows:

75 per cent of the win on Craps to the Service Provider with the removal of the current threshold amount;

65 per cent of the win on Midi Craps to the Service Provider;

60 per cent of the win on Low Limit Blackjack to the Service Provider;

60 per cent of the win on Low Limit Roulette to the Service Provider; and

40 per cent of the win on Touch Bet Baccarat to the Service Provider.

Approved on this 6th day of March 2014. — John Mazure, *General Manager of Gaming Policy and Enforcement Branch*. [mh13]

My client is interested in what the formulae looked like prior to this directive, but I haven't been able to find any other directives of this kind in the Gazette in the last decade or so. If you could let me know either what the prior formulae were, or when the formulae were last adjusted in the Gazette, I would really appreciate it.

Best,

Andrea Lee

Reference Librarian | Legislative Library of BC | Room 215D, Parliament Buildings | Victoria, BC V8V 1X4
| Tel: 250.356.5202

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Dickson, Brandy FIN:EX

From: XT:Piva-Babcock, Laura FIN:IN
Sent: Tuesday, September 16, 2014 11:42 AM
To: Edwardson, Jamie GCPE:EX; Bell, Suzanne N FIN:EX
Cc: Bell, Suzanne N FIN:EX; Hazel, Jillian FIN:EX; Thorneloe, Meghan FIN:EX; Jaggi-Smith, Michele FIN:EX; DeMott, Rachel FIN:EX; Edwardson, Jamie GCPE:EX; Stewart, Janet GCPE:EX; Cadour, Jennifer GCPE:EX; McLachlin, Jessica GCPE:EX; Plummer, Glen GCPE:EX; Scallion, Kate GCPE:EX; XT:Dolinski, Susan GCPE:IN; Chris Fairclough; Aly Couch; Nicole Lewis
Subject: BCLC Service Provider Commissions Report
Attachments: IN_BCLC Gambling Service Provider Commissions Report_FINAL_12 Sept 2014.docx; BCLC Service Provider Commissions Report September 2014.docx

Hi,

Attached is BCLC's Service Provider Commissions Report for 2012/13 and 2013/14. This report outlines our operating model and commissions structure and provides detail on how much was paid to each service provider by site.

This is the third such report we've put together. We initiated this report originally several years ago in response to several FOI requests and media requests for information around commissions. Since we initiated this level of transparency, we have not seen the same wave of FOIs/requests, so it has been helpful in that regard.

We plan to post later this week to our website.

Please let me know if you have any questions.

Thanks,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

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Pages 5 through 9 redacted for the following reasons:

s13, s14

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Friday, June 27, 2014 10:31 AM
To: Jaggi-Smith, Michele FIN:EX
Subject: HP TRIM FIN DOCUMENT : D37059514A : GM Directive - Table Revenue Changes
Attachments: GM Directive - Table Revenue Changes.tr5

Hi Michele,

Please see the TRIM link to the GM Directive on Table Revenues for your reference. The one you sent yesterday was saved as final, but was not the final version. I have saved the signed directive, and linked it to the related BN to the Minister.

Meghan

-----< HP TRIM Record Information >-----

Record Number:D37059514A

Title:GM Directive - Table Revenue Changes

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Friday, June 27, 2014 9:56 AM
To: Fair, Susan P AGRI:EX
Subject: RE: 2014 - GM Directive - Table Revenue Changes

Hi Susan, sorry, may I also have the signed directive? Thank you!!

From: Fair, Susan P FIN:EX
Sent: Friday, June 27, 2014 9:33 AM
To: Thorneloe, Meghan FIN:EX
Subject: RE: 2014 - GM Directive - Table Revenue Changes

Here is what is in CLIFF. Cheryl approved but I don't have one with his signature on it.

From: Thorneloe, Meghan FIN:EX
Sent: Friday, June 27, 2014 9:10 AM
To: Fair, Susan P FIN:EX
Subject: RE: 2014 - GM Directive - Table Revenue Changes

Thanks Susan, I have the directive but I can't seem to find a final version of the BN. I only have one with track changes. Do you have the final?

Thanks again

From: Fair, Susan P FIN:EX
Sent: Friday, June 27, 2014 8:50 AM
To: Thorneloe, Meghan FIN:EX
Subject: RE: 2014 - GM Directive - Table Revenue Changes

Yes it was. It was sent on March 6, 2014. I can find you a copy if you need it.

Susan

From: Thorneloe, Meghan FIN:EX
Sent: Thursday, June 26, 2014 10:35 AM
To: Fair, Susan P FIN:EX
Subject: FW: 2014 - GM Directive - Table Revenue Changes

Hi Susan,

Was the attached directive ever issued to BCLC?

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Thursday, June 26, 2014 11:55 AM
To: Fair, Susan P AGRI:EX
Cc: Jaggi-Smith, Michele FIN:EX
Subject: FW: 2014 - GM Directive - Table Revenue Changes
Attachments: 2014 - GM Directive - Table Revenue Changes.tr5; BN Ministerial Approval for GM Directive (Service Provider Commission) v.4 17JAN14.doc

[*resending with related BN*](#)

From: Thorneloe, Meghan FIN:EX
Sent: Thursday, June 26, 2014 10:35 AM
To: Fair, Susan P FIN:EX
Subject: FW: 2014 - GM Directive - Table Revenue Changes

Hi Susan,

[Was the attached directive ever issued to BCLC?](#)

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Thursday, June 26, 2014 10:34 AM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: 2014 - GM Directive - Table Revenue Changes

Hi Michele,

I remember working on this but I can't recall it being sent to BCLC, or at least I wasn't copied on it. But I feel like this went through because this was when I was working with Andrew around Christmas.... but I can't be sure so I will follow up with Susan ASAP.

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, June 26, 2014 10:27 AM
To: Thorneloe, Meghan FIN:EX
Subject: 2014 - GM Directive - Table Revenue Changes

Hi Meghan,

I'm doing some TRIM training with Brandy and I came across the attached TRIM document. Do you recall the result of this document? Did we issue this Directive to BCLC? If not, then we need to mark it as draft in TRIM and let's place the decision-making briefing note or email along with it. Can you please look into this. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Monday, January 20, 2014 4:58 PM
To: Salling, Tammy L FIN:EX
Cc: Bell, Suzanne N FIN:EX; Fair, Susan P AGRI:EX
Subject: FW: BN 333500 - Questions
Attachments: 20140115160829.pdf; BN Ministerial Approval for GM Directive (Service Provider Commission) FINAL-17JAN14.doc; GM Directive for Table Revenue Changes (Final) -14JAN14.docx

Hi Tammy,

Please find a revised briefing note based on Cheryl's questions. The BN has been approved by John and BCLC. I understand that Cheryl would like to brief the Minister on the Directive. Thanks.

Michele

From: Fair, Susan P FIN:EX
Sent: Thursday, January 16, 2014 8:41 AM
To: Jaggi-Smith, Michele FIN:EX; Bell, Suzanne N FIN:EX
Subject: FW: BN 333500 - Questions

Please see below

From: Salling, Tammy L FIN:EX
Sent: Wednesday, January 15, 2014 4:13 PM
To: Fair, Susan P FIN:EX
Subject: Re: BN 333500 - Questions

Hi Susan,

Please see the attached BN with Cheryl's questions.

Thank you,

Tammy Salling

Senior Executive Assistant
Associate Deputy Minister's Office
Ministry of Finance
Ph. 250 387-8499

Dickson, Brandy FIN:EX

From: Mazure, John C FIN:EX
Sent: Thursday, January 16, 2014 10:02 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: Bell, Suzanne N FIN:EX
Subject: Re: BN 333500 - Questions from Cheryl

Thx Michele. Let's add in the requirement for bclc to report back on a quarterly basis for a period of one year from implementation ie mirroring the one year period you reference below. Also once you get an answer from bclc on whether this revenue is in/ out of the forecast add in a line to the note to this effect. Thx

Sent from my iPad

On Jan 16, 2014, at 10:38 AM, "Jaggi-Smith, Michele FIN:EX" <Michele.JaggiSmith@gov.bc.ca> wrote:

Hi John,

Cheryl has asked these questions around the below bullet from the BN. *"Is there a requirement to report back?" "Is there a requirement or condition to demonstrate success? Would the % be changed back if impact is negative?"*

- Implementation of the strategy is expected to take approximately one year, with a trial period of 180 days for each change, to confirm the optimal implementation plan. Success will be defined as incremental revenue for each product type and/or growth of the player base and participation. BCLC may accept less immediate revenue in exchange for developing future players.

I propose to add the following bullet for clarification:

- BCLC has proposed this initiative to develop new player participation and increase revenue. BCLC has indicated they will either adjust or cease the plan if the initiative is not successful. If the plan was unsuccessful, the new tables would either be removed or revert to the former commission. *What I need to know if whether you want me to put in a required timeline for BCLC to report back (either to GPEB or Finance)?*

Her other questions relates to the revenue discussed in the BN. She wants to know if this revenue is part of BCLC's optimization plan as indicated in their recent TB submission or whether this is new proposed revenue? I will follow-up with BCLC.

Please let me know your thoughts and I will prepare another draft for you and BCLC to review. Thanks John.

Michele

From: Fair, Susan P FIN:EX
Sent: Thursday, January 16, 2014 8:41 AM
To: Jaggi-Smith, Michele FIN:EX; Bell, Suzanne N FIN:EX
Subject: FW: BN 333500 - Questions

Please see below

From: Salling, Tammy L FIN:EX
Sent: Wednesday, January 15, 2014 4:13 PM
To: Fair, Susan P FIN:EX
Subject: Re: BN 333500 - Questions

Hi Susan,

Please see the attached BN with Cheryl's questions.

Thank you,

Tammy Salling

Senior Executive Assistant
Associate Deputy Minister's Office
Ministry of Finance
Ph. 250 387-8499

<20140115160829.pdf>

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Wednesday, January 15, 2014 10:15 AM
To: Fair, Susan P AGRI:EX
Cc: Bell, Suzanne N FIN:EX
Subject: GM Directive and Briefing Note
Attachments: BN Ministerial Approval for GM Directive (Service Provider Commission) v.3 20DEC13 Dec 17.doc; GM Directive for Table Revenue Changes (Final) -14JAN14.docx

Susan,

Can you please forward the attached documents to Cheryl's office. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Tuesday, January 14, 2014 5:45 PM
To: 'Jim Lightbody'; Mazure, John C FIN:EX
Cc: XT:Piva-Babcock, Laura FIN:IN; XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; 'Monica Bohm'; 'Darren Jang'
Subject: RE: Briefing Note and Directive - Table Revenue Changes

Thanks Jim. I will have the briefing note and the proposed Directive sent to Cheryl's office for review.

Michele

From: Jim Lightbody [mailto:JLightbody@BCLC.com]
Sent: Tuesday, January 14, 2014 5:42 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Piva-Babcock, Laura FIN:IN; XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; Monica Bohm; Darren Jang
Subject: RE: Briefing Note and Directive - Table Revenue Changes

Michele;

I can now confirm that the directive letter as written that you provided earlier today is approved by BCLC. I will await the official one with John's signature before enacting.

Thanks,
Jim

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

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jlightbody@bclc.com
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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [mailto:Michele.JaggiSmith@gov.bc.ca]
Sent: Tuesday, January 14, 2014 3:55 PM
To: Jim Lightbody
Cc: Laura Piva-Babcock; Susan Dolinski; Bell, Suzanne N FIN:EX
Subject: RE: Briefing Note and Directive - Table Revenue Changes

Hi Jim,

Attached is a revised GM Directive. This revised Directive indicates the new service commission rate is the maximum. This approach gives BCLC the flexibility to apply the new formula where appropriate. Please let me know if it is approved on your side. The briefing note has not been revised. Thanks!

Michele

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]
Sent: Tuesday, January 14, 2014 10:38 AM
To: Jaggi-Smith, Michele FIN:EX
Cc: Monica Bohm; Darren Jang
Subject: Re: Briefing Note and Directive - Table Revenue Changes

Michele,

The commission structure for blackjack will remain at 60/40 in BCLC's Favour for all other tables besides the identified low limit ones.

Does that help?

Jim

From: Jaggi-Smith, Michele FIN:EX
Sent: Tuesday, January 14, 2014 10:30 AM
To: Jim Lightbody
Cc: Monica Bohm; Darren Jang
Subject: RE: Briefing Note and Directive - Table Revenue Changes

Hi Jim,

Thank you for the information below – that is helpful. Just to clarify Q3. further. What we are wondering is whether there will be a table revenue change to service provider commission to “high limit” Blackjack table play or will this remain at the current split of 60% BCLC, 40% SP. We understand that the “low limit” Blackjack table play will see an increase in the service provider commission or will all Blackjack tables per se see the increase? Thanks.

Michele

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]
Sent: Monday, January 13, 2014 6:28 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Michael Graydon; Monica Bohm; Darren Jang
Subject: RE: Briefing Note and Directive - Table Revenue Changes

Michele;

Sorry I didn't get back to you earlier today, I was in a meeting with Ministry of Finance people. Here are the answers you were looking for:

- 1) As with any new initiative, if it does not work according to our objectives over a reasonable amount of time, my expectation is that we will either adjust the plan (within guidelines) or cease it. We are initiating this to drive revenue and if it doesn't work, we are responsible to stop it. BCLC has the discretion over the allocation over the type and number of table games, including the commission model, so it is our decision to remove games not the service provider. Of course we would have to give the service providers reasonable notice to adjust staffing levels, etc. if it were eliminated, those tables would either be removed or revert to the former commission.
- 2) Only the appropriate or affected COSA's would need to be amended. Again, the opportunity is one based on business principles. We routinely have discussions with service providers about topics like this. Not all have the market opportunity and it is also an investment in capital that BCLC has to make, and we are very cognizant of investment like that.
- 3) If I am correct in following you, the revenue projection is that the *net impact* of the introduction of low limit blackjack tables is **positive**. This will be a result of increasing overall blackjack play. If your concern is cannibalization of our higher commission blackjack, while we do expect there could be some, we have mitigated

that by introducing a top end limit (top of bet range is \$50 versus the current \$500 at BJ tables) to keep our regular players at the other tables and limiting the number of low limit tables in a property. But, once again, the overall financial impact to our blackjack business is projected to be positive.

Let me know if that answers your questions. We are eager to start earning the incremental revenue and it does require time for us to roll this out.

Regards,
Jim

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

T 604 225 6412 C s17 F 604 225 6424
jlightbody@bclc.com
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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]

Sent: Monday, January 13, 2014 12:24 PM

To: Jim Lightbody

Subject: FW: Briefing Note and Directive - Table Revenue Changes

Hi Jim

We've had some additional questions posed regarding the draft briefing material and draft Directive. Could you kindly advise whether this proposal to add/introduce different games to different locations with increased commissions will be a pilot project? That is to say, will there be a specific time period (say 1 yr) where BCLC assesses success (revenue increase and expanded player growth)? If these success outcomes do not materialize, how will the increased service commission be handled? Would the higher table game commissions to service providers revert back to the existing commission allocation?

The Business Case discusses implementation of different games at different locations. Would all the COSAs be updated for higher table game commission revenues or just with the service providers that will offer the new games? If only limited gaming locations will have an updated COSA and increased table game commission split, how will BCLC manage/communicate the different revenue opportunities among service providers?

Can you confirm the information communicated in the Business Case that the existing high-limit Blackjack table game revenue remains the same, only the low limit Blackjack table game commission will be increased (pp 9-10).

Thanks Jim.

Michele

Michele Jaggi-Smith | Director

Policy and Communications | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Monday, December 23, 2013 2:38 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: Bell, Suzanne N FIN:EX; XT:Dolinski, Susan GCPE:IN
Subject: FW: Briefing Note and Directive - Table Revenue Changes

Hi Michele,

We are fine with both of these documents. Thanks for sending our way for final review. Let us know when these items get signed off and the Directive is Gazetted.

Cheers.

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
T 250 828 5576 C s17 F 250 828 5637

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 20, 2013 2:05 PM
To: Laura Piva-Babcock
Cc: Bell, Suzanne N FIN:EX; Susan Dolinski
Subject: FW: Briefing Note and Directive - Table Revenue Changes

Hi Laura,

Please find an updated briefing note and a draft directive for your feedback. Thanks.

Michele

Michele Jaggi-Smith | Director

Policy and Communications | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 12:55 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi,

Here are our edits to this note. Please send us the final version and the directive once it is drafted.

I will send the last note later this afternoon as I have some additional information I need to include in that one.

Thanks,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
T 250 828 5576 C s17 F 250 828 5637

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 16, 2013 4:08 PM
To: Laura Piva-Babcock
Cc: Susan Dolinski; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: Briefing Note - Table Revenue Changes

Hi Laura,

Please find attached the draft briefing note from John to the Minister requesting approval to issue a Directive to BCLC. This Directive will allow BCLC to change the service provider commission rate on certain table games. Please let me know if you have any comments or suggestions. I'll be working with our legal counsel to draft the directive next. Once those two pieces are complete, the whole package will go to the Minister's office for consideration. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

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Pages 24 through 25 redacted for the following reasons:

s14

Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Friday, December 20, 2013 2:19 PM
To: Mazure, John C FIN:EX
Cc: Jaggi-Smith, Michele FIN:EX
Subject: FW: Briefing Note and Directive - Table Revenue Changes
Attachments: BN Ministerial Approval for GM Directive (Service Provider Commission) v.3 20DEC13 Dec 17.doc; GM Directive for Table Revenue Changes - 2014 (Draft 2) -20DEC13(gm).docx

Michele, thank you for this! John, fyi, here is the draft of the other briefing note and the directive, related to changing commissions for service providers. Michele has sent it to BCLC, and we will incorporate feedback when we get it.

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Jaggi-Smith, Michele FIN:EX
Sent: Friday, December 20, 2013 14:05
To: XT:Piva-Babcock, Laura FIN:IN
Cc: Bell, Suzanne N FIN:EX; XT:Dolinski, Susan GCPE:IN
Subject: FW: Briefing Note and Directive - Table Revenue Changes

Hi Laura,

Please find an updated briefing note and a draft directive for your feedback. Thanks.

Michele

Michele Jaggi-Smith | A/Director

Corporate Services and Responsible Gambling | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 12:55 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi,

Here are our edits to this note. Please send us the final version and the directive once it is drafted.

I will send the last note later this afternoon as I have some additional information I need to include in that one.

Thanks,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
T 250 828 5576 C s17 F 250 828 5637

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]

Sent: December 16, 2013 4:08 PM

To: Laura Piva-Babcock

Cc: Susan Dolinski; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX

Subject: Briefing Note - Table Revenue Changes

Hi Laura,

Please find attached the draft briefing note from John to the Minister requesting approval to issue a Directive to BCLC. This Directive will allow BCLC to change the service provider commission rate on certain table games. Please let me know if you have any comments or suggestions. I'll be working with our legal counsel to draft the directive next. Once those two pieces are complete, the whole package will go to the Minister's office for consideration. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications

Corporate Services | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

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Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Friday, December 20, 2013 2:05 PM
To: Wenezenki-Yolland, Cheryl FIN:EX
Cc: Mazure, John C FIN:EX
Subject: RE: Letter re High Limit Table Changes

Agreed on all fronts. I'll draft one. Thanks Cheryl!

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Wenezenki-Yolland, Cheryl FIN:EX
Sent: Friday, December 20, 2013 12:50
To: Bell, Suzanne N FIN:EX
Cc: Mazure, John C FIN:EX
Subject: Re: Letter re High Limit Table Changes

Hi Suzann

Your observations are good. There may be some you want to discuss with myself and the minister with out sharing. The challenge is identifying which ones. What we really want is a respectful relationship. And that the parties understand there trust aspect to sharing notes early and that confidences should be respected.

It seems to me there should be a response from john to BCLCs letter and the same people should be cc'd

Cheryl Wenezenki-Yolland

On 2013-12-19, at 4:37 PM, "Bell, Suzanne N FIN:EX" <Suzanne.Bell@gov.bc.ca> wrote:

Hi Cheryl, I didn't see the letter – but I can tell you what we're working on.

1. We have to produce directive to increase service provider commissions on table games. We're working on that with Legal Services – once that's done, the first part of BCLC's request can be actioned. The directive is with Legal Services now. We shared the briefing note with BCLC, and they gave us feedback, which we've already incorporated. John, we haven't yet got the draft directive back from Gordon, and you

had said you wanted the two together (briefing note and directive), so I haven't sent that yet.

2. The second part, which is changing table limits from \$90K to \$100K, is trickier. We produced a briefing note on that, and asked BCLC for its input – and that's probably what sparked the letter. I have attached our second briefing note here.

The issue is that GPEB has been advised that we don't have the legal authority to set the limits, (that's BCLC), but we do have the right to set policy and issue a directive to that end, if we have concerns. We do have some, related to RG and money laundering, so we raised them in the note, and we have offered options.

I think maybe this is one of those situations where sharing the note early was not the best option, and maybe we should look at how we do this going forward. The difficulty is that we end up in a situation like this, where no decision has even been taken, and BCLC is upset. Conversely, if we don't consult BCLC early on, there are difficulties because they believe they've been excluded. It raises the issue, that I think there are notes that the regulator can't really share with BCLC – or maybe we do it at a different stage in the process.

Suzanne N. Bell

Executive Director, Corporate Services

Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Wenezenki-Yolland, Cheryl FIN:EX
Sent: Thursday, December 19, 2013 15:53
To: Mazure, John C FIN:EX; Bell, Suzanne N FIN:EX
Cc: Salling, Tammy L FIN:EX
Subject: RE: Letter re High Limit Table Changes

John/Suzanne,

I am confused by this letter from Michael – I understood from previous briefings there was a decision needed by GPEB – John I believe it was characterized as a directive. This letter seems to imply something else? I would appreciate some clarification please.

Cheryl

From: Suzanne Rowley [<mailto:SRowley@bclc.com>]
Sent: Thursday, December 19, 2013 3:42 PM
To: Mazure, John C FIN:EX
Cc: Fair, Susan P FIN:EX; Wenezenki-Yolland, Cheryl FIN:EX; XT:Dolinski, Susan GCPE:IN; Jim Lightbody; Michael Graydon
Subject: Letter re High Limit Table Changes

Hello John,

On behalf of Michael Graydon, please find attached letter regarding the high limit table changes.

Kind regards,

Suzanne.

Suzanne Rowley

Executive Assistant & Assistant Corporate Secretary

President's Office, BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

T 604 225 6399

srowley@bclc.com

bclc.com

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<BN - Table Aggregates in high limit rooms v4 -13DEC13.docx>

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Friday, December 20, 2013 12:52 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N FIN:EX
Subject: FW: Generic COSA & Side letters - poker and craps
Attachments: Generic Poker letter Feb 2007.doc; Generic Craps letter Oct 2005.doc; Generic COSA 2007.doc

Hi Gordon,

Please find attached generic COSAs that have been forwarded to us by BCLC. Apparently we do have copies of COSAs at GPEB. If possible I'll see if we can do some research to determine historical commission changes. s14

s14

Michele

From: Laura Piva-Babcock [mailto:LPiva-Babcock@bclc.com]
Sent: Friday, December 20, 2013 11:56 AM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX
Subject: FW: Generic COSA & Side letters - poker and craps

Hi Michele,

Here is the generic COSA and the letters that refer to table game commissions.

Hope this helps. Let me know if you need anything further

Regards,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
T 250 828 5576 C s17 F 250 828 5637

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [mailto:Michele.JaggiSmith@gov.bc.ca]
Sent: December 19, 2013 5:28 PM
To: Laura Piva-Babcock

Cc: Bell, Suzanne N FIN:EX
Subject: FW: Briefing Note - Table Revenue Changes

Hi Laura,

s14

Michele

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Wednesday, December 18, 2013 10:02 AM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Checking for you.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 18, 2013 9:54 AM
To: Laura Piva-Babcock
Subject: RE: Briefing Note - Table Revenue Changes

Laura,

Can we please have a copy of a COSA that currently has the revenue split identified as below:

	Current Revenue Split
Craps	25% BCLC, 75% SP with threshold 60% BCLC, 40% SP after threshold
Midi Craps	New product
Low Limit Blackjack	60% BCLC, 40% SP
Low Limit Roulette	60% BCLC, 40% SP
Touch Bet Baccarat	75% BCLC, 25% SP

Thanks.

Michele

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 2:21 PM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi Michele,

Please replace the bullet with the following.

- Midi Craps is a new product. It is identical to Craps except the size of the table is half the size of a traditional Craps table. Fewer staff are required to operate, thus will make it more feasible for more casinos to offer this exciting game.

Thanks, L

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 17, 2013 1:42 PM
To: Laura Piva-Babcock
Subject: RE: Briefing Note - Table Revenue Changes

Hi Laura,

Thanks for the helpful comments. What does this bullet mean? Will the Minister be familiar with this terminology? Thanks.

- Midi Craps is a new product with a smaller “tub”, thus requiring less labour and will allow for more casinos to offer this exciting game.

Michele

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 12:55 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi,

Here are our edits to this note. Please send us the final version and the directive once it is drafted.

I will send the last note later this afternoon as I have some additional information I need to include in that one.

Thanks,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 16, 2013 4:08 PM
To: Laura Piva-Babcock
Cc: Susan Dolinski; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: Briefing Note - Table Revenue Changes

Hi Laura,

Please find attached the draft briefing note from John to the Minister requesting approval to issue a Directive to BCLC. This Directive will allow BCLC to change the service provider commission rate on certain table games. Please let me know if you have any comments or suggestions. I'll be working with our legal counsel to draft the directive next. Once those two pieces are complete, the whole package will go to the Minister's office for consideration. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications

Corporate Services | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

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Dickson, Brandy FIN:EX

From: McPherson, Gordon JAG:EX
Sent: Friday, December 20, 2013 9:32 AM
To: Jaggi-Smith, Michele FIN:EX
Cc: Bell, Suzanne N FIN:EX
Subject: RE: Business Case - Table Revenue Split Changes
Attachments:

s14

Hi Michele

s14

Gord

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*Gordon McPherson
Barrister & Solicitor
Justice and Education Law Group
Legal Services Branch
Ministry of Justice
Tel: (250) 387-3145*

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, December 19, 2013 5:25 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N FIN:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Gordon,

s14

Michele

From: Jaggi-Smith, Michele FIN:EX
Sent: Tuesday, December 17, 2013 4:16 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Gordon,

s14

Michele

From: McPherson, Gordon JAG:EX
Sent: Thursday, November 28, 2013 1:49 PM
To: Jaggi-Smith, Michele EMNG:EX
Subject: RE: Business Case - Table Revenue Split Changes

Hi Michele

s14

NOTE -- This message, including any attachments to it, is confidential and subject to solicitor-client privilege. In keeping with the Standards of Conduct for Public Service Employees, it is not to be disclosed outside of provincial government without prior written approval from the Legal Services Branch, Ministry of Justice. If you are not the intended recipient, please notify me immediately and do not copy or disclose the contents of this message to any other person.

*Gordon McPherson
Barrister & Solicitor
Justice and Education Law Group
Legal Services Branch
Ministry of Justice
Tel: (250) 387-3145*

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, November 22, 2013 3:38 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Gordon,

s14

I hope you had a great

s22

Thanks Gordon!

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Jaggi-Smith, Michele EMNG:EX
Sent: Wednesday, November 13, 2013 3:56 PM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi John,

Do you have any outstanding questions regarding BCLC's proposal to increase the commission on table games for service providers? The proposal circles around the premise that the commission increase will incentivize service providers to offer more table games thereby supporting BCLC's desire to grow player participation. Martha thought that we had agreed to an internal meeting to discuss again after our Oct 28 meeting with BCLC. Do you want to have a meeting with Martha and Steve to discuss again or are you comfortable with responding to BCLC's business plan? Please let me know your thoughts. Thanks!

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, October 11, 2013 10:38 AM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Seabrook, Norine EMNG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

John,

Please find attached the various emails regarding this file. We have a meeting set with Jim Lightbody, BCLC and Steve Klak and Martha Thomas , MoF on Oct 28 to discuss. Please let me know if you have any questions.

Michele

From: Bell, Suzanne N EMNG:EX
Sent: Sunday, June 23, 2013 9:36 PM
To: Jaggi-Smith, Michele EMNG:EX
Cc: Scott, Douglas S EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Michele – I wasn't able to get to this before leaving – will you please go through the business case, summarize and make a recommendation for Doug? Thanks very much!

Suzanne

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]
Sent: Friday, June 14, 2013 11:26 AM
To: Bell, Suzanne N EMNG:EX
Cc: Jim Lightbody; Monica Bohm
Subject: Business Case - Table Revenue Split Changes

On Behalf of Jim Lightbody,

Hello Suzanne,

Jim has asked me to provide the Table Revenue Split Changes Business Case to you for your review and signature. Please find it attached for you to do so.

Thank you,
Michele

Michele Duncan

Executive Assistant to Jim Lightbody
Casino & Community Gaming, BCLC

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
T 604 228 3022 C s17 F 604 225 6424

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

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Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, December 19, 2013 5:41 PM
To: XT:Piva-Babcock, Laura FIN:IN
Cc: Bell, Suzanne N FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Super. Thanks Laura!

From: Laura Piva-Babcock [mailto:LPiva-Babcock@bcllc.com]
Sent: Thursday, December 19, 2013 5:34 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: Bell, Suzanne N FIN:EX
Subject: Re: Briefing Note - Table Revenue Changes

s14

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, December 19, 2013 5:28 PM
To: Laura Piva-Babcock
Cc: Bell, Suzanne N FIN:EX
Subject: FW: Briefing Note - Table Revenue Changes

Hi Laura,

s14

Michele

From: Laura Piva-Babcock [mailto:LPiva-Babcock@bcllc.com]
Sent: Wednesday, December 18, 2013 10:02 AM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Checking for you.

From: Jaggi-Smith, Michele FIN:EX [mailto:Michele.JaggiSmith@gov.bc.ca]
Sent: December 18, 2013 9:54 AM
To: Laura Piva-Babcock
Subject: RE: Briefing Note - Table Revenue Changes

Laura,

Can we please have a copy of a COSA that currently has the revenue split identified as below:

Current Revenue Split

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Midi Craps	New product	
Low Limit Blackjack	60% BCLC, 40% SP	
Low Limit Roulette	60% BCLC, 40% SP	
Touch Bet Baccarat	75% BCLC, 25% SP	

Thanks.

Michele

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 2:21 PM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi Michele,

Please replace the bullet with the following.

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Thanks, L

From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]
Sent: December 17, 2013 1:42 PM
To: Laura Piva-Babcock
Subject: RE: Briefing Note - Table Revenue Changes

Hi Laura,

Thanks for the helpful comments. What does this bullet mean? Will the Minister be familiar with this terminology? Thanks.

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Michele

From: Laura Piva-Babcock [<mailto:LPiva-Babcock@bclc.com>]
Sent: Tuesday, December 17, 2013 12:55 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: XT:Dolinski, Susan GCPE:IN; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX
Subject: RE: Briefing Note - Table Revenue Changes

Hi,

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I will send the last note later this afternoon as I have some additional information I need to include in that one.

Thanks,

Laura Piva-Babcock

Manager, Media and Issues Management
74 West Seymour Street, Kamloops, B.C. V2C 1E2
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From: Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]

Sent: December 16, 2013 4:08 PM

To: Laura Piva-Babcock

Cc: Susan Dolinski; Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX

Subject: Briefing Note - Table Revenue Changes

Hi Laura,

Please find attached the draft briefing note from John to the Minister requesting approval to issue a Directive to BCLC. This Directive will allow BCLC to change the service provider commission rate on certain table games. Please let me know if you have any comments or suggestions. I'll be working with our legal counsel to draft the directive next. Once those two pieces are complete, the whole package will go to the Minister's office for consideration. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications

Corporate Services | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

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Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Tuesday, December 17, 2013 3:59 PM
To: XT:Dolinski, Susan GCPE:IN
Cc: Jaggi-Smith, Michele FIN:EX; Fair, Susan P AGRI:EX
Subject: RE: High Limit Table Changes
Attachments: BN - Table Aggregates in high limit rooms v4 -13DEC13.docx

Hi Susan, yes, we've been working on that one too – here it is, please let us know your feedback, and thanks!

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Susan Dolinski [mailto:SDolinski@BCLC.com]
Sent: Tuesday, December 17, 2013 15:29
To: Bell, Suzanne N FIN:EX
Subject: High Limit Table Changes

Hi Suzanne

I am following up to find out if there has been progress on BCLC's request to increase the limits on High Limit Tables? We had a request to move from a max of \$90,000 to \$100,000 plus a few other operational changes and we are hoping to make these changes in time for Chinese New Year which starts Jan 30. We'll need to know soon in order to effectively execute any changes with our Service Providers.

Thanks

Susan

Susan Dolinski

Vice President, Communications & Social Responsibility
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604-228-3096 F 604-225-6422 C s17

sdolinski@bclc.com
bclc.com

Last year, more than \$1 billion generated by BCLC gambling supported health care, education and community groups across B.C.

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Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Monday, December 16, 2013 12:40 PM
To: Mazure, John C FIN:EX; Bell, Suzanne N FIN:EX
Cc: Fair, Susan P AGRI:EX
Subject: BCLC request to increase table betting limit
Attachments: BN - Table Aggregates in high limit rooms v4 -13DEC13.docx

Hi John,

Please find attached a draft briefing note for your consideration regarding BCLC's request to increase table betting limits. Please let me know if you would like any changes. Thanks.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications
Corporate Services | Gaming, Policy and Enforcement Branch |
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

Dickson, Brandy FIN:EX

From: Mazure, John C FIN:EX
Sent: Tuesday, December 10, 2013 12:01 PM
To: Bell, Suzanne N FIN:EX
Subject: Re: RE:

Thx

Sent from my iPad

On Dec 10, 2013, at 11:01 AM, "Bell, Suzanne N FIN:EX" <Suzanne.Bell@gov.bc.ca> wrote:

Will do.

Suzanne N. Bell
Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Mazure, John C FIN:EX
Sent: Tuesday, December 10, 2013 10:49
To: Bell, Suzanne N FIN:EX
Subject: Fwd:

I would like to be able to provide Michael with dates that the minister will be reviewing our notes on these two issues - pls call Shelley Maclean to cue these up with peter and the minister.

Sent from my iPad

Begin forwarded message:

From: Michael Graydon <MGraydon@BCLC.com>
Date: December 10, 2013 at 9:22:10 AM PST
To: "Mazure, John C FIN:EX" <John.Mazure@gov.bc.ca>

A couple of things on my list from yesterday that possibly you can give me an update on today. The Directive on commission adjustments status. We are heading into a very busy time of year in casinos and having this in place would be helpful from a revenue and player development perspective.

NR

NR

Michael Graydon

President and CEO,
BCLC,
mgraydon@bclc.com
Twitter @MGraydonBCLC

2940 Virtual Way, Vancouver BC V5M 0A6
T 604-228-3084 F 604-225-6441

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Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Monday, December 9, 2013 1:48 PM
To: Bell, Suzanne N FIN:EX
Subject: HP TRIM FIN DOCUMENT : D64479413A : BN Ministerial Approval for GM Directive (Service Provider Commission Increase)
Attachments: BN Ministerial Approval for GM Directive (Service Provider Commission Increase).tr5

Hi Suzanne,

Here is the new TRIM reference for Table Revenue Split Changes. I accepted the changes and made a minor tweak to the last bullet in the Background for clarification.

Cheers!
Meghan

-----< HP TRIM Record Information >-----

Record Number:D64479413A

Title:BN Ministerial Approval for GM Directive (Service Provider Commission Increase)

Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Monday, December 9, 2013 1:18 PM
To: Thorneloe, Meghan FIN:EX
Subject: RE: HP TRIM FIN DOCUMENT : D64479413A : BN Table Revenue Split Changes, Nov 29, 2013

Hi Meghan - I knew it sounded familiar! I edited on Friday afternoon - can you pls take a look and make sure there aren't any more changes needed, accept the edits, and send me the updated TRIM link? Thanks!

Suzanne N. Bell
Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

-----Original Message-----

From: Thorneloe, Meghan FIN:EX
Sent: Monday, December 9, 2013 12:03
To: Bell, Suzanne N FIN:EX
Subject: FW: HP TRIM FIN DOCUMENT : D64479413A : BN Table Revenue Split Changes, Nov 29, 2013

Hi Suzanne,

Attached is the TRIM link for the Revenue Split Changes BN. I was trying to also attach the Table Aggregate Increase note, but it will not let me attach (I think because this is a TRIM email). I will send in a separate email.

-----Original Message-----

From: Thorneloe, Meghan JAG:EX
Sent: Monday, December 2, 2013 11:37 AM
To: Jaggi-Smith, Michele EMNG:EX
Subject: HP TRIM FIN DOCUMENT : D64479413A : BN Table Revenue Split Changes, Nov 29, 2013

Hi Michele,

I have edited the Revenue Split Changes note for your review. Please let me know if I can make further changes!

Meghan

-----< HP TRIM Record Information >-----

Record Number:D64479413A

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Monday, December 2, 2013 12:35 PM
To: 'Andrew Williamson'
Subject: RE: Table Split Changes

Hi Andrew, not to worry, I've recreated it but thank you!

From: Andrew Williamson [mailto:AWilliamson@BCLC.com]
Sent: Monday, December 2, 2013 12:25 PM
To: Thorneloe, Meghan JAG:EX
Subject: RE: Table Split Changes

Hi Meghan,

I have checked with our Product Management team, and they no longer have the source document.

Just the table in the PDF file?

Andrew Williamson

Senior Manager Casino Operations
Casino & Community Gaming,
BCLC 2940 Virtual Way Vancouver, BC V5M 0A6
T 604 228 3028 C s17

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From: Thorneloe, Meghan JAG:EX [mailto:Meghan.Thorneloe@gov.bc.ca]
Sent: Friday, November 29, 2013 2:11 PM
To: Andrew Williamson
Subject: Table Split Changes

Hi Andrew,

Do you happen to have a copy of this table that I could have – not in PDF format?

The table below summarizes the five table strategies that require revenue split changes:

BCLC Table Strategy - Revenue Split Changes								
Recommendation	BCLC Uplift Year 1	BCLC Uplift Year 2	BCLC Uplift Year 3	BCLC Uplift Year 4	BCLC Uplift Year 5	Target Player Segment	Current Revenue Split	Proposed Revenue Split
Craps	\$26,000	\$79,000	\$134,000	\$191,000	\$251,000	moderate	25% BCLC 75% SP with threshold 60% BCLC 40% SP after threshold	25% BCLC 75% SP no threshold
Midi Craps	\$664,137	\$689,374	\$715,570	\$742,762	\$770,987	moderate	new product	35% BCLC 65% SP
Low Limit Blackjack	\$108,000	\$240,000	\$373,000	\$505,000	\$638,000	casual & light	60% BCLC 40% SP	40% BCLC 60% SP
Low Limit Roulette	(\$45,071)	(\$52,710)	(\$13,406)	\$27,863	\$71,195	casual & light	60% BCLC 40% SP	40% BCLC 60% SP
Touch Bet Baccarat	\$184,000	\$195,000	\$208,000	\$220,000	\$234,000	core	75% BCLC 25% SP	60% BCLC 40% SP
Annual Projections	\$937,066	\$1,150,664	\$1,417,164	\$1,686,625	\$1,965,182	5 Year Total	\$7,156,701	

Meghan Thorne

Manager, Strategic Initiatives

BC Ministry of Finance | Gaming Policy and Enforcement Branch

Phone: 250-952-6651 | Fax: 250-356-1910

Email: meghan.thorne@gov.bc.ca

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Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Monday, December 2, 2013 10:10 AM
To: Thorneloe, Meghan FIN:EX
Subject: HP TRIM FIN DOCUMENT : D64479413A : BN Table Revenue Split Changes, Nov 29, 2013
Attachments: BN Table Revenue Split Changes, Nov 29, 2013.tr5

Hi,

I've made some edits and comments to the attached document. Thanks for forcing me to use TRIM Ms. Smarty Pants!! :-)

Michele

Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Friday, November 29, 2013 3:02 PM
To: Jaggi-Smith, Michele FIN:EX
Subject: HP TRIM FIN DOCUMENT : D64479413A : BN Table Revenue Split Changes, Nov 29, 2013
Attachments: BN Table Revenue Split Changes, Nov 29, 2013.tr5

Hi Michele,

Please see the attached draft document for your review, regarding the table revenue split changes proposal.

Thank you,
Meghan

-----< HP TRIM Record Information >-----

Record Number:D64479413A
Title:BN Table Revenue Split Changes, Nov 29, 2013

Dickson, Brandy FIN:EX

From: Mazure, John C FIN:EX
Sent: Friday, November 29, 2013 12:49 PM
To: Jaggi-Smith, Michele FIN:EX
Cc: Bell, Suzanne N FIN:EX; Thorneloe, Meghan FIN:EX; Fair, Susan P AGRI:EX
Subject: Re: Business Case - Table Revenue Split Changes

Thx. I'd like a draft of the directive at the same time as I receive the briefing note..

Susan - we'll need to work with Tammy/Cheryl to get time with the minister. Once we get that set I will need to get back to Michael re timing.

Sent from my iPad

On Nov 28, 2013, at 2:52 PM, "Jaggi-Smith, Michele EMNG:EX" <Michele.JaggiSmith@gov.bc.ca> wrote:

Hi John,

s14

s14 We will draft a briefing note for your review – the briefing note will be from you to the Minister outlining this request and the requirement for a GM Directive. As per your request, I'll also set up a meeting with Gordon to discuss.

s14

If you have any questions, please let me know. Thanks.

Michele

From: McPherson, Gordon JAG:EX
Sent: Thursday, November 28, 2013 1:49 PM
To: Jaggi-Smith, Michele EMNG:EX
Subject: RE: Business Case - Table Revenue Split Changes
Hi Michele

s14

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*Gordon McPherson
Barrister & Solicitor
Justice and Education Law Group
Legal Services Branch
Ministry of Justice
Tel: (250) 387-3145*

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, November 22, 2013 3:38 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes
Hi Gordon,

s14

I hope you had a s22 Thanks Gordon!
Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications

Corporate Services | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Jaggi-Smith, Michele EMNG:EX
Sent: Wednesday, November 13, 2013 3:56 PM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes
Hi John,

Do you have any outstanding questions regarding BCLC's proposal to increase the commission on table games for service providers? The proposal circles around the premise that the commission increase will incentivize service providers to offer more table games thereby supporting BCLC's desire to grow player participation. Martha thought that we had agreed to an internal meeting to discuss again after our Oct 28 meeting with BCLC. Do you want to have a meeting with Martha and Steve to discuss again or are you comfortable with responding to BCLC's business plan? Please let me know your thoughts. Thanks!
Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications

Corporate Services | Gaming, Policy and Enforcement Branch |

Direct: 250.387.0201 | Fax: 250.356.1910 | Email: michele.jaggismith@gov.bc.ca

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, October 11, 2013 10:38 AM

To: Mazure, John C EMNG:EX

Cc: Bell, Suzanne N EMNG:EX; Seabrook, Norine EMNG:EX; Fair, Susan P EMNG:EX

Subject: FW: Business Case - Table Revenue Split Changes

John,

Please find attached the various emails regarding this file. We have a meeting set with Jim Lightbody, BCLC and Steve Klak and Martha Thomas , MoF on Oct 28 to discuss. Please let me know if you have any questions.

Michele

From: Bell, Suzanne N EMNG:EX

Sent: Sunday, June 23, 2013 9:36 PM

To: Jaggi-Smith, Michele EMNG:EX

Cc: Scott, Douglas S EMNG:EX

Subject: FW: Business Case - Table Revenue Split Changes

Hi Michele – I wasn't able to get to this before leaving – will you please go through the business case, summarize and make a recommendation for Doug? Thanks very much!

Suzanne

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]

Sent: Friday, June 14, 2013 11:26 AM

To: Bell, Suzanne N EMNG:EX

Cc: Jim Lightbody; Monica Bohm

Subject: Business Case - Table Revenue Split Changes

On Behalf of Jim Lightbody,

Hello Suzanne,

Jim has asked me to provide the Table Revenue Split Changes Business Case to you for your review and signature. Please find it attached for you to do so.

Thank you,

Michele

Michele Duncan

Executive Assistant to Jim Lightbody

Casino & Community Gaming, BCLC

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6

T 604 228 3022 C s17 F 604 225 6424

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Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Thursday, November 28, 2013 3:03 PM
To: Thorneloe, Meghan FIN:EX
Subject: FW: Business Case - Table Revenue Split Changes

Follow Up Flag: Follow up
Flag Status: Completed

Meghan,

Can you please draft a briefing note for the first matter.

NR

NR

NR

This BN should state that a meeting is necessary w/ the Minister).

We'll also need to create a draft directive to go along with the briefing note which I will work on. Let me know if you have any questions.

Michele

[G:\GPE Enforcement\Administrative\Directives\General Manager Directives\2013](#)

From: Jaggi-Smith, Michele EMNG:EX
Sent: Thursday, November 28, 2013 2:53 PM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Thorneloe, Meghan JAG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi John,

s14

s14

We

will draft a briefing note for your review – the briefing note will be from you to the Minister outlining this request and the requirement for a GM Directive. As per your request, I'll also set up a meeting with Gordon to discuss.

s14

If you have any questions, please let me know. Thanks.

Michele

From: McPherson, Gordon JAG:EX
Sent: Thursday, November 28, 2013 1:49 PM
To: Jaggi-Smith, Michele EMNG:EX
Subject: RE: Business Case - Table Revenue Split Changes

Hi Michele

s14

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***Gordon McPherson
Barrister & Solicitor
Justice and Education Law Group
Legal Services Branch
Ministry of Justice
Tel: (250) 387-3145***

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, November 22, 2013 3:38 PM
To: McPherson, Gordon JAG:EX
Cc: Bell, Suzanne N EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Gordon,

s14

I hope you had a great s22 ! Thanks Gordon!

Michele

From: Jaggi-Smith, Michele EMNG:EX
Sent: Wednesday, November 13, 2013 3:56 PM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi John,

Do you have any outstanding questions regarding BCLC's proposal to increase the commission on table games for service providers? The proposal circles around the premise that the commission increase will incentivize service providers to offer more table games thereby supporting BCLC's desire to grow player participation. Martha thought that we had agreed to an internal meeting to discuss again after our Oct 28 meeting with BCLC. Do you want to have a meeting with Martha and Steve to discuss again or are you comfortable with responding to BCLC's business plan? Please let me know your thoughts. Thanks!

Michele

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, October 11, 2013 10:38 AM
To: Mazure, John C EMNG:EX
Cc: Bell, Suzanne N EMNG:EX; Seabrook, Norine EMNG:EX; Fair, Susan P EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

John,

Please find attached the various emails regarding this file. We have a meeting set with Jim Lightbody, BCLC and Steve Klak and Martha Thomas, MoF on Oct 28 to discuss. Please let me know if you have any questions.

Michele

From: Bell, Suzanne N EMNG:EX
Sent: Sunday, June 23, 2013 9:36 PM
To: Jaggi-Smith, Michele EMNG:EX
Cc: Scott, Douglas S EMNG:EX
Subject: FW: Business Case - Table Revenue Split Changes

Hi Michele – I wasn't able to get to this before leaving – will you please go through the business case, summarize and make a recommendation for Doug? Thanks very much!

Suzanne

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]
Sent: Friday, June 14, 2013 11:26 AM
To: Bell, Suzanne N EMNG:EX
Cc: Jim Lightbody; Monica Bohm
Subject: Business Case - Table Revenue Split Changes

On Behalf of Jim Lightbody,

Hello Suzanne,

Jim has asked me to provide the Table Revenue Split Changes Business Case to you for your review and signature. Please find it attached for you to do so.

Thank you,
Michele

Michele Duncan

Executive Assistant to Jim Lightbody
Casino & Community Gaming, BCLC

BCLC, 2940 Virtual Way, Vancouver B.C. V5M 0A6
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Dickson, Brandy FIN:EX

From: Thorneloe, Meghan FIN:EX
Sent: Monday, November 25, 2013 2:01 PM
To: 'Andrew Williamson'
Subject: RE: Table Aggregates

Hi Andrew,

I have passed these on to Michele. She has reviewed them and they are both currently with my Executive Director, Suzanne Bell. I'm sorry I don't have a more specific timeline for you but I know we are aiming for December (at least I know that's the case for Table Aggregates). Michele is out of the office today but I will follow up with her tomorrow.

Meghan

From: Andrew Williamson [mailto:AWilliamson@BCLC.com]
Sent: Monday, November 25, 2013 1:53 PM
To: Thorneloe, Meghan JAG:EX
Subject: RE: Table Aggregates

Hi Meghan,

I am getting some pressure on updates for these two initiatives, any chance you can update me on status, or potential timelines for response?

Thanks,

Andrew Williamson
Senior Manager Casino Operations
Casino & Community Gaming,
BCLC 2940 Virtual Way Vancouver, BC V5M 0A6
T 604 228 3028 C s17

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C

From: Thorneloe, Meghan JAG:EX [mailto:Meghan.Thorneloe@gov.bc.ca]
Sent: Wednesday, November 20, 2013 10:52 AM
To: Andrew Williamson
Subject: RE: Table Aggregates

Okay great, thank you.

I believe the revenue split changes strategy is with Michele. I've had a look at the business case but that's as far as I am involved so far. I will try to get an update for you.

Thanks,
Meghan

From: Andrew Williamson [<mailto:AWilliamson@BCLC.com>]
Sent: Wednesday, November 20, 2013 10:49 AM
To: Thorneloe, Meghan JAG:EX
Subject: RE: Table Aggregates

Hi Meghan, that's correct.

On another note we have not had any feedback from our meeting in regards to the table games strategy, and the revisions in revenue splits. Is this sitting with you as well, or somebody else?

Thanks,

Andrew Williamson
Senior Manager Casino Operations
Casino & Community Gaming,
BCLC 2940 Virtual Way Vancouver, BC V5M 0A6
T 604 228 3028 C s17

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C

From: Thorneloe, Meghan JAG:EX [<mailto:Meghan.Thorneloe@gov.bc.ca>]
Sent: Wednesday, November 20, 2013 10:45 AM
To: Andrew Williamson
Subject: RE: Table Aggregates

Hi Andrew, thanks for this. I am assuming then that the table starts in November 0f 2012 and goes to October 2013? And the "Net Win Amount" is the revenue generated overall for that month?

From: Andrew Williamson [<mailto:AWilliamson@BCLC.com>]
Sent: Thursday, November 14, 2013 3:44 PM
To: Thorneloe, Meghan JAG:EX
Subject: RE: Table Aggregates

Hi Meghan,

We are not forecasting incremental revenue with this policy change, as it is mainly for Player convenience and assist with operations.

However the last 12 months revenue performance for high limit Baccarat is listed below.

Calendar Month Desc	Calendar Month Offset Continuous	Product	Net Win Amt
November	-12	Midi Baccarat	\$8,991,734
December	-11	Midi Baccarat	\$13,658,716
January	-10	Midi Baccarat	\$12,735,219
February	-9	Midi Baccarat	\$17,954,772
March	-8	Midi Baccarat	\$13,546,848
April	-7	Midi Baccarat	\$9,741,911
May	-6	Midi Baccarat	\$15,297,532
June	-5	Midi Baccarat	\$10,983,309
July	-4	Midi Baccarat	\$14,082,897
August	-3	Midi Baccarat	\$19,290,110
September	-2	Midi Baccarat	\$12,198,833
October	-1	Midi Baccarat	\$13,483,474

Please let me know if you require any further information.

Andrew Williamson

Senior Manager Casino Operations
 Casino & Community Gaming,
 BCLC 2940 Virtual Way Vancouver, BC V5M 0A6
 T 604 228 3028 C s17

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C

From: Thorneloe, Meghan JAG:EX [<mailto:Meghan.Thorneloe@gov.bc.ca>]

Sent: Thursday, November 14, 2013 2:44 PM

To: Andrew Williamson

Subject: Table Aggregates

Hi Andrew,

We are still working away on this policy change over here. Do you have any projections for how increasing table aggregates for high limit tables may impact BCLC's revenue? Also, it might be useful to know the **current** revenue generating capability of high limit Baccarat. It might make for a stronger case if we have some idea of the positive financial impacts this may have as a further rationale for the change.

Thanks,
 Meghan

Meghan Thorneloe

Manager, Strategic Initiatives
BC Ministry of Finance | Gaming Policy and Enforcement Branch
Phone: 250-952-6651 | Fax: 250-356-1910
Email: meghan.thorneloe@gov.bc.ca

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Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Wednesday, November 6, 2013 10:14 AM
To: Jaggi-Smith, Michele FIN:EX
Subject: RE: DRAFT list

Thank you, it looks good. I've added "ongoing" opposite the planning box, but otherwise haven't changed

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Jaggi-Smith, Michele EMNG:EX
Sent: Wednesday, November 6, 2013 10:10
To: Bell, Suzanne N EMNG:EX
Subject: FW: DRAFT list

Hi Suzanne,

NR

Michele

G:\GPE_Enforcement\Operations\Policy\Policy Task List\2013\Corporate Services Deliverables - 6Nov13.docx

From: Bell, Suzanne N EMNG:EX
Sent: Tuesday, November 5, 2013 2:19 PM
To: Jaggi-Smith, Michele EMNG:EX
Subject: FW: DRAFT list

Here it is.

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

Page 68 redacted for the following reason:

NR

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Wednesday, October 23, 2013 4:42 PM
To: Thomas, Martha O SDSI:EX
Cc: Mazure, John C FIN:EX; Klak, Steve M FIN:EX; Bell, Suzanne N FIN:EX; Seabrook, Norine FIN:EX
Subject: FW: Questions about Table Games from Finance

Hi Martha,

I was speaking with Jim Lightbody last week about our upcoming meeting on Mon Oct 28. I mentioned that we were still interested in receiving a written response to Finance's questions on their business proposal. He assured me that they would be providing something. I just wanted to let you know that we haven't received anything. Thanks.

Michele

From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, October 4, 2013 3:25 PM
To: Thomas, Martha O FIN:EX; Klak, Steve M FIN:EX
Cc: Mazure, John C EMNG:EX
Subject: RE: Questions about Table Games from Finance

Agreed.

From: Thomas, Martha O FIN:EX
Sent: Friday, October 4, 2013 3:22 PM
To: Jaggi-Smith, Michele EMNG:EX; Klak, Steve M FIN:EX
Cc: Mazure, John C EMNG:EX
Subject: RE: Questions about Table Games from Finance

Sounds reasonable to me.

s13

s13

I would really like to see the differences between what they proposed with no changes to the commissions so we can compare to the proposals.

MT

Martha Okot Thomas CA | Director, Financial Planning and Reporting | Corporate Services Division | Ministry of Finance |

Phone: 250 - 387-9530 | BB: s17 Fax: 250-387-8586

<http://qwww.fin.gov.bc.ca/camss/fsa/default.stm>

 **Rethink Reduce Reuse Repair Recycle**



From: Jaggi-Smith, Michele EMNG:EX
Sent: Friday, October 4, 2013 3:15 PM
To: Klak, Steve M FIN:EX; Thomas, Martha O FIN:EX
Cc: Mazure, John C EMNG:EX
Subject: FW: Questions about Table Games from Finance

Hi,

Thoughts on BCLC's proposal below? Thanks.

Michele

From: Jim Lightbody [<mailto:JLightbody@BCLC.com>]
Sent: Friday, October 4, 2013 1:58 PM
To: Jaggi-Smith, Michele EMNG:EX
Cc: Yvonne Johnson; Mazure, John C EMNG:EX; Fair, Susan P EMNG:EX; XT:Dolinski, Susan GCPE:IN; Michele Duncan; Monica Bohm; Bell, Suzanne N EMNG:EX
Subject: RE: Questions about Table Games from Finance

Michele;

We've reviewed the questions posed by Martha Thomas from the Finance Ministry. We believe the best course of action to expediently and effectively answer them would be to book a face to face meeting for representatives from BCLC to meet with her and the appropriate people from GPEB. We would be pleased to come over to Victoria or if necessary conduct this by video conference. As you are aware, this is a very strategic initiative for us to build a healthy customer base and thus it deserves our attention. We also recognize that the casino business and the model we operate is complex and we're prepared to explain our rationale.

Let us know what dates work for you and we'll coordinate schedules.

Best regards,

Jim

Jim Lightbody

Vice President, Casino & Community Gaming
BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

T 604 225 6412 C s17 F 604 225 6424
jlightbody@bclc.com
bclc.com

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Last year, more than \$1 billion generated by BCLC gambling activities went back into health care, education and community groups across B.C.

From: Bell, Suzanne N EMNG:EX [<mailto:Suzanne.Bell@gov.bc.ca>]

Sent: Tuesday, September 24, 2013 8:39 AM

To: Jim Lightbody; Susan Dolinski

Cc: Yvonne Johnson; Mazure, John C EAO:EX; Fair, Susan P EMNG:EX; Jaggi-Smith, Michele EMNG:EX; Scott, Douglas S EMNG:EX

Subject: Questions about Table Games from Finance

Importance: High

Hi Jim and Susan – attached please find the questions from the Ministry with respect to the table games proposal. If you could please respond to them and send them back to us, that would be great!

Please send your responses to Michele Jaggi-Smith, with a cc: to Susan Fair, as I will be away on annual leave after today, returning on October 21. Thank you very much!

Suzanne N. Bell

Executive Director, Corporate Services

Gaming Policy & Enforcement Branch

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Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Tuesday, September 24, 2013 8:42 AM
To: Klak, Steve M FIN:EX; Thomas, Martha O SDSI:EX
Cc: Fayad, Deborah EDUC:EX; Mazure, John C FIN:EX; Jaggi-Smith, Michele FIN:EX
Subject: FW: Questions about Table Games from Finance
Attachments: GPEB - BCLC Commission Change Questions.docx

Importance: High

Hi there – just a note to let you know that the questions about the table games proposal have gone to BCLC, and we will send the answers along as soon as they arrive. Thank you both again for your support with respect to the specific questions, it's very helpful!

The answers will come to Michele Jaggi-Smith, and she'll be in touch with you once they arrive. I will be away on annual leave after today, returning October 21st.

Cheers!

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Bell, Suzanne N EMNG:EX
Sent: Tuesday, September 24, 2013 08:39
To: 'Jim Lightbody'; XT:Dolinski, Susan GCPE:IN
Cc: 'Yvonne Johnson'; Mazure, John C EAO:EX; Fair, Susan P EMNG:EX; Jaggi-Smith, Michele EMNG:EX; Scott, Douglas S EMNG:EX
Subject: Questions about Table Games from Finance
Importance: High

Hi Jim and Susan – attached please find the questions from the Ministry with respect to the table games proposal. If you could please respond to them and send them back to us, that would be great!

Please send your responses to Michele Jaggi-Smith, with a cc: to Susan Fair, as I will be away on annual leave after today, returning on October 21. Thank you very much!

Suzanne N. Bell

Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

Dickson, Brandy FIN:EX

From: Bell, Suzanne N FIN:EX
Sent: Monday, September 23, 2013 7:27 PM
To: Scott, Douglas S JAG:EX
Subject: Re: GPEB - BCLC Commission Change Questions.docx

Thank you!!

S

Sent from my iPhone

On 2013-09-23, at 6:17 PM, "Scott, Douglas S EMNG:EX" <Douglas.S.Scott@gov.bc.ca> wrote:

Thanks – good to go.

From: Bell, Suzanne N EMNG:EX
Sent: Monday, September 23, 2013 2:59 PM
To: Scott, Douglas S EMNG:EX
Cc: Fair, Susan P EMNG:EX
Subject: FW: GPEB - BCLC Commission Change Questions.docx
Importance: High

Just a reminder about this one, you were going to take a look and let me know if there were any caveats before sending to Jim Lightbody.

Suzanne N. Bell
Executive Director, Corporate Services
Gaming Policy & Enforcement Branch

Know your limit, play within it.

From: Bell, Suzanne N EMNG:EX
Sent: Saturday, September 21, 2013 08:13
To: Scott, Douglas S EMNG:EX
Subject: Fwd: GPEB - BCLC Commission Change Questions.docx

Hi Doug - I will forward to Jim Lightbody - do you have any caveats before I do? Thanks!!

Suzanne

Sent from my iPhone

Begin forwarded message:

From: "Thomas, Martha O FIN:EX" <Martha.Thomas@gov.bc.ca>
Date: 20 September, 2013 5:02:32 PM PDT
To: "Scott, Douglas S EMNG:EX" <Douglas.S.Scott@gov.bc.ca>
Cc: "Bell, Suzanne N EMNG:EX" <Suzanne.Bell@gov.bc.ca>, "Seabrook, Norine EMNG:EX" <Norine.Seabrook@gov.bc.ca>, "Klak, Steve M FIN:EX" <Steve.Klak@gov.bc.ca>, "Fayad, Deborah FIN:EX" <Deborah.Fayad@gov.bc.ca>
Subject: GPEB - BCLC Commission Change Questions.docx

Hi Doug,

Here is a document with the specific questions the Ministry would like to have answered on the Change in Commissions proposed by BCLC.

Thanks.

Dickson, Brandy FIN:EX

From: Scott, Douglas S JAG:EX
Sent: Thursday, September 19, 2013 8:56 AM
To: Thomas, Martha O SDSI:EX
Cc: Fayad, Deborah EDUC:EX; Klak, Steve M FIN:EX; Bell, Suzanne N FIN:EX
Subject: Re: BCLC Proposal = Change Commission

OK thanks! Nothing from Steve as yet.

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Government of British Columbia

On Sep 19, 2013, at 7:34 AM, "Thomas, Martha O FIN:EX" <Martha.Thomas@gov.bc.ca> wrote:

I am sooooo sorry!!!

I must have that email in my autofil. I will correct.

I will create questions. Did you receive any from Steve? If not I will incorporate the questions I am aware he would like answered.

MT

From: Scott, Douglas S EMNG:EX
Sent: Wednesday, September 18, 2013 09:10 PM
To: Thomas, Martha O FIN:EX
Cc: Fayad, Deborah FIN:EX; Klak, Steve M FIN:EX; Bell, Suzanne N EMNG:EX
Subject: Fwd: BCLC Proposal = Change Commission

Hi Martha,

This email also went to Douglas F Scott (not me). It is confusing - but there are two Doug Scotts here and I am Douglas S Scott.

This email is helpful, however, we are looking for specific questions you have for BCLC for which you would like a response. We could likely extrapolate questions from your points below - however, this may miss the mark on some. If possible, I see the process is you provide the questions to us - we will deliver to BCLC and arrange responses or follow-up meetings with you or Steve and BCLC reps to get the answers.

After that if I could have a recommendation from your office to inform my decision on the request.

It likely is not possible to get all of this done before I leave this position on Friday, however, I am willing to do so if doable. I know BCLC is very keen to have an answer.

If Friday is impossible, I will need leave this to John who will have the statutory authority on Monday.

Thanks,

Doug

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Government of British Columbia

Begin forwarded message:

From: "Scott, Douglas F EMNG:EX" <Douglas.F.Scott@gov.bc.ca>
Date: September 18, 2013 9:05:05 AM PDT
To: "Scott, Douglas S EMNG:EX" <Douglas.S.Scott@gov.bc.ca>
Subject: Fw: BCLC Proposal = Change Commission

Sent from my BlackBerry 10 smartphone on the TELUS network.

From: Thomas, Martha O FIN:EX
Sent: Wednesday, September 18, 2013 7:51 AM
To: Thomas, Martha O FIN:EX; Scott, Douglas F EMNG:EX
Cc: Fayad, Deborah FIN:EX; Klak, Steve M FIN:EX
Subject: RE: BCLC Proposal = Change Commission

Sorry Doug,

I had sent this to you and thought that would resolve your commitment. Did you want a formal document?

Let me know,

Martha

From: Thomas, Martha O FIN:EX
Sent: Friday, September 06, 2013 4:41 PM
To: Scott, Douglas F EMNG:EX
Cc: Fayad, Deborah FIN:EX; Klak, Steve M FIN:EX
Subject: FW: BCLC Proposal = Change Commission

As per our discussion this am, here are the comments I had made on the Commission change proposal.

MT

Martha Okot Thomas CA | Director, Financial Planning and Reporting |
Corporate Services Division | Ministry of Finance | Phone: 250 - 387-9530 | BB:

s17

|Fax: 250-387-8586

<http://www.fin.gov.bc.ca/camss/fsa/default.stm>

b Rethink Reduce Reuse Repair Recycle

[cid:image001.png@01CEA242.451BBCB0]

From: Thomas, Martha O FIN:EX

Sent: Monday, August 26, 2013 10:19 AM

To: Klak, Steve M FIN:EX

Subject: BCLC Proposal = Change Commission

Here are my thoughts on the Table Revenue Split Changes Business Case

s17

Martha Okot Thomas CA | Director, Financial Planning and Reporting |
Corporate Services Division | Ministry of Finance | Phone: 250 - 387-9530 | BB:
s17 | Fax: 250-387-8586

<http://www.fin.gov.bc.ca/camss/fsa/default.stm>

b Rethink Reduce Reuse Repair Recycle

[cid:image001.png@01CEA242.451BBCB0]

Dickson, Brandy FIN:EX

From: Scott, Douglas S JAG:EX
Sent: Friday, August 23, 2013 10:28 AM
To: Fair, Susan P AGRI:EX
Cc: Bell, Suzanne N FIN:EX; Jaggi-Smith, Michele FIN:EX
Subject: Fwd: Table Games Commissions

Hi Susan - for the file.

Thanks.

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Government of British Columbia

Begin forwarded message:

From: "Scott, Douglas S EMNG:EX" <Douglas.S.Scott@gov.bc.ca>
Date: August 23, 2013 10:25:57 AM PDT
To: Jim Lightbody <JLightbody@BCLC.com>
Cc: Michael Graydon <MGraydon@BCLC.com>
Subject: Table Games Commissions

Good morning Jim,

I would like to provide you with an update on the review of this proposal.

I met with the office of the Chief Financial Officer for our Ministry on Tuesday - they will be reviewing the financial/business aspects of the proposal. We agreed this will not require a TB submission based on first review of the submission.

We will provide you with their questions as soon as possible and will arrange a meeting if required to follow-up.

Regards,

Doug

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Government of British Columbia

Dickson, Brandy FIN:EX

From: Jaggi-Smith, Michele FIN:EX
Sent: Friday, August 23, 2013 10:02 AM
To: Bell, Suzanne N FIN:EX; Scott, Douglas S JAG:EX
Subject: RE: Board Game Commission

No.

-----Original Message-----

From: Bell, Suzanne N EMNG:EX
Sent: Friday, August 23, 2013 9:53 AM
To: Scott, Douglas S EMNG:EX; Jaggi-Smith, Michele EMNG:EX
Subject: RE: Board Game Commission

Not to me...

Suzanne N. Bell
Executive Director, Corporate Services
Gaming Policy & Enforcement Branch
Know your limit, play within it.

-----Original Message-----

From: Scott, Douglas S EMNG:EX
Sent: Friday, August 23, 2013 09:46
To: Bell, Suzanne N EMNG:EX; Jaggi-Smith, Michele EMNG:EX
Subject: Board Game Commission

Has Steve or Martha got back to us with the questions for BCLC?

Douglas S. Scott
Assistant Deputy Minister
Gaming Policy and Enforcement Branch
Government of British Columbia

Page 83 redacted for the following reason:

NR

	NR	
A review of the BCLC Table Game Commission proposal, structure and directives	28	14
	NR	

Questions for BCLC – Commission Change Proposal
From – Corporate Services Division, Ministry of Finance
Drafted by Martha Thomas, CA

As requested her are the questions that I have in regards to the Commission Change Proposal submitted by BCLC:

s17

Ministry of Finance
BRIEFING DOCUMENT

To: John Mazure
Assistant Deputy Minister

Date Requested: November 5, 2013
Date Required: N/A

Initiated by: Michele Jaggi-Smith

Date Prepared: December 13, 2013

Ministry
Contact: Meghan Thorneloe

Phone Number: (250) 952-6651
Email: Meghan.Thorneloe@gov.bc.ca

XXXXXX

TITLE: Table Aggregates for High limit and Private Rooms in Casinos and
Community Gaming Centres.

PURPOSE:

(X) DECISION REQUIRED

DATE PREPARED: December 13, 2013

TITLE: Table Aggregates for High limit and Private Rooms in Casinos and Community Gaming Centres.

ISSUE: The BC Lottery Corporation has requested a policy change to increase the table aggregate limit in High limit and private/VIP rooms.

BACKGROUND:

The British Columbia Lottery Corporation (BCLC) has requested that the Gaming Policy and Enforcement Branch (GPEB) approve three primary changes to the policy for Table Games, Private and High Limit Room Aggregate Limits¹.

1. Manage table limits by a maximum table aggregate, instead of betting spot limits;
2. Increase the maximum allowable bet from \$90,000 to \$100,000; and
3. Broaden the definition of a “private table.”

These changes are intended to increase player convenience and assist with operations.

BC has five high limit rooms in total. High limit tables are located as follows:

- Two high limit Blackjack tables located at Edgewater Casino, Vancouver.
- 63 high limit Baccarat tables, distributed in the five high limit rooms at the following properties: River Rock Casino, Richmond; Boulevard Casino, Coquitlam; Grand Villa Casino, Burnaby; Edgewater Casino, Vancouver; and Starlight Casino, New Westminster.

No other table games are currently played in high limit rooms, as availability is based on player demand. Under the *Gaming Control Act* (GCA), the Lottery Corporation may set rules of play for any class of lottery scheme that they conduct, manage or operate².

DISCUSSION:

Proposed Policy Changes

1. Manage Table Limits by a Maximum Table Aggregate

Under current BCLC policy, gaming service providers in BC may determine the allowable bet limits in high limit rooms up to a maximum of \$10,000 per betting spot. This was increased from a \$5,000 limit per betting spot in December of 2012. If a player wants to wager more than \$10,000, the player must place a bet on another betting spot. The current maximum allowable total bet on a high-limit Baccarat table is \$90,000. If a

¹ BCLC Casino and Community Gaming Centre; Standards, Policies and Procedures. Section: 5-1.1 Table Games – General Rules and Regulations

² *Gaming Control Act*, section 7 (g).

player wants to bet the \$90,000 maximum, the player must place nine separate bets of \$10,000.

The proposed policy change would enable one player to wager up to the table maximum on *one* betting spot, as opposed to making separate wagers at each betting spot. This change is intended to increase player convenience and assist with operations.

2. Increase the Maximum Allowable Bet

BCLC would like to increase the maximum table allowable bet from \$90,000 to \$100,000.

3. Broaden the Definition of a Private Table

Private tables are currently only located in high limit rooms and have minimum posted bets of \$1000 per betting spot. This proposed change would remove the \$1000 betting minimum. It would also define a private table as one that is segregated from other tables and marked with signage noting the table limit, which means that a private table would now be allowed on the main casino floor, and not just in a private room, as long as there is enough staff and adequate camera surveillance to cover the area. It would also allow the guests of high limit players to participate in table games and wager a smaller amount than the \$1000 minimum.

High Limit Rooms in Other Jurisdictions

Alberta, Saskatchewan, Manitoba and the Atlantic provinces do not offer high limit tables in their casinos. In Alberta and Manitoba, players may wager a maximum of \$1,000 for table games per betting spot. Alberta is considering introducing high limit tables. In Saskatchewan there is a \$1000 limit per betting spot for Blackjack and Baccarat, and a \$2000 limit for Texas Hold'em.

There are two casino models in Ontario. Five casinos are managed by the Ontario Lottery and Gaming Corporation and are limited to \$100 table wagers. There are no high limit tables. Ontario also has four Resort Casinos operated by private organizations which are full service hotel/casino complexes. Each Resort Casino independently submits requests for table game wager limits to the Alcohol and Gaming commission of Ontario for approval. The highest table limits in these casinos is up to \$50,000 for Craps and Roulette, \$25,000 for Blackjack and \$15,000 for Pai Gow and Baccarat.

OPTIONS:

s13

Conclusion

s14

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It is the role of the General Manager (GM) under section 27(2) (a) and (b), to advise the Minister on broad policy, standards and regulatory issues, and it is under the Minister's direction to develop, manage and maintain the government's gaming policy. Therefore it would be appropriate for the GM to advance the argument that GPEB may provide advice regarding any increase in table limits, and the rationale in support of the

increases, as such changes may impact on the integrity of gaming.

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APPROVED / NOT APPROVED

John Mazure
Assistant Deputy Minister

Date

Appendix A – Last Twelve Months Revenue Performance for High Limit Baccarat in BC

Calendar Month Desc	Calendar Month Offset Continuous	Product	Net Win Amt
November	-12	Midi Baccarat	\$8,991,734
December	-11	Midi Baccarat	\$13,658,716
January	-10	Midi Baccarat	\$12,735,219
February	-9	Midi Baccarat	\$17,954,772
March	-8	Midi Baccarat	\$13,546,848
April	-7	Midi Baccarat	\$9,741,911
May	-6	Midi Baccarat	\$15,297,532
June	-5	Midi Baccarat	\$10,983,309
July	-4	Midi Baccarat	\$14,082,897
August	-3	Midi Baccarat	\$19,290,110
September	-2	Midi Baccarat	\$12,198,833
October	-1	Midi Baccarat	\$13,483,474

Ministry of Finance
BRIEFING DOCUMENT

To: Honourable Michael de Jong, Q.C.
Minister of Finance

Date Requested: January 14, 2014
Date Required: N/A

Initiated by: John Mazure
Assistant Deputy Minister, GPEB

Date Prepared: January 17, 2014

Ministry
Contact: Michele Jaggi-Smith

Phone Number: (250) 387-0201
Email: Michele.Jaggismith@gov.bc.ca
333500

TITLE: General Manager Directive to the British Columbia Lottery Corporation.

PURPOSE:

(X) DECISION REQUIRED

DATE PREPARED: November 29, 2013

TITLE: General Manager Directive to the British Columbia Lottery Corporation.

ISSUE: A General Manager Directive is necessary to approve table revenue split changes to increase the percentage of gaming revenue paid to gaming Service Providers.

BACKGROUND:

- The British Columbia Lottery Corporation (BCLC) is seeking approval from the General Manager, Gaming Policy and Enforcement Branch (GPEB), to allow BCLC to change Service Provider revenue splits for low limit table games, Craps and Touch Bet Baccarat. BCLC must obtain approval from General Manager to alter the service provider formula pursuant to Section 28 (1)(j)(ii) of the *Gaming Control Act*.
- Pursuant to section 28(3) of the *Gaming Control Act*, the General Manager requires Ministerial approval to issue a General Manager Directive applicable to BCLC. The Directive will approve amending the percentages of revenue splits between BCLC and Service Providers.
- The proposed directive is based on BCLC's Table Revenue Split Changes Business Case, which aims to revitalize and grow table game business in the province. BCLC seeks approval to increase the percentage of revenue splits for Service Providers, to help cover the operational costs so they will support and implement BCLC's Business Development Strategy. The Business Development Strategy was designed to customize table games at different properties to enhance player experience and attract new and infrequent players.

DISCUSSION:

- BCLC has proposed this change to optimize their table games strategy for long term revenue growth and broadening the player base. It is intended to attract new players by incentivizing Service Providers to offer more low limit table games.
- BCLC expects that the revenue split changes will allow them and their Service Providers to be in a better position to ensure long term sustainability and move to a broader player base to contribute to revenues. BCLC states that this change is necessary so that Service Providers are able to offer more table games to gaming facility patrons because the lower limit tables run at a loss under the current commission split. This change will promote a more successful and viable business over the long term.
- Under the current business model, Service Providers are given a percentage of earnings between 25 and 75 per cent.

- For Craps, Service Providers earn 75 per cent of the revenues up to a threshold of \$270,000 per table, per quarter. Once the threshold is reached, the percentage of revenues changes to 60 per cent BCLC, 40 per cent Service Provider. This current model has resulted in only 4 casinos offering Craps (one table per casino) and the ones that do offer it tend to shut them down upon reaching the threshold. This limits the entertainment in the casino environment.
- Midi Craps is a new product. It is identical to Craps except the size of the table is half the size of a traditional Craps table. Fewer staff are required to operate, thus will make it more feasible for more casinos to offer this game.
- The Low Limit strategy is designed to create more availability during peak hours for novice players to play Blackjack and Roulette (favourite games) between \$5-50 per hand. This will keep more experienced players at different tables and minimize the intimidation factor some novice players experience when trying a new game at a facility.
- The Touch Bet Baccarat shift will allow for a wider player base for the popular Baccarat game. Touch Bet is an electronic form of play that extends the game to more players. BCLC currently offers Touch Bet Roulette at a 25% BCLC commission and it is successful in gaining wider distribution and play. The table below outlines the current model and proposed changes.

	Current Revenue Split	Proposed Revenue Split
Craps	25% BCLC, 75% SP with threshold 60% BCLC, 40% SP after threshold	25% BCLC, 75% SP No threshold
Midi Craps	New product	35% BCLC, 65% SP
Low Limit Blackjack	60% BCLC, 40% SP	40% BCLC, 60% SP
Low Limit Roulette	60% BCLC, 40% SP	40% BCLC, 60% SP
Touch Bet Baccarat	75% BCLC, 25% SP	60% BCLC, 40% SP

- Over a five year period, 2014/15-2018/19, BCLC projects that this change will generate a total of \$7,156,701 in revenue. This revenue is part of the recent BCLC budget projections provided to Treasury Board in January 2014.
- GPEB has consulted with the Senior Financial Officer, Financial Services and Administration Branch, Ministry of Finance. The Financial Service Branch has reviewed the Business Case and has determined that it is a sound business proposal meant to develop a larger player base and increase revenues long-term.
- Implementation of the strategy is expected to take approximately one year, with a trial period of 180 days for each change, to confirm the optimal implementation plan. Success will be defined as incremental revenue for each product type and/or growth of the player base and participation. BCLC may accept less immediate revenue in exchange for developing future players.

Comment [m1]: Jim, is Jan the correct time frame?

- BCLC has proposed this initiative to develop new player participation and increase revenue. BCLC has indicated they will either adjust or cease the plan if the initiative is not successful. If the plan is unsuccessful, the new tables would either be removed or revert to the former commission. BCLC is required to provide a written project status report on a quarterly basis to GPEB for a period of one year from implementation.
- Once the directive is approved, it will be published in the Gazette and posted on the Branch website as required under section 28(4) of the *Gaming Control Act*.

APPROVED / NOT APPROVED

Michael de Jong, Q.C.
Minister

Date



Gaming Policy and Enforcement Branch

General Manager's Directive

Section 28 of the Gaming Control Act

To: British Columbia Lottery Corporation (BCLC)

This directive is issued pursuant to section 28 (1)(j)(ii) of the *Gaming Control Act*, approving the amendment of the formulae to determine the amount of gaming revenue that may be retained by or paid to a Gaming Services Provider for the provision of gaming services in connection with the conduct, management, operation or presentation of lottery schemes, as follows:

Under the applicable operational services agreements, the maximum remunerations payable to a Gaming Services Provider for operational services provided in respect to the following games may be calculated as follows:

- 75 per cent of the win on Craps to the Service Provider with the removal of the current threshold amount;
- 65 per cent of the win on Midi Craps to the Service provider;
- 60 per cent of the win on Low Limit Blackjack to the Service provider;
- 60 per cent of the win on Low Limit Roulette to the Service provider; and
- 40 per cent of the win on Touch Bet Baccarat to the Service provider

Approved:

John Mazure
General Manager of Gaming Policy and Enforcement Branch
DATE, 2014

Information Note

British Columbia Lottery Corporation

Date: September 12, 2014

BCLC Gambling Service Provider Commissions Report

KEY FACTS:

As part of BCLC's ongoing openness and accountability strategy, an updated version of the Gambling Service Provider Commissions Report has been developed and will be posted online.

The report outlines BCLC's compensation model and amounts earned by service providers in 2012/13 and 2013/14.

In prior years, BCLC received a number of Freedom of Information and Protection of Privacy Act requests for information about service provider commissions. In order to remain open and transparent, this comprehensive report was developed to outline BCLC's operating model and commission structure.

Service Provider Commissions are divided into two categories: Facility Development Commissions (FDC) and Accelerated Facility Development Commissions (AFDC)

This updated report includes details on commissions paid to gambling service providers and provides narrative around the origins and benefits of the B.C. model; and explanation of how commissions are calculated.

COMMISSIONS STRUCTURE:

BCLC's compensation structure for private sector service providers was introduced in 1997. The OSAs provide the service providers with the following compensation:

Casino Games

- 25 per cent of net win from slots
- 40 per cent of net win from tables
- 75 per cent of poker rake
- 75 per cent on the first \$270,000 of net win earned (per quarter) from craps and
- 40 per cent on amounts above \$270,000 (per quarter).

Bingo Games

- 60 per cent of bingo sales (after prizes are paid) on the first \$20,000 per week
- 40 per cent of bingo sales (after prizes are paid) on the next \$60,000 per week, and
- 25 per cent on bingo sales (after prizes are paid) greater than \$80,000 per week.

This compensation structure is captured in the Operational Services Agreement (OSA), which are typically 10 year contracts with a renewal option for an additional 20 years. The OSA defines service operating and marketing responsibilities for the service provider and forms the basis for the operating commission.

A key requirement for the service provider is the ability to obtain private sector financing for the casino facility and to design and construct the casino to high standards including amenities such as restaurants and lounge areas and approved by BCLC.

Also in accordance with the OSAs, the service providers can earn additional compensation in the form of a facility development commission (FDC) and an accelerated facility development commission (AFDC) determined as a percentage of net win.

BCLC RESPONSE POINTS:

- **BCLC's vision for gambling facilities in B.C. has been to build facilities with comprehensive entertainment amenities such as restaurants and lounge areas.**
- **The Service Provider Commission structure has been in place since BCLC was given the mandate to oversee and manage casinos in British Columbia in 1997.**
- **Commissions are a contractual obligation between BCLC and service providers, and commissions are earned over time based on the net win revenues generated by each facility.**
- **BCLC's model has resulted in some of the best in class casinos and community gaming centres in Canada.**

	Name	Number
Program Area Contact:	Laura Piva-Babcock, BCLC	250-828-5576

BCLC Gambling Service Provider Commissions Report

Fiscal Years 2012/13 and 2013/14

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Community Gaming and Bingo Service Provider Capital Investments and Development Commissions Earned	7
Commissions Earned by Community Gaming and Bingo Service Providers Annually	9
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British Columbia's Gambling Operations Model

Under the Gaming Control Act (B.C.), BCLC is mandated to conduct, manage and operate commercial gaming on behalf of the Government of British Columbia. BCLC enters into Operational Service Agreements (OSAs) with private sector service providers who, under BCLC's oversight, finance, build and operate gambling facilities including casinos, community gaming centres and bingo halls.

The OSAs, which define the service and operating responsibilities and overall compensation structure, are typically 10 year contracts with a renewal option for an additional 10 years. The OSAs provide the service providers with the following compensation;

Casino Games

- 25 per cent of net win from slots
- 40 per cent of net win from tables
- 75 per cent of poker rake
- 75 per cent on the first \$270,000 of net win earned (per quarter) from craps and
- 40 per cent on amounts above \$270,000 (per quarter).

Bingo Games

- 60 per cent of bingo sales (after prizes are paid) on the first \$20,000 per week
- 40 per cent of bingo sales (after prizes are paid) on the next \$60,000 per week, and
- 25 per cent on bingo sales (after prizes are paid) greater than \$80,000 per week.

Service providers pay BCLC for certain costs that are subtracted in order to calculate the total commission. These costs include: the equivalent of one per cent of table net win for table game supplies; service provider contribution to BCLC marketing (0.6 per cent of total net win from any sites with 400 or more slot machines) and other cost adjustments from time to time.

Also in accordance with the OSAs, the service providers can earn additional compensation in the form of a facility development commission (FDC) and an accelerated facility development commission (AFDC) determined as a percentage of net win.

The service providers earn five per cent FDC on bingo games (after prizes are paid), three per cent FDC on casino games and two per cent AFDC on all games if they incur and submit costs related to gaming and ancillary amenities development as outlined by the Facilities Development Commission and Accelerated Facilities Development Commission (FDC/AFDC) Standards, Policies and Procedures. These costs are subject to BCLC review and all decisions regarding FDC or AFDC are at the sole and absolute discretion of BCLC, whom, from time-to-time, may make independent business decisions based on individual submissions for FDC or AFDC Qualifying Expenditures to assist in achieving BCLC's goals and strategies.

Casino Service Provider Capital Investments and Development Commissions Earned

The following table details investments that have qualified for FDC/AFDC since 1997. In cases where a casino has relocated or where several casinos have merged into one larger redeveloped casino, the total includes qualified amounts from all of those facilities.

(in thousands of dollars)

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2014	Balance of qualified expenditures remaining as at March 31, 2014
Billy Barker Casino	<ul style="list-style-type: none"> Initial development of Billy Barker Casino Redevelopment of Billy Barker Casino incorporating a show lounge 	4,613	4,571	42
Cascades Casino	<ul style="list-style-type: none"> Initial Royal Towers Casino development Initial Cascades Casino development Cascades Casino parkade development and casino enhancement 	47,378	41,702	5,676
Casino Nanaimo	<ul style="list-style-type: none"> Initial build out Property refresh 	14,282	23,882	(9,600)
Casino of the Rockies	<ul style="list-style-type: none"> Initial development of the Casino of the Rockies Minor maintenance and renovations 	5,517	4,791	726
Edgewater Casino	<ul style="list-style-type: none"> Initial development of the Grand Casino Initial development of the Royal Diamond Casino Initial development of Edgewater Casino Additional Edgewater Casino enhancements Edgewater Casino poker room 	38,786	39,883	(1,097)
Fraser Downs Racetrack and Casino	<ul style="list-style-type: none"> Initial build out 2nd floor gaming relocation and addition of table games 	52,700	23,725	28,975
Grand Villa Casino	<ul style="list-style-type: none"> Initial Burnaby Casino development Development of Grand Villa Casino, convention space, restaurants hotel upgrade, show lounge and parkade redevelopment 	116,901	49,050	67,852
Hard Rock Casino Vancouver ²	<ul style="list-style-type: none"> Initial development of casino Casino redevelopment and parkade Show theatre 	138,642	73,243	65,399

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2014	Balance of qualified expenditures remaining as at March 31, 2014
Hastings Racecourse Casino	<ul style="list-style-type: none"> Temporary and permanent slots facility build out 	46,189	6,383	39,806
Lake City Casino Kamloops	<ul style="list-style-type: none"> Initial development of the Kamloops Casino Subsequent redevelopment and enhancement of Kamloops Casino 	15,918	14,704	1,214
Lake City Casino Kelowna	<ul style="list-style-type: none"> Initial development of the Kelowna Casino Reconfiguration and enhancement of the Kelowna Casino Minor maintenance and renovations 	18,478	20,324	(1,846)
Lake City Casino Penticton	<ul style="list-style-type: none"> Initial development of Penticton Casino Development of direct access from the parkade and completion of the poker room Minor maintenance and renovations 	11,867	11,644	223
Lake City Casino Vernon	<ul style="list-style-type: none"> Initial development Minor maintenance and renovations Redevelopment of relocated Vernon Casino 	5,634	8,442	(2,808)
River Rock Casino Resort	<ul style="list-style-type: none"> Initial development of the casino, show theatre, parkade and hotel upgrades Development of convention space, second parkade, poker room, VIP gaming room, gaming floor reconfiguration 	333,119	119,537	213,582
Starlight Casino	<ul style="list-style-type: none"> Initial development of Royal City Star Casino Subsequent Starlight gaming floor reconfiguration Initial development of Starlight Casino and parkade 	93,052	35,392	57,660
Treasure Cove Casino	<ul style="list-style-type: none"> Initial development of Casino Hollywood Initial development of Treasure Cove Casino and Show Lounge Reconfiguration and enhancement of Treasure Cove Casino Incorporation of bingo into Treasure Cove Casino 	23,594	22,763	832

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2014	Balance of qualified expenditures remaining as at March 31, 2014
View Royal Casino	<ul style="list-style-type: none"> • Minor renovations to Mayfair • Initial build-out of View Royal • Parkade construction and land purchase 	44,602	34,990	9,613
Closed sites and transfers		87,554	85,913	1,631
Total		1,098,819	620,940	477,879

¹ If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

² Boulevard Casino was rebranded to Hard Rock Casino Vancouver on December 20, 2013.

Commissions Earned by Casino Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing casinos.

Fiscal 2012/13
(in thousands of dollars)

Casino Name	Slot Revenue	Total Table Rev	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Billy Barker Casino ¹	8,294	2	8,296	2,072	249	-	2,321
Boulevard Casino ²	103,132	36,129	139,261	41,712	4,175	2,784	48,671
Cascades Casino	88,019	18,006	106,025	30,108	3,179	2,119	35,406
Casino Nanaimo	39,869	3,371	43,240	11,315	1,297	865	13,477
Casino of the Rockies	13,262	829	14,091	3,767	423	-	4,190
Edgewater Casino	62,244	54,047	116,291	38,850	5,810	2,323	46,983
Fraser Downs Racetrack and Casino	45,325	7,403	52,728	14,689	1,581	24	16,294
Grand Villa Casino	111,496	55,863	167,359	51,466	5,022	3,347	59,835
Hastings Racecourse Casino	20,788	-	20,788	5,196	623	416	6,235
Lake City Casino Kamloops	29,199	1,802	31,001	8,021	930	-	8,951
Lake City Casino Kelowna	31,687	4,929	36,616	10,104	1,098	732	11,934
Lake City Casino Penticton	26,242	1,351	27,593	7,202	828	-	8,030
Lake City Casino Vernon	34,849	-	34,849	8,712	1,045	697	10,454
River Rock Casino Resort	133,747	181,972	315,719	108,010	9,466	6,311	123,787
Starlight Casino	72,291	35,599	107,890	32,911	3,238	2,158	38,307
Treasure Cove Casino	43,866	2,022	45,888	11,939	1,376	918	14,233
View Royal Casino	65,483	8,212	73,695	19,651	2,210	1,474	23,335
Total	929,793	411,537	1,341,330	405,725	42,550	24,168	472,443

¹ Billy Barker had table games removed on May 23, 2011. Table revenue relates to fees collected for Poker tournaments.

² Boulevard Casino was rebranded to Hard Rock Casino Vancouver on December 20, 2013.

Fiscal 2013/14
(in thousands of dollars)

Casino Name	Slot Revenue	Total Table Rev	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Billy Barker Casino ¹	8,200	181	8,381	2,154	251	-	2,405
Cascades Casino	83,882	19,672	103,554	29,539	3,109	2,073	34,721
Casino Nanaimo	40,142	2,654	42,796	11,098	1,284	535	12,917
Casino of the Rockies	12,098	642	12,740	3,289	382	-	3,671
Edgewater Casino	59,850	78,274	138,124	48,052	6,904	2,761	57,717
Fraser Downs Racetrack and Casino	42,324	6,495	48,819	13,397	1,462	200	15,059
Grand Villa Casino	111,534	71,930	183,464	58,107	5,509	3,673	67,289
Hard Rock Casino Vancouver ²	89,606	32,258	121,864	36,944	3,656	2,437	43,037
Hastings Racecourse Casino	19,726	-	19,726	4,932	592	395	5,919
Lake City Casino Kamloops	27,003	1,924	28,927	7,520	868	-	8,388
Lake City Casino Kelowna	30,664	4,831	35,495	9,797	1,065	710	11,572
Lake City Casino Penticton	25,741	1,321	27,062	7,007	809	-	7,816
Lake City Casino Vernon	33,630	-	33,630	8,408	1,009	673	10,090
River Rock Casino Resort	136,462	206,770	343,232	118,576	10,296	6,864	135,736
Starlight Casino	72,734	35,515	108,249	32,831	3,246	2,164	38,241
Treasure Cove Casino	43,373	2,120	45,493	11,848	1,365	910	14,123
View Royal Casino	62,256	8,179	70,435	18,851	2,114	1,410	22,375
Total	899,225	472,766	1,371,991	422,350	43,921	24,805	491,076

¹ Table games (including poker) were re-introduced at Billy Barker Casino on July 12, 2013.

² Boulevard Casino was rebranded to Hard Rock Casino Vancouver on December 20, 2013.

Community Gaming and Bingo Service Provider Capital Investments and Development Commissions Earned

This chart details investments that have qualified for FDC/AFDC since 2002/03. (in thousands of dollars)¹

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2014	Balance of qualified expenditures remaining as at March 31, 2014
Bingo Esquimalt	<ul style="list-style-type: none"> Major renovations to enhance player experience Minor renovations 	129	145	(16)
Chances Abbotsford (formerly Abbotsford Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	12,015	4,144	7,871
Chances Campbell River	<ul style="list-style-type: none"> Initial build out of facility 	8,443	4,741	3,702
Chances Castlegar	<ul style="list-style-type: none"> Initial build out of facility 	9,660	1,235	8,425
Chances Chilliwack	<ul style="list-style-type: none"> Initial build out of facility to include slot machines 	15,846	3,796	12,050
Chances Courtenay (formerly Valley Entertainment Palace)	<ul style="list-style-type: none"> Initial build out of facility 	12,008	4,303	7,705
Chances Cowichan (formerly Inkspot Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	7,343	4,707	2,636
Chances Dawson Creek (formerly Bear Mountain Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	14,281	4,888	9,393
Chances Fort St. John (formerly Rainbow Bingo Hall)	<ul style="list-style-type: none"> Renovations to incorporate slot machines Initial build out of facility 	18,590	4,687	13,904
Chances Kamloops (formerly Enterprise Entertainment)	<ul style="list-style-type: none"> Initial build out of facility 	8,438	6,010	2,428
Chances Kelowna (formerly Bingo Kelowna)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	13,682	11,749	1,934
Chances Maple Ridge (formerly Haney Bingo Plex)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	6,827	3,373	3,455
Chances Mission (formerly Chances Boardwalk Mission & Mission Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	4,570	3,347	1,224
Chances Prince Rupert (formerly Totem Bingo Hall)	<ul style="list-style-type: none"> Initial build out of facility 	11,687	2,572	9,115
Chances RimRock (formerly Dob City)	<ul style="list-style-type: none"> Initial build out of facility 	7,923	2,792	5,131
Chances Signal Point (formerly Lucky's the Bingo Centre)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	7,834	4,774	3,059

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2014	Balance of qualified expenditures remaining as at March 31, 2014
Chances Squamish (formerly Chances Boardwalk Squamish)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	11,883	913	10,970
Chances Terrace (formerly Lucky Dollar Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	5,335	4,037	1,299
Fairweather Bingo	<ul style="list-style-type: none"> Renovations for temporary slot operation Initial build out of facility 	-	803	(803)
Harbour City Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	152	384	(232)
Newton Community Gaming Centre	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	3,419	3,048	371
Planet Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	80	1,185	(1,105)
Playtime Langley (formerly Langley Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	3,559	2,651	908
Playtime Penticton (formerly Penticton Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	707	655	52
Playtime Victoria	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	957	896	62
Treasure Cove Casino	<ul style="list-style-type: none"> Initial build out of facility 	5,261	406	4,855
Closed Sites		908	908	-
Total		191,538	83,146	108,392

¹ If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

Commissions Earned by Community Gaming and Bingo Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing facilities.

Fiscal 12/13 (in thousands of dollars)

CGC or Bingo Hall	Slot Revenue	Bingo Revenue	Total Revenue	Operator Commission	FDC	AFDC	Total Commission
Bingo Esquimalt	-	4,024	4,024	772	75	-	847
Chances Abbotsford	16,388	664	17,052	4,214	501	332	5,047
Chances Campbell River	11,737	1,210	12,947	3,211	376	244	3,831
Chances Castlegar	7,642	82	7,724	1,923	231	154	2,308
Chances Chilliwack	8,244	8,805	17,049	3,522	414	183	4,119
Chances Courtenay	14,265	760	15,025	3,685	438	289	4,412
Chances Cowichan	12,511	1,977	14,488	3,550	412	265	4,227
Chances Dawson Creek	14,105	312	14,417	3,595	429	284	4,308
Chances Fort St. John	16,145	415	16,560	4,130	492	326	4,948
Chances Kamloops	11,229	4,027	15,256	3,575	408	253	4,236
Chances Kelowna	29,488	7,120	36,608	8,402	989	631	10,022
Chances Maple Ridge	13,891	3,491	17,382	4,167	479	303	4,949
Chances Mission	10,562	1,090	11,652	2,808	331	217	3,356
Chances Prince Rupert	7,168	1,060	8,228	1,995	233	151	2,379
Chances RimRock	7,205	1,324	8,529	2,090	241	154	2,485
Chances Signal Point	9,774	1,893	11,667	2,866	329	210	3,405
Chances Squamish	4,000	308	4,308	1,026	122	81	1,229
Chances Terrace	10,776	1,058	11,834	2,889	341	222	3,452
Fairweather Bingo	-	3,519	3,519	731	67	-	798
Harbour City Bingo	-	4,584	4,584	916	88	-	1,004
Newton Community Gaming Centre	2,994	7,725	10,719	2,090	239	-	2,329
Planet Bingo	-	9,670	9,670	1,552	173	-	1,725
Playtime Langley	2,188	4,689	6,877	1,449	152	203	1,804
Playtime Nanaimo	-	1,500	1,500	342	29	-	371
Playtime Penticton	-	2,407	2,407	553	46	-	599
Playtime Victoria	-	3,634	3,634	799	74	-	873
Treasure Cove Casino	-	8,925	8,925	1,338	142	57	1,537
Total	210,312	86,273	296,585	68,190	7,851	4,559	80,600

Fiscal 13/14 (in thousands of dollars)

CGC or Bingo Hall	Slot Revenue	Bingo Revenue	Total Revenue	Operator Commission	FDC	AFDC	Total Commission
Bingo Esquimalt	-	3,856	3,856	740	70	-	810
Chances Abbotsford	15,574	535	16,109	3,981	475	314	4,770
Chances Campbell River	11,902	929	12,831	3,159	373	244	3,776
Chances Castlegar	7,553	222	7,775	1,916	229	152	2,297
Chances Chilliwack	21,142	5,665	26,807	6,250	733	462	7,445
Chances Courtenay	14,724	795	15,519	3,828	454	299	4,581
Chances Cowichan	11,923	1,935	13,858	3,378	392	252	4,022
Chances Dawson Creek	13,634	280	13,914	3,465	414	275	4,154
Chances Fort St. John	16,386	407	16,793	4,191	500	331	5,022
Chances Kamloops	12,381	3,891	16,272	3,843	440	275	4,558
Chances Kelowna	30,216	6,738	36,954	8,546	1,005	644	10,195
Chances Maple Ridge	15,782	2,987	18,769	4,509	524	336	5,369
Chances Mission	9,727	960	10,687	2,580	304	200	3,084
Chances Prince Rupert	8,626	1,001	9,627	2,354	276	179	2,809
Chances RimRock	7,775	1,186	8,961	2,192	254	164	2,610
Chances Signal Point	9,333	1,630	10,963	2,695	311	199	3,205
Chances Squamish	4,191	375	4,566	1,093	130	85	1,308
Chances Terrace	11,742	954	12,696	3,113	368	241	3,722
Fairweather Bingo	-	3,066	3,066	668	59	-	727
Harbour City Bingo	-	5,259	5,259	1,016	101	-	1,117
Newton Community Gaming Centre	11,473	5,629	17,102	3,778	435	-	4,213
Planet Bingo	-	8,366	8,366	1,418	155	-	1,573
Playtime Langley	2,043	4,719	6,762	1,413	148	200	1,761
Playtime Penticton	-	2,392	2,392	517	43	-	560
Playtime Victoria	-	3,544	3,544	787	72	-	859
Treasure Cove Casino	-	9,195	9,195	1,378	148	59	1,585
Total	236,127	76,516	312,643	72,808	8,413	4,911	86,132

Appendix 1: BCLC Casino, Community Gaming and Bingo Facilities and Service Providers

Facility	Service Provider	Municipality
Billy Barker Casino	585 Holdings Ltd.	Quesnel
Bingo Esquimalt	319968 BC Ltd.	Victoria
Cascades Casino (formerly Royal Towers)	Gateway Casinos and Entertainment Limited	Langley
Casino Nanaimo	Great Canadian Casinos Inc.	Nanaimo
Casino of the Rockies	SEM Resort Limited Partnership	Cranbrook
Chances Abbotsford (formerly Abbotsford Bingo)	Playtime Peardonville Ventures Ltd.	Abbotsford
Chances Campbell River (formerly Campbell River Bingo Palace)	Playtime Community Gaming Centres Inc.	Campbell River
Chances Castlegar	Terrim Properties Ltd.	Castlegar
Chances Chilliwack	Chilliwack Gaming Ltd.	Chilliwack
Chances Courtenay (formerly Valley Entertainment Palace)	Playtime Community Gaming Centres Inc.	Courtenay
Chances Cowichan (formerly Inkspot Bingo)	Duncan Dabber Bingo Society	Cowichan
Chances Dawson Creek (formerly Bear Mountain Bingo)	Great Canadian Entertainment Centres Ltd.	Dawson Creek
Chances Fort St John (formerly Rainbow Bingo Hall)	243045 Alberta Ltd.	Fort St John
Chances Kamloops (formerly Enterprise Entertainment)	Enterprise Entertainment Ltd.	Kamloops
Chances Kelowna (formerly Bingo Kelowna)	Goldwing Investments (Saskatoon) Ltd.	Kelowna
Chances Maple Ridge	Great Canadian Entertainment Centres Ltd.	Maple Ridge
Chances Mission (formerly Mission Bingo)	427967 BC Ltd. Gateway Casinos and Entertainment Limited	Mission
Chances Prince Rupert (formerly Totem Bingo Hall)	0733244 BC Ltd.	Prince Rupert
Chances Rim Rock (formerly Dob City)	Alberni Valley Gaming Association	Port Alberni
Chances Signal Point (formerly Lucky's the Bingo Centre)	Lucky's Ventures Ltd.	Williams Lake
Chances Squamish	Boardwalk Gaming Squamish Inc. Gateway Casinos and Entertainment Limited	Squamish
Chances Terrace (formerly Lucky Dollar Bingo Palace)	Lucky Dollar Bingo Management Ltd.	Terrace

Facility	Service Provider	Municipality
Edgewater Casino (formerly Grand & Royal Diamond)	Edgewater Casino ULC	Vancouver
Fairweather Bingo	Terrim Properties Ltd.	Vernon
Fraser Downs Racetrack and Casino	Orangeville Raceway Ltd	Surrey
Grand Villa Casino (formerly Burnaby)	Gateway Casinos and Entertainment Limited	Burnaby
Harbour City Bingo	Harbour City Bingo Society	Nanaimo
Hard Rock Casino Vancouver (formerly Boulevard & Coquitlam)	Great Canadian Casinos Inc.	Coquitlam
Hastings Racecourse Casino	Hastings Entertainment Inc.	Vancouver
Lake City Casino Kamloops	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kamloops
Lake City Casino Kelowna	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kelowna
Lake City Casino Penticton	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Penticton
Lake City Casino Vernon	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Vernon
Newton Community Gaming Centre	427967 BC Ltd. Gateway Casinos and Entertainment Limited	Surrey
Planet Bingo	Community Gaming Management Association	Vancouver
Playtime Langley	Playtime Community Gaming Centres Inc.	Langley
Playtime Nanaimo	Playtime Community Gaming Centres Inc.	Nanaimo
Playtime Penticton	Playtime Community Gaming Centres Inc.	Penticton
Playtime Victoria	Playtime Community Gaming Centres Inc.	Victoria
River Rock Casino Resort (formerly Richmond Casino)	Great Canadian Casinos Inc.	Richmond
Starlight Casino (formerly Royal City Star Casino)	Gateway Casinos and Entertainment Limited	New Westminster
Treasure Cove Casino (formerly Casino Hollywood)	Treasure Cove Casino Inc.	Prince George
View Royal Casino (formerly Mayfair, Victoria)	Great Canadian Casinos Inc.	View Royal
Treasure Cove Casino (formerly Chances Good Time, Good Time Bingo)	Treasure Cove Casino Inc.	Prince George



November , 2005

Dear

Re: Introduction of Craps (Casino) under Amended and Restated Casino Operational Services Agreement (COSA) dated as at November 17, 2005

British Columbia Lottery Corporation (BCLC) has received approval to introduce the game of Craps into its Casinos. BCLC has determined it would like to introduce Craps at the _____ Casino. The compensation payable for operational services provided in connection with Craps table games will be based on a new formula subject to certain procedures and conditions outlined below.

Compensation Formula for Operational Services Related to Craps

BCLC is prepared to amend the remuneration for operational services set forth in Schedule A of the COSA related to Craps table games to account for the higher costs associated with providing operational services for Craps. BCLC proposes that the Service Provider's remuneration for operational services provided in connection with Craps shall be calculated as follows:

- a. With respect to the Win per quarter from the game of Craps which is less than or equal to \$270,000, 75% of the Win; and
- b. To the extent the Win per quarter from the game of Craps exceeds \$270,000; the remuneration payable for operational services in connection with Craps will be 40% of the Win exceeding \$270,000 as set forth in Schedule A to the COSA.

Procedures and Conditions

All Craps games must be staffed and operated in accordance with the BCLC Casino Standards Policies and Procedures.

Bet Limits and Rules of Play

The bet limits for the Pass, Don't Pass, Come, and Don't Come will be a maximum of \$500 with 'Racetrack' or '3,4,5' odds.

The bet limits for the Place bets will be a maximum of \$500 for the 4, 5, 9 and 10 with a maximum of \$600 for the 6 and 8.

The bet limits for the Field and the Big 6 and 8 will be a maximum of \$500.

The bet limits for the Proposition, Hardway and Hopping bets will be set to a maximum exposure of \$3,000 per bet.

Surveillance Standards

s15

Dice Storage and Usage

Dice storage, transfer, usage and dice destruction will be outlined in the BCLC Security Cards and dice procedures and the BCLC standard Rules of Play.

If your company is interested in providing operational services for Craps on the basis of the remuneration for operational services as set forth herein please confirm your agreement with the terms of this letter by executing and returning the duplicate copy.

We look forward to working with you on this initiative.

Yours truly,

Brian Lynch
Vice President
Casino Gaming

*On behalf of _____, I have
read, understand and agree to the
procedures and conditions set out above.*

Signature

Print name

Date



◆ , 2007

◆
◆
◆

Dear ◆ :

**RE: Poker Table Games at Coquitlam Amended and Restated Casino
Operational Service Agreement ("COSA") dated as at ◆, 20 ◆**

British Columbia Lottery Corporation ("BCLC") has received approval for a new compensation formula for Poker table games concurrent with the development of enlarged Poker rooms in gaming facilities. Subject to approval from the BCLC Vice President of Casino Operations, a separate Poker room may be developed in a gaming facility which includes having a specific designated area of the gaming facility with a number of tables where the focus is on Poker table games (a "**Poker Room**"). The compensation payable for operational services provided in connection with Poker table games offered in such a Poker Room will be based on the new formula subject to certain procedures and conditions outlined below.

Compensation Formula for Operational Services Related to Poker Table Games in an Enlarged Poker Room Approved by BCLC

BCLC is prepared to amend the compensation formula set forth in Schedule A of the COSA related to Poker table games to account for the higher costs associated with providing operational services for Poker table games in this unique environment. BCLC proposes that the Service Provider's remuneration for operational services provided in connection with Poker table games offered in a Poker Room shall be calculated as follows:

75% of the Win from Poker table games less an amount equivalent to the cost of any Gaming Equipment and other supplies related to Poker supplied to the Casino by BCLC, including Electronic Poker Shufflers, Poker playing cards, tournament chips and other Gaming Equipment and supplies as required from time to time.

Procedures and Conditions

BCLC must be satisfied with the Casino Service Provider's plan to create a Poker Room. BCLC confirms that it is satisfied with your plans to offer Poker table games in a Poker Room at the ♦ Casino which will include initially approximately ♦ Poker tables.

BCLC may develop policies and procedures for Poker tournaments. Casino Service Providers may submit requests for Poker tournaments for the approval of the BCLC Director of Casino Operations.

All Poker games must be staffed and operated in accordance with the BCLC standard Rules of Play.

- BCLC will retain ownership of any Gaming Equipment supplied by BCLC in accordance with Schedule A to the COSA.
- BCLC will maintain the Electronic Poker Shufflers.
- BCLC has the right in its discretion to establish other procedures and conditions necessary for the operation of Poker table games.

If your company is interested in participating in the operation of Poker table games in a Poker Room environment and receiving compensation for operational services based on the new compensation formula please confirm your agreement with the terms of this letter by executing and returning the duplicate copy.

If BCLC approves development of the Poker Room, compensation for operational services related to Poker table games would be paid based on the new formula once BCLC determines development of the Poker Room is complete and Poker table games are being played in the Poker Room. We look forward to working with you on this new initiative.

Yours truly,

Brian Lynch
Vice President
Casino Gaming

*On behalf of ♦, I have read, understand
and agree to the procedures and
conditions set out above.*

Signature

Print name

Date

CASINO OPERATIONAL SERVICES AGREEMENT

THIS AGREEMENT MADE AS AT THE ____ DAY OF _____, 20__.

BETWEEN:

BRITISH COLUMBIA LOTTERY CORPORATION
74 West Seymour Street
Kamloops, British Columbia
V2C 1E2

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

OF THE FIRST PART

- and -

(hereinafter referred to as the “**Service Provider**”)

OF THE SECOND PART

WHEREAS the Corporation has the statutory authority to:

- (i) conduct, manage and operate lottery schemes on behalf of and as an agent of the Government of the Province of British Columbia; and
- (ii) to enter into agreements with third parties regarding lottery schemes conducted, managed or operated by the Corporation on behalf of and as an agent of the Government of the Province of British Columbia;

AND WHEREAS the Corporation has been authorized and directed to conduct and manage Casino Gaming in the Casino on behalf of and as an agent of the Government of the Province of British Columbia;

AND WHEREAS the Corporation has requested and the Service Provider has agreed to supply certain operational services pertaining to the Corporation’s conduct and management of Casino Gaming in the Casino subject to the terms and conditions set out in this Agreement;

NOW THEREFORE WITNESSETH THAT the parties hereto covenant and agree with each other as follows:

ARTICLE I

DEFINITIONS

1.01 In this Agreement, the following words and phrases will, unless there is something in the context inconsistent therewith, have the following meanings:

(a) “**Associate**” means a Person who has any one or more of the following relationships with another Person:

- (i) one is a Company of which the other is an officer or director;
- (ii) one is a Company that is controlled by the other or by a group of Persons of which the other is a member;
- (iii) one is a partnership of which the other is a partner;
- (iv) one is a trust of which the other is a trustee or a beneficiary or an Associate of either;
- (v) one is a relative, including a spouse, of the other or a relative of the other spouse, if the relative has the same home as the other;
- (vi) both are Companies controlled by the same Person;
- (vii) both are members of a voting trust that relates to Voting Shares of the Service Provider; or
- (viii) both, in the reasonable opinion of the Corporation, are parties to an agreement or arrangement the purpose of which is to require them to act in concert with respect to their interests, direct or indirect, in the Service Provider, or they are otherwise acting in concert with respect to those interests;

(b) “**Casino**” means the lands and buildings or area in the lands and buildings located at the address, and more particularly described in Schedule “A” hereto;

(c) “**Casino Accounts**” means the bank accounts prescribed by the Corporation from time to time;

(d) “**Casino Games or Casino Gaming**” means slot machines, table games and such other lottery and related promotional schemes, conducted, managed and operated by the Corporation in the Casino from time to time (collectively referred to as “Games of Chance”), including the supply of the right to participate in the said Games of Chance;

(e) “**Casino Standards, Policies and Procedures**” means the standards, policies and procedures governing the operation of the Casino and Casino Games as prescribed and amended by the Corporation from time to time;

- (f) **“Computer System”** means the computers controlled and maintained by the Corporation to which Casino Games in the Casino are connected for the purpose of providing certain instructions and recording data relating to the operation of such Casino Games;
- (g) **“Control”** means control in any manner that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, an agreement or arrangement, the ownership of any body corporate or otherwise, and, without limiting the generality of the foregoing:
 - (i) a body corporate is controlled by a Person if:
 - (A) securities of the body corporate to which are attached more than fifty (50%) per cent of the votes that may be cast to elect directors of the body corporate are held by or for the benefit of that Person, and the votes attached to those securities are sufficient, if exercised, to elect the majority of the directors of the body corporate; or
 - (B) the body corporate is a publicly traded company and securities of the body corporate to which are attached more than twenty (20%) per cent of the votes that may be cast to elect directors of the body corporate are held by or for the benefit of that Person unless that Person notifies and satisfies the Corporation that the Person does not in fact Control the body corporate; and
 - (ii) a partnership, trust or unincorporated organization is controlled by a Person if:
 - (A) that Person has a direct or indirect ownership interest therein representing more than fifty (50%) per cent of the assets of the partnership, trust or organization; or
 - (B) the partnership, trust or unincorporated organization is publicly traded and that Person has an ownership interest therein representing more than twenty (20%) per cent of the assets of the partnership, trust or organization;
- (h) **“Company”** includes a body corporate, partnership, trust and unincorporated organization;
- (i) **“Gaming Bank Roll”** means the cash float supplied by the Corporation to be retained in the Casino by the Service Provider in such amounts prescribed by the Corporation from time to time and which is required for the purpose of making change, redeeming chips and paying Winnings;

- (j) **“Gaming Equipment”** means any mechanical, electronic or other devices, furnishings, fixtures, signs and other items prescribed by the Corporation for the purpose of conducting, managing and operating Casino Games;
- (k) **“Gaming Supplies”** means such items prescribed by the Corporation and used in or held in storage for use in the conduct, management and operation of Casino Games;
- (l) **“Person”** includes an individual, corporation, partnership, government, government agency, trustee, executor, administrator and other legal representative; and (m) **“Player”** means a person, 19 years or older who, for the purpose, hope or expectation of winning:
 - (i) has paid the prescribed consideration in order to participate in Casino Games; or
 - (ii) has satisfied the conditions prescribed by the Corporation to participate in a promotional scheme;
- (m) **“Player Information”** means the name, address, occupation, and other personal information pertaining to a Player and disclosed by the Corporation, in its sole discretion, to the Service Provider;
- (n) **“prescribe, prescribes or prescribed”** means specified, designated or approved in writing by the Corporation from time to time;
- (o) **“Rules and Regulations Respecting Lotteries and Gaming of the Corporation”** means the rules and regulations passed by the Board of Directors of the Corporation from time to time respecting lotteries and gaming;
- (p) **“Term”** means the term of this Agreement as described in paragraph 1 of Schedule “A”;
- (q) **“Voting Share”** means a share, unit or interest carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing, and includes a security currently convertible into such a share, unit or interest and currently exercisable options and rights to acquire such a share, unit or interest or such a convertible security;
- (r) **“Win”** means, for any period, the aggregate of all revenues collected by the Corporation or by the Service Provider on behalf of the Corporation from the operation of Casino Games less only the aggregate of all Winnings;
- (s) **“Winnings”** means the amount of money payable to a Player as a consequence of monies paid by the Player to participate in Casino Games and the performance by the Player of the acts necessary to entitle the Player to payment of such money; and

- (t) **“Schedule “A”** means the schedule attached to this Agreement as Schedule “A”, as amended in writing from time to time by the parties hereto, and which has the same force and effect as if the contents thereof were contained in the body of this Agreement, and any words and phrases defined in this Agreement will have the same meaning in Schedule A.

ARTICLE II

APPOINTMENT OF THE SERVICE PROVIDER AND LIMITATIONS ON AUTHORITY

- 2.01 The Corporation hereby retains the Service Provider as an independent contractor to supply operational services to the Corporation in the Corporation's conduct and management of the Casino Games in the Casino and the operation of the Casino in accordance with this Agreement, the Casino Standards, Policies and Procedures and the Rules and Regulations Respecting Lotteries and Gaming of the Corporation. The Service Provider hereby accepts its appointment as an independent contractor subject to the terms, conditions, covenants and provisos set out in this Agreement.
- 2.02 The Service Provider shall engage such Persons as employees or as subcontractors as may be necessary to supply the services which the Service Provider contracts to supply herein, provided that in the engagement of such Persons, the Service Provider complies with the provisions of this Agreement.
- 2.03 The Service Provider acknowledges and agrees that the Corporation is solely responsible for the conduct, management and operation of all Casino Games in the Casino, in accordance with paragraph 207(1)(a) of the *Criminal Code (Canada)* and the *Gaming Control Act* (BC) and that the operational services to be supplied by the Service Provider under this Agreement are services authorized by paragraph 207(1)(g) of the *Criminal Code (Canada)*. The Service Provider acknowledges and agrees that the Service Provider shall have no authority and shall take no action which is in any manner inconsistent with the *Criminal Code (Canada)*, the *Gaming Control Act* (BC), any successor statute, the Casino Standards, Policies and Procedures or the Rules and Regulations respecting Lotteries and Gaming of the Corporation, as such respectively exist or are amended from time to time.

ARTICLE III

CORPORATION COVENANTS

- 3.01 The Corporation covenants and agrees:
- (a) to supply the Gaming Equipment and the Gaming Supplies described in Schedule “A”;
 - (b) to maintain the Gaming Equipment specified in Schedule “A”;
 - (c) to supply and maintain the Gaming Bank Roll;

- (d) to prescribe and approve training programs for employees or subcontractors of the Service Provider as is appropriate for such employees or subcontractors to carry out their respective duties;
- (e) to pay the Service Provider the remuneration set out in Schedule "A" hereto for supplying the operational services required under this Agreement;
- (f) that in the event the Corporation prescribes additional or amended Casino Standards, Policies and Procedures or Rules and Regulations Respecting Lotteries and Gaming of the Corporation, or issues instructions or directives, which, in the reasonable opinion of the Corporation, results in a substantial and bona fide increase in the Service Provider's net operating costs, the Corporation will, subject to receiving all required governmental and regulatory approval, reimburse the Service Provider for such increase in net operating costs, after an audit of the amount and the bona fides of such increase in the net operating costs has been conducted, with the costs of such audit being borne equally by the Service Provider and the Corporation;
- (g) to provide the Service Provider with access to the Casino as may be necessary to supply the operational services contemplated by this Agreement;
- (h) to exercise its responsibility and authority to conduct, manage and operate Casino Gaming in the Casino and in that regard respond to the Service Provider's requests for directions, approvals and/or consents when required under the Casino Standards, Policies and Procedures;
- (i) to indemnify the Service Provider for all losses incurred by the Service Provider as a result of illegal acts or transactions of the Corporation or Persons engaged or employed by the Corporation in the performance of the Corporation's obligations under this Agreement; and
- (j) that any amendments to the Casino Standards, Policies and Procedures or any matter that may be prescribed by the Corporation, from time to time, after the date of this Agreement shall, subject to governmental policy or authority, statute, law or other cause or causes beyond the control of the Corporation, be consistent with the other provisions of this Agreement.

ARTICLE IV

OPERATIONAL SERVICES

4.01 The Service Provider covenants and agrees:

- (a) to supply operational services and to cause all Persons engaged or employed by the Service Provider in the provision of operational services hereunder to do so in accordance with this Agreement, the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, the Casino Standards, Policies and

Procedures and such other instructions and directives of the Corporation, as amended from time to time;

- (b) except as otherwise permitted in writing by the Corporation, to provide the Corporation with the exclusive use, occupation and possession of the Casino for the purposes of conducting, managing and operating the Casino Games;
- (c) to supply the Gaming Equipment and the Gaming Supplies prescribed by the Corporation from time to time other than the Gaming Equipment and the Gaming Supplies referred to in Article 3.01(a) of this Agreement;
- (d) to maintain the Casino, the Gaming Equipment (but not to repair or otherwise maintain the Gaming Equipment to be maintained by the Corporation as specified in Schedule "A" to this Agreement) and the Gaming Supplies in good condition and repair in accordance with the Casino Standards, Policies and Procedures or as prescribed by the Corporation from time to time;
- (e) to provide furnishings, fixtures and equipment acceptable to the Corporation for use in association with the operation of the Casino;
- (f) not to permit any Gaming Equipment or Gaming Supplies to be installed or used in the Casino other than Gaming Equipment or Gaming Supplies supplied or approved by the Corporation;
- (g) to locate the Gaming Equipment described in Schedule "A" only at the specific locations prescribed by the Corporation;
- (h) to at all times provide for the physical security of the Gaming Equipment and the Casino as prescribed by the Corporation and to safeguard the proper operation thereof and to immediately notify the Corporation of any loss, damage or malfunction to the Gaming Equipment or the Casino;
- (i) to indemnify the Corporation for the cost of repairs to the Casino and for the cost of repairing or replacing lost, stolen, damaged or destroyed Gaming Equipment or Gaming Supplies installed in the Casino or supplied to the Service Provider, by the Corporation;
- (j) to engage or employ only such Persons as are trained, competent and otherwise satisfy the standards and qualifications prescribed by the Corporation from time to time to enable the Service Provider to supply operational services under this Agreement and to ensure such Persons receive such training as the Corporation may prescribe from time to time;
- (k) to ensure that the Service Provider and all Persons engaged or employed by it, to supply operational services under this Agreement, are registered, licensed and approved as required by applicable law;

- (l) to maintain exclusive supervision and control over all Persons engaged or employed by the Service Provider to supply operational services under this Agreement and to exercise exclusive responsibility and authority for hiring, training, supervising, directing, compensating, disciplining, terminating and administering such Persons and any and all costs related thereto, provided that the Service Provider complies with any and all applicable provisions of this Agreement;
- (m) to be exclusively responsible for and comply with:
 - (i) all obligations as employer of all Persons employed by the Service Provider to supply operational services on behalf of the Service Provider under this Agreement including, without limitation, payment of all wages and salaries, deduction and remittance of statutory withholdings for income tax, employment insurance and Canada Pension Plan, and payment of Workers Compensation Board assessments, and
 - (ii) all obligations of the Service Provider under contracts with independent contractors retained by the Service Provider to supply operational services for the Service Provider under this Agreement including, without limitation, payment of the service fees to such contractors pursuant to such contracts and GST thereon,and to indemnify and save the Corporation harmless in respect of all such costs, expenses, charges and liabilities which may be levied or assessed against the Corporation in connection therewith;
- (n) to supply operational services in respect of the Casino and the Casino Games only at the times and in the manner prescribed by the Corporation;
- (o) not to relocate or interfere with the proper operation of the Gaming Equipment described in Schedule "A" unless authorized by the Corporation and to permit the Corporation to inspect, test and audit all of the Gaming Equipment and the Gaming Supplies at such times and in such manner as the Corporation may from time to time prescribe.
- (p) to assist the Corporation or any Person acting on behalf of the Corporation in the inspection, testing and audit of the Gaming Equipment and the Gaming Supplies or in the conduct of any investigation, security inspection or enforcement activities at such times and in such manner as prescribed by the Corporation from time to time;
- (q) to purchase and maintain such policies of insurance as prescribed by the Corporation and to deliver satisfactory proof of such insurance to the Corporation upon request;

- (r) to comply with and to cause all Persons engaged or employed by the Service Provider to comply with all applicable laws in the course of providing operational services to the Corporation hereunder;
- (s) to submit to the Corporation annual sales and marketing plans acceptable to the Corporation in such format and at such times as the Corporation may from time to time prescribe, acting reasonably, and to use reasonable commercial efforts to execute the plans so submitted to the Corporation;
- (t) to supply and maintain security and surveillance equipment and personnel in the Casino and to train and certify security and surveillance personnel in accordance with specifications and standards set out in the Casino Standards, Policies and Procedures from time to time, and in particular, but without limiting the generality of the foregoing, to supply and maintain digital security and surveillance equipment in the Casino unless otherwise prescribed in the Casino Standards, Policies and Procedures and in the event the Service Provider fails to do so within the time period specified in a written notice delivered to the Service Provider by the Corporation identifying the failure and requesting the same to be cured, the Corporation shall be at liberty to supply and maintain the said security and surveillance equipment and the said personnel in the place of the Service Provider and to charge and deduct the cost of doing so from the remuneration payable to the Service Provider as set out in Schedule "A" to this Agreement until such time as the Service Provider is able to satisfy the Corporation that the Service Provider has the ability to, and will in fact, supply and maintain the said security and surveillance equipment and the said personnel in the Casino in accordance with the specifications and standards set out in the Casino Standards, Policies and Procedures from time to time; and
- (u) to supply operational services for such lottery schemes introduced and conducted and managed by the Corporation as at the date of this Agreement and which the Corporation may, in its sole discretion, choose to conduct and manage in the Casino, from time to time, at the standard commission or remuneration paid by the Corporation to other service providers for the provision of identical or similar operational services in respect of such lottery schemes and to supply operational services for such lottery schemes first introduced and conducted and managed by the Corporation after the date of this Agreement and which the Corporation may, in its sole discretion, choose to conduct and manage in the Casino from time to time at a commission or remuneration agreed to between the Corporation and the Service Provider; and
- (v) if requested by the Corporation, to make available sufficient space as mutually agreed by the Corporation and the Service Provider in the Casino for the installation and operation of a horse racing teletheatre at a fair market occupancy charge as agreed to by the Service Provider and the operator of the horse racing teletheatre and failing agreement as determined by a commercial arbitrator appointed in accordance with the *BC Commercial Arbitration Act*.

ARTICLE V

FINANCIAL

5.01 The Service Provider covenants and agrees:

- (a) to deposit the Win less such funds retained as the Gaming Bank Roll into the Casino Accounts prescribed by the Corporation;
- (b) to use the Gaming Bank Roll for the purpose of making change, redeeming chips and paying the Winnings and for no other purposes whatsoever, unless expressly authorized in writing by the Corporation;
- (c) to adhere to cash management policies and procedures set out in the Casino Standards, Policies and Procedures, or as otherwise prescribed by the Corporation;
- (d) not to deposit in the Casino Accounts any funds other than the Win;
- (e) to at all times maintain books of account and records prescribed by the Corporation with respect to all transactions entered into in the performance of this Agreement and to cause such books of account and records to be made available to the Corporation. The Corporation and its authorized representatives shall have the right to examine, remove for inspection or reproduce such books of account and records and otherwise to obtain information with respect to the Casino, its operation and with respect to the Service Provider, as the Corporation may in its sole discretion determine, provided that in the event the Corporation removes any books of account or records it shall provide the Service Provider with copies of such books of account and records if requested in writing by the Service Provider;
- (f) to make available to the Corporation's auditors such information and material as may be required by such auditors for the purpose of their audit and otherwise co-operate and give such assistance as may be necessary for such auditors to carry out their duties in respect of the Casino and Casino Gaming;
- (g) to furnish to the Corporation such daily, weekly, monthly and annual reports certified and in such format prescribed by the Casino Standards, Policies and Procedures or otherwise prescribed by the Corporation;
- (h) to indemnify the Corporation for all losses incurred by the Corporation as a result of illegal acts or transactions of the Service Provider or any Person engaged or employed by the Service Provider or the failure of the Service Provider to comply with this Agreement, the Casino Standards, Policies and Procedures, the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, or any instructions or directives of the Corporation, as amended from time to time;
- (i) to indemnify the Corporation for lost or stolen monies, chips, markers or tokens;
and

- (j) to provide the Corporation with a letter of credit from a financial institution approved by the Corporation or such additional or other security in such amounts and on such terms as may be prescribed by the Corporation from time to time, acting reasonably, as security for the performance of the Service Provider's obligations hereunder and to deliver the said letter of credit or other security to the Corporation within such time period as may be prescribed by the Corporation.

ARTICLE VI

CONDUCT OF SERVICE PROVIDER

6.01 The Service Provider covenants and agrees:

- (a) not to promote, display, operate or offer for sale any lottery games or lottery schemes or to operate games of chance or the Gaming Equipment except as prescribed by the Corporation or otherwise engage in any activity that is illegal or is not expressly authorized by the Corporation;
- (b) not to use any advertising or promotional material in or relating to the Casino or the Casino Games except such material as is within guidelines prescribed by the Corporation or such material as is supplied or approved by the Corporation;
- (c) to display only such signage as is approved or within guidelines prescribed by the Corporation and to install and display all such signage supplied by the Corporation from time to time;
- (d) not to install or permit the installation of cash dispensing machines in the Casino except with the prior written consent of the Corporation and to install or permit the installation of such cash dispensing machines in the Casino only at such locations as are approved by the Corporation;
- (e) not to charge or permit anyone to charge unreasonable service fees in respect of any cash dispensing machines installed in the Casino;
- (f) to describe or name the Casino by or with the name set out in Schedule "A" or in such manner or by such name as may be approved by the Corporation from time to time;
- (g) to abide by all Player cash and credit policy restrictions prescribed by the Corporation from time to time;
- (h) to exercise all due diligence to prevent and not knowingly permit any Person who does not meet the minimum age requirements as required by law or as prescribed by the Corporation from entering or being present in the Casino or participating in Casino Games;

- (i) to exercise all due diligence to prevent and not knowingly permit any Person who has been barred from the Casino or barred from participating in Casino Games by the Corporation from entering or being present in the Casino or participating in Casino Games;
- (j) not to engage in any conduct or to permit any Person or Persons engaged or employed by the Service Provider from engaging in any conduct that in the sole discretion of the Corporation and on written notice to the Service Provider is contrary to the public interest or prejudicial to the integrity or reputation of the Casino or the Corporation;
- (k) not to have an interest, directly or indirectly, in another business providing operational services to lotteries or lottery schemes conducted and managed by the Corporation without the prior written approval of the Corporation, such approval not to be unreasonably withheld;
- (l) not to participate in, or to permit any Person or Persons engaged or employed by the Service Provider to provide operational services in the Casino, to participate in Casino Games in the Casino; and
- (m) to abide by all directives of the Corporation relating to responsible gaming participation including problem gambling policies or programs required by law or prescribed by the Corporation.

ARTICLE VII

TERM

7.01 The Term of this Agreement will commence at the commencement date set out in Schedule "A" and will continue in full force and effect for the period specified in Schedule "A" and may be extended as set out in Schedule "A", unless earlier terminated pursuant to the provisions hereof.

ARTICLE VIII

SUSPENSION

8.01 The Corporation may suspend the Service Provider's right to provide operational services under this Agreement and any other rights granted to the Service Provider pursuant to this Agreement without notice on the happening of any one of the following events:

- (a) if the Service Provider or any Person engaged or employed by the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person is in breach of any of the provisions of this Agreement and, in the reasonable opinion of the Corporation, such breach prejudices the integrity or reputation of the Casino, Casino Gaming or the Corporation's

authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or

- (b) if the Service Provider or any person engaged or employed by the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person is in breach of any of the provisions of this Agreement other than those described in Article 8.01(a), and such breach continues 30 days after written notice of such breach has been given to the Service Provider by the Corporation; or
- (c) during an investigation by the Corporation of a possible breach of any of the provisions of this Agreement by the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person or any Persons engaged or employed by the Service Provider if, in the reasonable opinion of the Corporation, the nature of the possible breach would prejudice the integrity or reputation of the Casino, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or
- (d) if the Service Provider or any officer or director of the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person is charged with a criminal offence which, in the reasonable opinion of the Corporation, prejudices the integrity or reputation of the Casino, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia;

and such suspension shall continue for such period of time that such breach remains unremedied or the Corporation is of the reasonable opinion that the integrity or reputation of the Casino, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Province of British Columbia is prejudiced or at risk of prejudice. The Corporation will promptly advise the Service Provider of any such suspension, but this requirement will not in any way affect the Corporation's right to suspend the right of the Service Provider to supply operational services under this Agreement without notice pursuant to Article 8.01 of this Agreement.

- 8.02 If the Corporation suspends the right of the Service Provider to supply operational services pursuant to Article 8.01 the Corporation may elect to supply the operational services or may elect to appoint a third party to supply the operational services in the place of and for the account of the Service Provider during the period of suspension. The Corporation or the third party service provider, as the case may be, will be entitled to receive and retain reasonable fees and expenses for the operational services supplied, such fees and expenses to be paid out of the remuneration that is otherwise payable to the Service Provider under this Agreement. The Service Provider hereby authorizes and directs the Corporation or the third party service provider to supply the operational services to the Corporation, in accordance with the Service Provider's obligations under this Agreement, on its behalf and as its agent, during the period of such suspension, and hereby confirms and ratifies the acts (save and except illegal or unlawful acts) of the Corporation or the third party service provider, as the case may be,

provided those acts are in accordance with the Service Provider's obligations under this Agreement. The Service Provider hereby releases and forever discharges the Corporation or any third party appointed to supply operational services from any claim demand or cause of action whatsoever for any act done in good faith in accordance with this Article 8.02 or for any alleged neglect or default in the course of any act done in good faith pursuant to this Article 8.02. Notwithstanding the suspension, the Service Provider will be entitled to receive the remuneration set out in Schedule "A" hereto otherwise payable in respect of the period of the suspension, after deducting and paying therefrom the Corporation's or the third party service provider's reasonable fees and expenses for providing operational services during such period.

ARTICLE IX

TERMINATION

9.01 The Corporation may terminate this Agreement without notice upon the happening of any one of the following events:

- (a) if the Service Provider:
 - (i) is unable to provide the exclusive use, occupation and possession of the Casino to the Corporation for the purpose of conducting, managing and operating Casino Games other than by reason of an event or circumstance contemplated by Article 11.01; or
 - (ii) discontinues business operations other than by reason of an event or circumstance contemplated by Article 11.01; or
- (b) if the Service Provider or any officer or director of the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person is convicted of a criminal offence which, in the reasonable opinion of the Corporation, prejudices the integrity or the reputation of the Casino, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or
- (c) if the Service Provider or any officer or director of the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person has, in the reasonable opinion of the Corporation, made a material misrepresentation on any documentation submitted to the Corporation by or on behalf of the Service Provider; or
- (d) in the event of the bankruptcy or insolvency of the Service Provider, or if a receiver or a liquidator is appointed over some or all of the assets of the Service Provider, or in the event any of the assets of the Service Provider are seized or distrained by reason other than a failure of the Corporation to pay its rent or other costs payable in respect of the Corporation's right to have the use, occupation and possession of the Casino; or

- (e) in the event the Service Provider or any Person engaged or employed by the Service Provider commits any breach of any of the provisions of Article V of this Agreement that, in the reasonable opinion of the Corporation, is material; or
- (f) in the event the Service Provider or any officer or director of the Service Provider or any Person who Controls the Service Provider or any officer or director of such Person refuses, fails or neglects to comply with a written directive signed by an officer or director of the Corporation within such reasonable time period prescribed by the Corporation in the said directive; or
- (g) in the event a governmental authority passes any law which, or a court of competent jurisdiction finds that any existing law, renders the performance of this Agreement wholly or partially illegal subject to Article 14.09 of this Agreement; or
- (h) if the Service Provider or any Person engaged or employed by the Service Provider for the provision of operational services hereunder or any Person who Controls the Service Provider or any officer or director of such Person is in breach of any covenant contained herein, other than a breach of covenant or event of default referred to in Articles 9.01 (a) to (g) hereof, or is in breach of the Rules and Regulations Respecting Lotteries and Gaming of the Corporation, the Casino Standards, Policies and Procedures, or of any instructions or directives of the Corporation, as amended from time to time, and such breach is not cured within 30 days, following notice in writing by the Corporation to the Service Provider to cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of all due diligence provided that:
 - (i) the continued breach is not, in the reasonable opinion of the Corporation, prejudicial to the integrity or reputation of the Casino, Casino Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; and
 - (ii) the Service Provider is, in the reasonable opinion of the Corporation, exercising all due diligence to cure the breach and continues to exercise all due diligence until the breach has been cured by the Service Provider.

The Corporation will promptly advise the Service Provider of any such termination by the Corporation under Article 9.01 of this Agreement, but this requirement will not in any way affect the Corporation's right to terminate this Agreement without notice pursuant to Article 9.01 of this Agreement.

- 9.02 In the event the Service Provider is the owner or lessee of the Casino and the Corporation terminates this Agreement pursuant to this Article IX, the Corporation shall have the option to retain the exclusive use, occupation and possession of the Casino for a term of 2 months following the date of termination ("**First Option Term**") and a further option to retain the exclusive use, occupation and possession of the Casino for a further term of 2 years ("**Second Option Term**") provided that written notice of the exercise of

the Second Option Term is delivered to the Service Provider prior to the expiry of the First Option Term. In the event the Service Provider is the lessee of the Casino the Corporation will pay as a use, occupation and possession charge the monthly rent and other lease charges payable by the Service Provider to the Service Provider's landlord during the First Option Term and the Second Option Term, if exercised, provided that in the event the Service Provider and the landlord are Associated the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the landlord and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the *Commercial Arbitration Act* (BC) whose decision will be final. In the event the Service Provider is the owner of the Casino, the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the Service Provider and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the *Commercial Arbitration Act* (BC) whose decision will be final. If the Service Provider is the lessee of the Casino and the Service Provider and the landlord are not Associated the Corporation shall observe and perform all of the obligations of the Service Provider as lessee during the First Option Term and the Second Option Term, if exercised. If the Service Provider is the owner of the Casino or the lessee of the Casino and the Service Provider and the landlord are Associated the Corporation shall occupy the Casino during the First Option Term and the Second Option Term, if exercised, on the normal terms of a triple net carefree lease to the landlord, shall be obligated to pay all operating costs, insurance and taxes associated with the Casino premises, and shall otherwise be obligated to observe and perform the normal terms and conditions of a triple net tenancy.

- 9.03 The Service Provider shall, deliver to the Corporation, the written agreement of the Service Provider's landlord granting the Corporation the right to retain the exclusive use, occupation and possession of the Casino for the First Option Term and the Second Option Term, on the terms and conditions set out in Article 9.02.
- 9.04 Termination of this Agreement does not relieve either party from any of its obligations outstanding under this Agreement up to the date of termination.
- 9.05 The Service Provider acknowledges that upon termination of this Agreement, the Corporation shall, if it is not the owner or lessee of the Casino, have immediate access to remove all of the Gaming Equipment and the Gaming Supplies owned or supplied by the Corporation, should it choose to do so. If the Corporation chooses to remove the Gaming Equipment and the Gaming Supplies, it shall effect such removal promptly.
- 9.06 The Service Provider may terminate this Agreement if the Corporation is in breach of this Agreement and such breach is not cured within 30 days following notice in writing by the Service Provider to the Corporation to cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of all due diligence.

ARTICLE X

NOTICES

10.01 Any notice permitted or required to be given by the Corporation to the Service Provider may be given by delivering and leaving the same in an envelope addressed to the Service Provider at the Casino to the attention of the President and CEO marked "Urgent and Confidential" or by posting the same by prepaid registered mail addressed to the Service Provider to the attention of the President and CEO marked "Urgent and Confidential", at the address appearing in this Agreement. Any notice permitted or required to be given by the Service Provider to the Corporation may be given by delivering and leaving the same in an envelope addressed to the Corporation to the attention of the President at the address appearing in this Agreement and in an envelope addressed to the Corporation to the attention of the Vice President, Casino Gaming, at the address appearing in this Agreement or by posting the same by prepaid registered mail addressed to the Corporation to the attention of the President at the address appearing in this Agreement and addressed to the Corporation to the attention of the Vice President, Casino Gaming, at the address appearing in this Agreement. Any notice delivered and left at the Casino or at the address of the Corporation appearing in this Agreement shall be deemed to have been received at the time of so delivering and leaving the notice. Except during periods of a postal strike or of a general interruption of postal services, any notice given by prepaid registered mail shall be deemed to have been received on the second business day following posting of the same.

ARTICLE XI

FORCE MAJEURE

- 11.01 Except as provided in 9.01(g) hereof, if either party is bona fide delayed or hindered in or prevented from the performance of any term, covenant or obligation required under this Agreement, by reason of strikes, riots, insurrections, labour controversies, accidents, intervention by a governmental authority, statute, law, act of God or other cause or causes beyond the party's reasonable control, (but not including the impecuniosity of the party), the party will, subject to Article 11.02 hereof, be relieved from the fulfilment of such term, covenant or obligation during the period of such interruption and the period for like performance of any such term, covenant or obligation will be extended for a period equivalent to the period of such delay.
- 11.02 Notwithstanding Article 11.01 hereof, in the event that any delay or interruption referred to in Article 11.01 exceeds 60 days, each of the Corporation and the Service Provider shall have the option of terminating this Agreement on 30 days written notice to the other party, provided that said option to terminate shall not apply where the delay or interruption exceeding 60 days is caused by industrial relations disputes including strikes, lock outs, "hot" declarations or other labour controversy and the party delayed or hindered by said industrial relations dispute is not determined to be pursuing the resolution of said industrial relations dispute otherwise than in good faith and with reasonable diligence by the British Columbia Labour Relations Board or such other successor or replacement Board from time to time.

ARTICLE XII

INDEMNITY

- 12.01 The Service Provider covenants and agrees to indemnify and save harmless the Corporation from any and all liabilities, claims, actions and judgements arising from or relating to the acts or omissions of the Service Provider or any person engaged or employed by the Service Provider in the performance of this Agreement.
- 12.02 The Corporation covenants and agrees to indemnify and save harmless the Service Provider from any and all liabilities, claims, actions and judgements arising from or relating to the acts or omissions of the Corporation or any person engaged or employed by the Corporation in the performance of this Agreement. The Corporation will take all reasonable steps to obtain approval for this indemnity in accordance with the Financial Administration Act and the Regulations thereto, and will advise the Service Provider accordingly.

ARTICLE XIII

TRANSFER, SALE AND ASSIGNMENT

- 13.01 No transfer, sale, assignment or other disposition of this Agreement, or the rights hereunder, whether contingent, absolute or otherwise, by the Service Provider is valid without the prior written consent of the Corporation, which consent may be withheld for any reason. Any transfer, sale, assignment or other disposition of this Agreement or the rights hereunder, whether contingent, absolute or otherwise, by the Service Provider without the prior written consent of the Corporation shall render this Agreement null and void at the option of the Corporation, without any further obligations whatsoever on the part of the Corporation.
- 13.02 If the Service Provider is a Company, the Service Provider shall as soon as practicable and in any event within one hundred and twenty (120) days of the date of this Agreement amend its Articles Bylaws, Partnership Agreement, Trust Agreement, or other constating document ("**Constating Documents**") so as to adopt the Share Constraint set forth in Article 13.04, as well as such ancillary provisions required to enable the Service Provider to enforce the Share Constraint set forth in Article 13.04, as follows:
- (i) the Service Provider shall not issue or register the transfer of Voting Shares of the Service Provider if to the actual knowledge of the Service Provider such issue or transfer will contravene the Share Constraint;
 - (ii) the Service Provider shall, upon acquiring actual knowledge of any contravention by a Person of the Share Constraint, suspend all voting, dividend and other financial rights attached to any Voting Shares in the Service Provider then held by such Person (to the extent permitted by Law) until such contravention is remedied; and

- (iii) if any Person who is in contravention of the Share Constraint fails to remedy the same within thirty (30) days following receipt of written demand therefor from the Service Provider, the Service Provider shall forthwith take all reasonable steps available at law to force such Person to sell or purchase Voting Shares in the Service Provider as required in order to remedy such contravention.

13.03 Following the aforesaid amendments to the Constatting Documents of the Service Provider becoming effective, the Service Provider shall duly observe and comply with all such provisions and provide the Corporation upon request, from time to time, with any information it may reasonably request in order to monitor such compliance.

13.04 For the purposes of Article 13.02, "Share Constraint" means the following restrictions:

- (a) no Person shall hold, beneficially own or control, either directly or indirectly, Voting Shares in the Service Provider to which are attached, in the aggregate, more than ten (10%) per cent of the votes that may ordinarily be cast to elect directors or appoint or dismiss the managing partner or partners or the trustee or trustees of the Service Provider (referred to in this Article XIII as a "**Significant Interest**") unless the person obtains the prior written consent of the Corporation, which consent shall be in the sole and absolute discretion of the Corporation;
- (b) a Person who holds, beneficially owns or controls, either directly or indirectly, a Significant Interest shall not:
 - (i) dispose, in any manner whatsoever, of any portion of such Significant Interest; or
 - (ii) acquire, in any manner whatsoever, a greater Significant Interest

if such disposition or acquisition would result in a change of control of the Service Provider, unless the person obtains the prior written consent of the Corporation to the said disposition or acquisition, said consent to be in the sole and absolute discretion of the Corporation; and

- (c) for the purposes hereof, each Person who is a member of a group of Persons all of whom are Associated with each other shall each be deemed to beneficially own all Voting Shares of the Service Provider which are collectively held, beneficially owned or controlled, either directly or indirectly, by the members of such group.

13.05 The Service Provider represents and warrants that every Person holding a Significant Interest is fully and accurately set out in Schedule "A". The Corporation acknowledges and agrees that the Significant Interests as set out in Schedule "A" have been approved and consented to by the Corporation.

13.06 The Service Provider may, subject to first obtaining the written approval of the Corporation, said approval not to be unreasonably withheld, grant a security interest in the Service Provider's interest in this Agreement to a Chartered Bank or other lender

approved by the Corporation (hereinafter called the "**Secured Party**") provided that said approval will in no manner whatsoever:

- (a) prevent the Corporation from exercising its rights and remedies under this Agreement as against the Service Provider in the event the Service Provider breaches this Agreement; or
- (b) authorize or permit the Secured Party to supply the operational services to be supplied by the Service Provider under this Agreement to the Corporation in the place of the Service Provider other than with the express written consent of the Corporation and on such terms and conditions as may be prescribed by the Corporation.

13.07 In the event the Secured Party intends to realize on its security interest in the Service Provider's interest in this Agreement or the Corporation terminates this Agreement by reason of default by the Service Provider hereunder, the Corporation will consent to an assignment of this Agreement to a third party (which may include the Corporation) proposed by the Secured Party or the Corporation to replace the Service Provider (the "**Third Party Replacement**") or will enter into a new agreement with the Third Party Replacement, subject to the Third Party Replacement satisfying each one of the following conditions:

- (a) the Third Party Replacement satisfies all legal requirements and qualifications then in effect to provide the operational services contemplated by this Agreement to the Corporation;
- (b) the Third Party Replacement is approved in writing by the Corporation to supply the operational services to be supplied by the Service Provider under this Agreement in the place of the Service Provider, said approval not to be unreasonably withheld, having regard to the Corporation's qualification standards for a casino operational services provider, including, without limitation, reputation, integrity, experience, performance, financial position and ownership structure;
- (c) the Third Party Replacement remedies or undertakes to remedy all of the Service Provider's outstanding breaches under this Agreement within the time period or periods prescribed by the Corporation acting reasonably and on such terms and conditions prescribed by the Corporation acting reasonably; and
- (d) the Third Party Replacement enters into a written agreement with the Corporation to assume and be fully responsible for all of the Service Provider's obligations and liabilities under this Agreement, with such agreement with the Third Party Replacement to be in substantially the same form as this Agreement and having the same term and renewal option, if any, as is set forth in Schedule "A" to this Agreement.

13.08 In the event the Corporation has approved the grant of a security interest over the Service Provider's interest in this Agreement pursuant to Article 13.06 the Corporation will, notwithstanding the Corporation's termination of this Agreement by reason of the

Service Provider's breach of this Agreement, permit the assignment of the Service Provider's interest in this Agreement or enter into a new agreement as contemplated in Article 13.07, provided that such assignment or new agreement is fully completed within 90 days of the date of termination of this Agreement by the Corporation and further provided that subject to the foregoing nothing herein shall prevent the Corporation from otherwise exercising its rights and remedies under this Agreement.

13.09 During and for the said 90 day period only, the Corporation will not unreasonably withhold its consent to the appointment of:

- (i) a service provider supplying casino operational services to the Corporation under an existing agreement with the Corporation, acceptable to the Corporation, acting reasonably, to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement; or
- (ii) another person (which person may include the Corporation), acceptable to the Corporation acting reasonably, to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement;

by the Secured Party or by a receiver appointed by the Secured Party.

13.10 Without limiting the generality of the foregoing, if, immediately before the time of any assignment or termination of this Agreement as contemplated in Articles 13.07 and 13.08 of this Agreement, the Service Provider shall be entitled to receive any existing or future Facility Development Commission (as defined in paragraph 8(c) of Schedule "A" to this Agreement) in respect of any Approved Amounts (as defined in paragraph 8(c) of Schedule "A" to this Agreement) for which the Service Provider had not, at that time, received the full Facility Development Commission pursuant to paragraph 8(c) of Schedule "A" to this Agreement in respect of Approved Amounts that had been incurred and paid immediately before the time of any such assignment or termination of this Agreement (the "**Unpaid Facility Development Commission**"), any Third Party Replacement for such Service Provider under Article 13.07 or Article 13.08 shall stand in the same position as the Service Provider with respect to such entitlement, and shall have the same right to receive the Unpaid Facility Development Commission as the Service Provider had immediately prior to the assignment or termination of this Agreement.

ARTICLE XIV **MISCELLANEOUS**

14.01 The Service Provider acknowledges and agrees that the Gaming Equipment and the Gaming Supplies supplied by the Corporation are the sole property of the Corporation and that the Service Provider has no proprietary rights to or interest in such Gaming Equipment or Gaming Supplies nor any trademark or other intellectual property, license, lease or other rights or agreement affecting such Gaming Equipment or Gaming Supplies. The Service Provider, if it is the owner or lessee of the Casino, hereby grants to the Corporation the exclusive use, occupation and possession of the Casino for the

installation, operation, maintenance and removal of such Gaming Equipment and Gaming Supplies and for all purposes ancillary thereto upon the terms and conditions of this Agreement.

- 14.02 The Service Provider acknowledges and agrees that all information pertaining to or generated by the conduct, management and operation of the Casino Games in the Casino, including without limitation, Player Information, shall be the sole and absolute property of the Corporation and shall be disclosed to and by the Corporation as and when prescribed by the Corporation, in its sole discretion. The Service Provider shall, subject to applicable privacy laws, have a free right in perpetuity to use the information properly disclosed by the Corporation for the purposes of the Service Provider's business, including performance of its obligations under this Agreement, provided that the right of the Service Provider to use Player Information shall terminate on the termination of this Agreement, and further provided that the Service Provider is, subject to applicable privacy laws, entitled to use the Player Information in connection with the supply of operational services in any other casino under a Casino Operational Services Agreement with the Corporation.
- 14.03 Unless otherwise agreed by the parties, in the event of any inconsistency between any records generated by the Service Provider or those generated by the Computer System, the final record shall, in each case be determined by the information and records generated by the Computer System and the Service Provider shall be bound thereby and shall account to the Corporation on the basis of information generated by the Computer System.
- 14.04 The Service Provider acknowledges and agrees that the Win and the Gaming Bank Roll are the sole and absolute property of the Corporation and that the Service Provider receives, holds and deals with the same as trustee for the Corporation.
- 14.05 The Service Provider and the Corporation acknowledge and agree that the Service Provider is not an employee, agent or representative, joint venturer, or partner of the Corporation, and the Service Provider shall not represent or hold out to be other than an independent contractor pursuant to this Agreement.
- 14.06 Revenue generated in the Casino from the sale of food, beverages, memorabilia, parking services and the operation of cash dispensing machines shall be for the account of the Service Provider.
- 14.07 The Service Provider acknowledges and agrees that the Corporation shall not be liable to the Service Provider for any loss or injury resulting from fire or other occurrences resulting from the installation, operation or removal of the Gaming Equipment or failure, malfunctions or interruptions in use or cessation of operation thereof nor reasonable defacement of the Casino caused by the installation, repair or removal of the Gaming Equipment, unless such loss or injury is the result of the negligence or deliberate act of the Corporation or its representatives.
- 14.08 Information supplied by one party to the other under or pursuant to this Agreement shall be confidential if the information contains commercial, financial, labour relations or

technical information which could reasonably be expected to harm significantly the competitive position or interfere significantly with the negotiating position of the party supplying the information and the party receiving the information shall keep it strictly confidential and not disclose the same to any third party without the prior written consent of the party supplying the information, provided that either party is entitled to disclose such information on a confidential basis to a proposed lender, purchaser, assignee, the Minister of Finance, the Minister responsible for the Corporation, other governmental authorities or Ministries as required by statute, regulation or government policy or to any other extent reasonably required to enforce the rights and remedies of either party under this Agreement, further provided that nothing shall prevent the Corporation from disclosing any information which is proprietary to the Corporation under the terms of this Agreement to any party the Corporation may see fit without the prior or any consent of the Service Provider provided that such proprietary information does not include any specific information pertaining to the Service Provider's costs of providing operational services under this Agreement. Notwithstanding the above, either party shall be entitled to disclose any information supplied by the other party if such party is required to disclose such information by court order or by other compulsion of law.

- 14.09 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.
- 14.10 A waiver by a party hereto of any right, benefit or default under this Agreement on any particular occasion shall not be deemed or construed to be a consent to or a waiver of any such right, benefit or default thereafter or a waiver of any other right, benefit or default, as the case may be. A waiver of any right, benefit or default under this Agreement on any particular occasion shall not be effective against the Corporation or the Service Provider, as the case may be, unless the waiver is in writing and executed by an authorized signatory of the Corporation or the Service Provider, as the case may be.
- 14.11 This Agreement constitutes the entire agreement between the Service Provider and the Corporation and supersedes all prior communications, representations, agreements and understandings, oral or written, between the parties hereto or their respective representatives with respect to the matters herein and shall not be modified or amended, except by written agreement signed by the parties hereto.
- 14.12 This Agreement shall be interpreted and the rights of the parties shall be governed by the laws of the Province of British Columbia.
- 14.13 The singular shall include the plural and vice versa where the context so requires.

- 14.14 The parties hereto will execute and deliver all such further documents, do or cause to be done all such further acts and claims and give all such further assurances as may be necessary to give full effect to the provision and intent of this Agreement.
- 14.15 The remedies to which any party hereto may resort are cumulative and not exclusive of any other remedies allowed by law or equity to which such party may be entitled, and such party would be entitled to pursue any and all of its remedies concurrently, consecutively and alternatively.
- 14.16 The recitals to this Agreement form part hereof and this Agreement is to be construed accordingly.
- 14.17 This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument.
- 14.18 Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

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

Witness:)	
)	by its authorized signatories:
_____)	
)	Per: _____
_____)	
)	Per: _____
_____)	
)	
Witness:)	
)	by its authorized signatories:
_____)	
)	Per: _____
_____)	
)	Per: _____
_____)	
)	

Schedule "A" to the Casino Operational Services Agreement

This schedule is attached to and forms part of the Casino Operational Services Agreement ("**Agreement**") made as at the ♦ day of ♦, ♦ between the British Columbia Lottery Corporation ("**Corporation**") and ♦ ("**Service Provider**").

1. The Term of this Agreement will be ten (10) years commencing on ♦ and ending on ♦.
2. The Service Provider shall have the option to extend the Term of this Agreement for a further term of ten (10) years commencing ♦, and ending ♦, (the "**Extension Option**") provided that:
 - (a) the Service Provider delivers written notice of exercise of the Extension Option to the Corporation not earlier than fifteen (15) months and not later than twelve (12) months prior to the last day of the Term;
 - (b) there has been no change in Government gaming policy as expressed in writing by the Minister responsible for gaming for the Province of British Columbia, that, at the time of exercise of the Extension Option, materially adversely impacts on the current casino gaming model as is reflected by the form and substance of the Agreement;
 - (c) the Service Provider has, not earlier than twenty-four (24) months and not later than twenty-one (21) months prior to the last day of the Term, delivered to the Corporation a business and facilities plan for the extended term (the "**Plan**");
 - (d) the Corporation has, prior to the exercise of the Extension Option, approved the Plan for the extended term as delivered to the Corporation by the Service Provider, said approval not to be unreasonably withheld, and provided that the Corporation will, within three (3) months of receipt of the Plan by the Corporation, advise the Service Provider in writing either:
 - (i) that the Plan is approved by the Corporation; or
 - (ii) that the Plan is not approved by the Corporation, with the Corporation providing particulars of the deficiencies of the Plan, and allowing the Service Provider the opportunity to revise the Plan to address such deficiencies; and
 - (e) the Service Provider is not in breach of the Casino Operational Services Agreement beyond the period of time, if any, provided in the Agreement for the curing of such breach and/or the Agreement has not been terminated by the Corporation by reason of the Service Provider's breach of the Agreement, as at the date of exercise of the Extension Option or as at the last day of the Term.

All of the same terms and conditions as are contained in the Agreement shall apply during the extended term, except that there shall be no further right of extension of the Agreement.

3. The Service Provider hereby represents and warrants that the following persons, and no others, hold Significant Interests as defined in Article XIII of the Agreement and that the percentage of voting shares held by those persons is as set out opposite their names:

**Name of Holder of
Significant Interest**



**Percentage of Issued
Voting Shares Held**



4. The Service Provider hereby agrees to supply operational services to the Corporation at the Casino known as “◆” and located at:



5. The Corporation authorizes the Service Provider to supply operational services for the following Casino Games.

(a) Slot Machines and Electronic Table Games, and

(b) Table games including the following: Blackjack, Multiple Action Blackjack, Red Dog, Roulette, Wheels of Fortune, Caribbean Stud Poker, Texas Hold ‘em Poker, Seven Card Stud Poker, Asian Five Card Stud Poker, Pai Gow Poker, Mini-Baccarat, Let it Ride Poker and/or such other table games prescribed by the Corporation from time to time. For clarity, the table games set out in this paragraph 5(b) do not include Electronic Table Game versions thereof.

6. The Corporation will supply the Casino with the following Gaming Equipment and Gaming Supplies to enable the Service Provider to supply the operational services contemplated by this Agreement:

GAMING EQUIPMENT and GAMING SUPPLIES	QUANTITY
Slot Machines and Electronic Table Games	a minimum of 600 (" Minimum "). The Corporation to have the sole and absolute discretion to increase number above Minimum or reduce number to Minimum, from time to time, in its sole and absolute discretion, based on Corporation's assessment of market demand and such other factors considered relevant by the Corporation from time to time
Roulette Wheels	in such quantities as determined by the Corporation from time to time
Roulette Balls	in such quantities as determined by the Corporation from time to time
Electronic Equipment	in such quantities as determined by the Corporation from time to time
Value and Non-value Chips	in such quantities as determined by the Corporation from time to time
Shuffle Machines	in such quantities as determined by the Corporation from time to time
Game Licenses	in such quantities as determined by the Corporation from time to time
Game Signage	in such quantities as determined by the Corporation from time to time
Slot Machine Control Equipment	in such quantities as determined by the Corporation from time to time
Playing Cards	in such quantities as determined by the Corporation from time to time
Dice	in such quantities as determined by the Corporation from time to time
Integrated Voucher Technology System	in such quantities as determined by the Corporation from time to time

7. The following Gaming Equipment will be maintained by the Corporation:
 - (a) Slot Machines and Electronic Table Games; and
 - (b) Slot Machine and Electronic Table Game Control Equipment.
8. The Corporation agrees that the Service Provider's remuneration for operational services shall be calculated as follows, except as otherwise agreed by the Corporation in writing,:
 - (a) 25% of Slot Machine and Electronic Table Game Win less 25% of the Corporation's cost to lease proprietary Slot Machine and proprietary Electronic Table Games supplied to the Casino by the Corporation ("**Leased Games**")

provided that the number of Leased Games will not exceed 10% of the total number of Slot Machines and Electronic Table Games (non-lease and lease) supplied to the Casino by the Corporation without the written agreement of the Service Provider; and

- (b) 40% of the Win on all Casino Games listed in 5(b) above, less:
 - (i) 1.0% of such Win on account of and to reimburse the Corporation for Gaming Equipment and Gaming Supplies supplied by the Corporation from time to time; and
 - (ii) in the event the Corporation is the lessee of the Casino, the Casino facilities expenses, if any, incurred by the Corporation including, but without limitation, rent and other lease costs, utility charges, cleaning and maintenance costs, taxes, insurance and the cost of providing and maintaining signage; and
- (c)
 - (i) an additional amount of consideration, equal to 3% of the Win on all Casino Games (the “**Facility Development Commission**”). The Facility Development Commission shall be deposited into a trust account (the “**Trust Account**”) for the benefit of the Service Provider. The Service Provider may draw out of the Trust Account, as Facility Development Commission, amounts equal to expenditures that have been actually incurred and paid on the development or improvement of the Casino pursuant to and in accordance with a facility development and improvement plan previously approved by the Corporation (the “**Approved Amount(s)**”). All withdrawals of the Facility Development Commission shall be subject to the approval of the Corporation which approval will not be unreasonably withheld. The Corporation shall have the right at any time to audit the books of account of the Service Provider with respect to the Approved Amount(s).
 - (ii) All monies on deposit in the Trust Account on the termination of this Agreement, and for which the Service Provider has not already incurred and paid the Approved Amounts, shall become the sole and absolute property of the Corporation and shall forthwith be paid to the Corporation by the Service Provider.
 - (iii) The maximum amount that may be paid into the Trust Account in respect of the Facility Development Commission is 3% of the Win on all Casino Games and the Corporation will not reimburse the Service Provider in respect of any particular expenditures and will not be responsible for payment of any particular expenditures to any person or party retained by the Service Provider.

The remuneration specified in this paragraph 8 shall be payable to the Service Provider weekly.

9. The Service Provider covenants and agrees to contribute an amount equal to 0.75% of the Win from the commencement date of the Term to and including March 31st, 2006 and 1.5% of the Win from April 1st, 2006 to the last day of the Term or, if exercised, the last day of the Extension Option to a trust account established by the Corporation for the purpose of funding marketing programs promoting the Corporation's casinos ("**Marketing Trust Account**"). The Marketing Trust Account and all payments from the Marketing Trust Account together with the marketing programs funded from the Marketing Trust Account shall be administered by the Corporation with the assistance of a service provider's marketing advisory council appointed by the Service Providers who are contributing to the Marketing Trust Account from time to time ("**Marketing Committee**"). The Corporation and the Marketing Committee will review and recommend marketing programs to be funded from the Marketing Trust Account. In the event the Corporation and the Marketing Committee cannot agree on a marketing program, the Corporation shall determine in its sole and absolute discretion which marketing programs shall be funded and implemented. The Corporation will at least annually conduct a review of the effectiveness of the marketing programs funded from the Marketing Trust Account with the Marketing Committee provided the Corporation shall always have the sole, absolute and final decision on which marketing programs will be undertaken and funded from the Marketing Trust Account. The Service Provider irrevocably and unconditionally authorizes the Corporation to pay the Service Provider's contribution to the Marketing Trust Account pursuant to this paragraph 9 from the remuneration payable to the Service Provider by the Corporation as set out in paragraph 8 of this Schedule "A", provided that in the event the amount contributed to the Marketing Trust Account by the Corporation's service providers in any fiscal year of the Corporation, commencing April 1st, 2006 is not expended on marketing programs promoting the Corporation's Casinos by the last day of the following fiscal year of the Corporation, any such balance shall be repaid to the Corporation's service provider who contributed to the Marketing Trust Account during the fiscal year in question, on a pro rata basis, based on the contribution made by each service provider to the Marketing Trust Account during that fiscal year.
10. The Service Provider covenants and agrees to provide enhanced customer service in accordance with the standards and specifications set out in the Casino Standards, Policies and Procedures from time to time and to serve complimentary non-alcoholic beverages to Players participating in Casino Games in the Casino during Casino operating hours.
11. The Service Provider acknowledges and agrees that the Corporation has the right to conduct, manage and operate new or additional lottery schemes not referred to in paragraph 5 above in the Casino as the Corporation may from time to time prescribe in accordance with Article 4.01(u) of this Agreement.

12. The Service Provider and the Corporation expressly acknowledge, covenant and agree that effective ♦ the Casino Operational Services Agreement made between the parties dated ♦ in respect of the Casino in ♦ (“♦”) will be deemed amended and restated by this Agreement such that the ♦ shall have no force or effect effective ♦ (without any lapse occurring) and the terms, conditions, covenants and obligations as set out in this Agreement shall govern the contractual relationship between the parties for all purposes whatsoever in place of the ♦.

IN WITNESS WHEREOF the parties hereto have executed this Schedule ‘A’ effective _____, 200_ attached to and forming part of the Casino Operational Services Agreement made between the parties as at _____, 200____.

Witness:)	
)	by its authorized signatories:
_____)	
)	Per: _____
_____)	
)	Per: _____
_____)	
)	
Witness:)	
)	by its authorized signatories:
_____)	
)	Per: _____
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)	