

**From:** [Hazel, Jillian FIN:EX](#)  
**To:** [Seabrook, Norine FIN:EX](#)  
**Subject:** BN on Edgewater  
**Date:** Thursday, March 26, 2015 9:41:46 AM  
**Attachments:** [348714 - BN - Edgewater Build and HLG payments - Mar 24.docx](#)

---

Hi Norine,

Here's my first draft of the BN on Edgewater and the impact of HLG payments to the City of Vancouver. I'm still missing a lot of information about the numbers that will probably need to come from BCLC, and I'm still not sure exactly what the options are. Any thoughts you have on this would be much appreciated.

Thanks so much!

***Jillian Hazel***

Senior Policy Analyst  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
250-387-3948

**From:** [Hazel, Jillian FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** City of Vancouver - HLG  
**Date:** Friday, May 8, 2015 1:34:33 PM  
**Attachments:** [Financial Analysis of Edgewater Development and Commissions -2012.docx](#)

---

Hi Michele,

Below is a draft email for Amanda regarding the Edgewater Casino and City of Vancouver's HLG payments. This covers off all of your questions as well as Jessica's questions. Let me know if there's anything you'd like to discuss.

Hi Amanda,

I'm following up with our conversations several weeks ago regarding the host local government (HLG) payments to the City of Vancouver. We discussed the historical request by GPEB to not negatively impact the City of Vancouver's HLG payments and our mutual interest to determine how to address this matter on a going forward basis.

I understand from our Finance department, that BCLC has been accruing AFDC and FDC for the Edgewater Casino since April 1, 2012. I also understand that to date, the City of Vancouver has not experienced any impact from:

- Additional FDC of two per cent of existing net win for the cost of developing parking facilities, which will accrue for a period of five years from April 1, 2012 to March 31, 2017 (in other words, the service provider will receive five per cent FDC for five years instead of the typical three per cent); and
- AFDC of two per cent of existing net win for the cost of developing parking facilities and began accruing this commission on April 1, 2012. (In other words, the service provider will have earlier access to the AFDC than is typically provided but will not receive additional compensation over the term of the contract).

I understand these commissions have not been paid to the service provider to date but that it is anticipated this payment will need to be paid within the next 3-6 months in accordance with BCLC's COSA with Edgewater.

We have several questions regarding the way in which the future AGDC/FDC will be rolled out, and I'm hoping you could provide clarification:

s.13

s.13

- Will BCLC continue to accrue commissions for fiscal years 2015/16 and 2016/17 or will these be paid out to the service provider?

s.13

***Jillian Hazel***

Senior Policy Analyst

Strategic Policy and Projects Division

Gaming, Policy and Enforcement Branch

250-387-3948

**From:** Seabrook, Norine EMNG:EX  
**To:** McCrea, Bill J EMNG:EX; Fair, Susan P EMNG:EX  
**Cc:** Jaggi-Smith, Michele EMNG:EX  
**Subject:** City of Vancouver - Q4 HLG Payment  
**Date:** Wednesday, May 1, 2013 1:18:08 PM

---

Bill, Could you please EA the Q4 HLG payment to the City of Vancouver/Edgewater for \$464,692.70 in GOS. (BCLC error and now we are correcting)

Susan, I usually advise you when payments have been made for a letter, although I'm not sure what communication we will be sending.

Michele, this is done, City of Vancouver will receive in 3 business days.

Thanks!

Norine Seabrook

A/Manager, Financial Strategies

Gaming Policy and Enforcement Branch

Ministry of Energy, Mines and Natural Gas

250-387-2412

Norine.Seabrook@gov.bc.ca

**From:** [Landry, Jessica FIN:EX](#)  
**To:** ["TPowell@BCLC.com"](#)  
**Cc:** [Seabrook, Noring FIN:EX](#)  
**Subject:** Edgewater AFDC  
**Date:** Wednesday, April 1, 2015 3:18:33 PM

---

Hi Tom,

I am hoping you might be able to assist us with some clarification surrounding the AFDC/FDC arrangements with Edgewater.

BCLC has been accruing the AFDC & FDC for the Edgewater Casino since April 1, 2012 and will continue accruing until March 31, 2017. To date, no commissions have been paid to the service provider; however, it is our understanding that BCLC will begin paying these commissions in the next 3-6 months in accordance with its COSA with Edgewater.

I am hoping you can provide some explanation how these future payments of AFDC will be rolled out.

We have several questions surrounding this, that we are looking for clarification on.

- Will there be an impact to the HLG payments to the City of Vancouver? And if so, what is the anticipated annual impact?

s.13

- What is the anticipated impact for the continued accrual (March 2017)? Is it still planned that the accrual will continue to March 2017?
- Our historical information also states: In the case of Edgewater, the AFDC would normally be a deduction from the City of Vancouver's HLG payment, and that the estimated impact would be \$390K annually per year until the facility opens.
  - Is the \$390k the impact that occurred?
  - Will there be any continued impact when the facility opens?
- How will BCLC make the payment (e.g. one-time payment or over a period of time)? Will this cause any impact to the income for that government receives?

Your assistance in this matter is greatly appreciated.

Kind regards,

***Jessica Landry***

A/Director, Operations

BC Ministry of Finance | Gaming Policy and Enforcement Branch

Phone: 250-516-6007 | Fax: 250-356-1910

**From:** [Iomha, Robin FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#); [Henderson, Jeff FIN:EX](#)  
**Subject:** Edgewater COSA  
**Date:** Monday, October 19, 2015 2:54:52 PM  
**Attachments:** [Edgewater COSA 05Sep2012.pdf](#)

---

OK so there were a couple of things going on there. Still have no idea why you couldn't open that document, but that is actually not the COSA anyway – it is the Master Development Agreement for BC Place Development Site 10A between Pavco and Paragon Holdings (and Paragon Development LTD).

So this looks like our most current one although there may have been amendments in the Spring of 2014 that we don't have.

Robin

**From:** [Mike Wolfram](#)  
**To:** [Wendy Henning](#); [Brenton Paauwe](#)  
**Subject:** Edgewater HLG  
**Date:** Tuesday, April 30, 2013 2:59:07 PM

---

GPEB is looking for us to provide them with a revised HLG calculation for Edgewater. If we had not done the accrual for the additional commission, what would the amount have been. They are looking for it in a formalized way. Once the calculation is complete if I can review and then Doug Scott (the ADM) would like me to send it to him.

Thanks  
Mike

**From:** Jaggi-Smith, Michele FIN:EX  
**To:** Seabrook, Norine FIN:EX  
**Subject:** FW: Power Point on Edgewater & Horse Racing  
**Date:** Tuesday, September 25, 2012 2:22:18 PM  
**Attachments:** Edgewater\_Horseracing\_072412.pptx

---

Norine,

s.13,s.17

Michele

---

**From:** Bell, Suzanne N MEM:EX  
**Sent:** Tuesday, September 25, 2012 1:54 PM  
**To:** Jaggi-Smith, Michele MEM:EX  
**Subject:** FW: Power Point on Edgewater & Horse Racing  
voila

**Suzanne N. Bell**  
Executive Director  
Corporate Services & Responsible Gambling  
Gaming Policy & Enforcement Branch

---

**From:** Fair, Susan P MEM:EX On Behalf Of Scott, Douglas S MEM:EX  
**Sent:** Tuesday, September 25, 2012 13:53  
**To:** Bell, Suzanne N MEM:EX  
**Subject:** FW: Power Point on Edgewater & Horse Racing  
Here is the presentation as requested.  
Susan

**From:** [Thomas, Martha O FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** FW: BCLC BN and TS Sub  
**Date:** Friday, February 28, 2014 4:27:33 PM  
**Attachments:** [Treasury Board Report 2013 Jan 2014.docx](#)  
[333067 BCLC Forecast - 2013-14 to 2017-18 \(Jan 6 2014\).doc](#)

---

Here you go.

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**From:** Klak, Steve M FIN:EX  
**Sent:** Monday, January 6, 2014 3:51 PM  
**To:** Thomas, Martha O FIN:EX  
**Subject:** FW: BCLC BN and TS Sub  
Martha, fyi. Please keep confidential. Thanks

**Steve Klak, CA**

*Chief Financial Officer and Executive Director  
Ministry of Finance and Office of the Premier  
Province of British Columbia  
(250) 356-1387*

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**From:** Fayad, Deborah FIN:EX  
**Sent:** Monday, January 6, 2014 11:54 AM  
**To:** Coad, Jeremy A FIN:EX  
**Cc:** Klak, Steve M FIN:EX  
**Subject:** FW: BCLC BN and TS Sub  
Hi Jeremy,

This is the BCLC submission and briefing note going to the Minister for the Jan 8<sup>th</sup> sign-off conference call.

Please let us know as soon as possible if you or anyone in TBS has any concerns with the submission or the recommended option.

Debbie

Deborah Fayad, CGA  
Assistant Deputy Minister, Corporate Services and Executive Financial Officer  
Serving the Ministry of Finance, Public Service Agency and Office of the Premier  
Telephone: (250) 387-8139  
Cellular: 9.17

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**From:** Mulloy, Eleanor FIN:EX  
**Sent:** Monday, January 6, 2014 10:21 AM  
**To:** MacLean, Shelley FIN:EX  
**Cc:** Fayad, Deborah FIN:EX; Klak, Steve M FIN:EX  
**Subject:** BCLC BN and TS Sub  
Please see attached.

*Eleanor Mulloy  
Executive Coordinator, ADM's Offices  
Corporate Services Division  
3rd Floor, 617 Government Street  
Victoria, BC V8W 9V1  
Phone: 250-387-3989*

*Fax: 250-387-8586*

The quickest way to our goals is simple. Not easy.

**From:** [Mazure, John C FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Vear, Maureen FIN:EX](#); [Boyчук, Dave FIN:EX](#)  
**Subject:** FW: BN - HLG Payments and BCLC Restructuring  
**Date:** Thursday, June 11, 2015 9:02:50 AM  
**Attachments:** [321628 - BN - HLG Payments and BCLC Restructuring.docx](#)

---

Michele, my comments as noted in the attached.

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

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, June 10, 2015 11:23 AM  
**To:** Mazure, John C FIN:EX  
**Cc:** Vear, Maureen FIN:EX  
**Subject:** BN - HLG Payments and BCLC Restructuring

Hi John

Please find attached a briefing note on HLG payments and BCLC restructuring costs for your consideration.

Michele

Michele Jaggi-Smith | Director, Gaming Policy and Communications Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Fair, Susan P FIN:EX](#)  
**To:** [Bell, Suzanne N FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** FW: Chronology  
**Date:** Wednesday, July 2, 2014 9:59:17 AM  
**Attachments:** [Key Information v5 - 9APR14.docx](#)

---

Here is a copy of the most recent one I have. I will check John's email as well.

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**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, April 9, 2014 4:57 PM  
**To:** Mazure, John C FIN:EX; Scott, Douglas S JAG:EX  
**Cc:** Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX  
**Subject:** Chronology

Hi John,

Please find attached an updated Chronology incorporating your comments. Please let me know how you would like me to assist next.

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](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Cumberland, Paul JAG:EX](#)  
**To:** [Woodson, Ian G JAG:EX](#); [Hoadley, David JAG:EX](#)  
**Cc:** [Jaggi-Smith, Michele EMNG:EX](#)  
**Subject:** FW: Draft Edgewater Casino TB Submission - UPDATED  
**Date:** Wednesday, December 12, 2012 12:04:25 PM  
**Attachments:** [Edgewater Casino Development TB Submission v6 - 12Dec12.pdf](#)  
[Edgewater Casino Development TB Submission v6 - 12Dec12.docx](#)  
**Importance:** High

---

David,

I am concerned that the MO wants this to go for MRC signature without your input or TBS discussion prior to.

Can you give this a read.

Thanks

Paul

---

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Wednesday, December 12, 2012 11:26 AM  
**To:** Scott, Douglas S MEM:EX  
**Cc:** Cumberland, Paul JAG:EX; Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX; Jones, Amy F MEM:EX  
**Subject:** FW: Draft Edgewater Casino TB Submission - UPDATED  
**Importance:** High

Doug,

Please find a final clean draft of the Edgewater Casino TB Submission (incorporating comments from all) for your review. If you have no further adjustments, this draft is ready for the MO. Thanks.

Michele

---

**From:** Cumberland, Paul JAG:EX  
**Sent:** Monday, December 10, 2012 3:17 PM  
**To:** Jaggi-Smith, Michele MEM:EX; Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Jones, Amy F MEM:EX  
**Subject:** RE: Draft Edgewater Casino TB Submission - UPDATED

Okay.

---

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Monday, December 10, 2012 3:14 PM  
**To:** Cumberland, Paul JAG:EX; Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX; Jones, Amy F MEM:EX  
**Subject:** RE: Draft Edgewater Casino TB Submission - UPDATED

Hi Paul,

Doug specifically asked me on Friday to not share with TB analysts until he had a chance to show the Minister a draft. Thanks.

Michele

---

**From:** Cumberland, Paul JAG:EX  
**Sent:** Monday, December 10, 2012 3:11 PM  
**To:** Jaggi-Smith, Michele MEM:EX; Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX; Jones, Amy F MEM:EX  
**Subject:** RE: Draft Edgewater Casino TB Submission - UPDATED

I would call this penultimate and I think it's time to share with TBS (Jeremy). That will open the flood gates of questions, many of which we can deflect to BCLC. Given that we would not likely satisfy their answers we concurrently begin the process of EFO/DM approval as long as you are happy Doug.

s.12,s.13,s.17

Paul

---

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Monday, December 10, 2012 2:40 PM  
**To:** Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Cumberland, Paul JAG:EX; Fair, Susan P MEM:EX; Jones, Amy F MEM:EX  
**Subject:** RE: Draft Edgewater Casino TB Submission - UPDATED  
**Importance:** High

Doug,

I have made the changes you requested in the email below, with the exception of one outstanding. Please see attached revised draft TB submission.

Michele

---

**From:** Scott, Douglas S MEM:EX  
**Sent:** Monday, December 10, 2012 8:00 AM  
**To:** Jaggi-Smith, Michele MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Cumberland, Paul JAG:EX; Fair, Susan P MEM:EX  
**Subject:** RE: Draft Edgewater Casino TB Submission

Para 1 – I would just go with the date not the time... **Done**

Last bullet before request – slight cleanup of writing required. **Done**

Implications and considerations – second and third bullet – gender neutral please. **Done**

s.13

---

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Friday, December 7, 2012 3:20 PM  
**To:** Scott, Douglas S MEM:EX; Cumberland, Paul JAG:EX  
**Cc:** Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX  
**Subject:** FW: Draft Edgewater Casino TB Submission  
**Importance:** High

Please find attached BCLC's comments to the draft Edgewater Casino TB submission for your review. Please let me know your thoughts. Thanks.

Michele

---

**From:** Mike Wolfram [<mailto:MWolfram@BCLC.com>]  
**Sent:** Friday, December 7, 2012 2:08 PM  
**To:** Jaggi-Smith, Michele MEM:EX  
**Cc:** XT:Williamson, Tom CAsE:IN; Michael Graydon; Jim Lightbody  
**Subject:** RE: Draft Edgewater Casino TB Submission

Michelle,

Tom and I have reviewed the document and provided comments using track changes. Please note that I am traveling the remainder of the afternoon. If you have any follow-up questions today you may contact Tom Williamson at (250) 828-5645

Thanks  
Mike

---

**From:** Jaggi-Smith, Michele MEM:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]  
**Sent:** Wednesday, December 05, 2012 5:08 PM  
**To:** Tom Williamson; Mike Wolfram  
**Cc:** Scott, Douglas S MEM:EX; Cumberland, Paul JAG:EX; Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX  
**Subject:** Draft Edgewater Casino TB Submission

Hi,

Please find attached the draft Edgewater Casino TB submission for your review and comments. As this is confidential advice to a Cabinet Committee, I would ask that you please keep circulation to a minimum. Please give me a call if you have any questions. 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](mailto:michele.jaggismith@gov.bc.ca)

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[1] The current service provider compensation model allows for a FDC of 3% of total casino net win for approved eligible capital expenditures on account of casino developments or improvements. AFDC is intended as a one-time remuneration on a significant development/redevelopment project of the Service Provider's choice.

[2] The current service provider compensation model allows for a FDC of 3% of total casino net win for approved eligible capital expenditures on account of casino developments or improvements. AFDC is intended as a one-time remuneration on a significant development/redevelopment project of the Service Provider's choice.

**From:** Jaggi-Smith, Michele MEM:EX  
**To:** Scott, Douglas S MEM:EX  
**Cc:** Fair, Susan P MEM:EX  
**Subject:** s.13,s.14  
**Date:** Wednesday, February 20, 2013 4:49:00 PM  
**Attachments:** s.13,s.14  
**Importance:** High

---

Doug,

I've made changes to the draft briefing note and

s.13,s.14

Michele

---

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Friday, February 8, 2013 3:10 PM  
**To:** Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX  
**Subject:** s.13,s.14  
**Importance:** High

Hi Doug,

Please find attached a draft briefing note and

s.13,s.14

Have a great long weekend!

Michele

---

**From:** Scott, Douglas S MEM:EX  
**Sent:** Friday, February 1, 2013 8:22 PM  
**To:** Jaggi-Smith, Michele MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX; Fair, Susan P MEM:EX  
**Subject:** Re: Edgewater has been approved  
Thanks Michele - we can discuss timing... Have a great weekend.

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch

On 2013-02-01, at 7:38 PM, "Jaggi-Smith, Michele MEM:EX" <Michele.JaggiSmith@gov.bc.ca> wrote:

s.13,s.14

Michele

Sent from my iPhone

On 2013-02-01, at 5:32 PM, "Scott, Douglas S MEM:EX" <Douglas.S.Scott@gov.bc.ca> wrote:

It is done. Minor was done with Minister of Finance so I am told by Mike

G. Have not yet received confirmation by the Ministry – s.13,s.14

s.13,s.14

**From:** Bell, Suzanne N MEM:EX  
**Sent:** Friday, February 1, 2013 5:04 PM  
**To:** Scott, Douglas S MEM:EX; Jaggi-Smith, Michele MEM:EX  
**Cc:** Fair, Susan P MEM:EX  
**Subject:** RE: Edgewater has been approved  
OK – the TB sub in total, or just that it's been approved to go as a minor?

**Suzanne N. Bell**

Executive Director, Corporate Services & Responsible  
Gambling  
Gaming Policy & Enforcement Branch

**From:** Scott, Douglas S MEM:EX  
**Sent:** Friday, February 1, 2013 16:34  
**To:** Bell, Suzanne N MEM:EX; Jaggi-Smith, Michele MEM:EX  
**Cc:** Fair, Susan P MEM:EX  
**Subject:** Edgewater has been approved

s.13,s.14

*Doug*

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
Ministry of Energy and Mines  
PO Box 9311, Stn Prov Govt  
Victoria, BC  
V8W 9N1  
Telephone: 250-953-4482  
Website: [www.pssg.gov.bc.ca/gaming](http://www.pssg.gov.bc.ca/gaming)  
***Know your limit, play within it.***



*Please consider the environment before printing this e-mail*

**From:** [Mike Wolfram](#)  
**To:** [Jaggi-Smith, Michele](#) EMNG:EX  
**Subject:** FW: Edgewater Analysis  
**Date:** Wednesday, April 24, 2013 4:22:43 PM  
**Attachments:** 2013 Apr 24 - Edgewater HLG Impact - Version 3.xlsx  
2013 Apr 21 Commission Impact on HLG.docx

---

Michele,

s.22

Attached is the information that I had sent him for review. The recommendation would require an adjustment to the City of Vancouver HLG payment schedule over a number of years but end up as a net zero in the end.

Please review and let me know when would be a good time to discuss. I am working out of our Vancouver office today and tomorrow and can be reached at (604) 225 – 6440. I will be in by 7am tomorrow morning if early works for you. Jervis will also be available until 8:15am tomorrow morning. I am available currently but Jervis is not.

Thanks

Mike

---

**From:** Mike Wolfram  
**Sent:** Wednesday, April 24, 2013 2:10 PM  
**To:** Scott, Douglas S MEM:EX (Douglas.S.Scott@gov.bc.ca)  
**Subject:** Edgewater Analysis

Doug,

Attached is the word document which includes the recommendation along with the excel file of the analysis to support the numbers. Please advise if you are available to discuss after 4pm today.

Thanks

Mike

---

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**From:** [Scott, Douglas S SBRT:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#); [Seabrook, Norine FIN:EX](#)  
**Subject:** FW: Edgewater Analysis  
**Date:** Monday, April 29, 2013 4:44:53 PM  
**Attachments:** 2013 Apr 24 - Edgewater HLG Impact - Version 3.xlsx  
2013 Apr 21 Commission Impact on HLG.docx

---

s.22

I had a out of office response so I imagine he forwarded this to one of you last week...

---

**From:** Mike Wolfram [mailto:MWolfram@BCLC.com]

**Sent:** Wednesday, April 24, 2013 2:10 PM

**To:** Scott, Douglas S EMNG:EX

**Subject:** Edgewater Analysis

Doug,

Attached is the word document which includes the recommendation along with the excel file of the analysis to support the numbers. Please advise if you are available to discuss after 4pm today.

Thanks

Mike

---

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**From:** [Seabrook, Norine EMNG:EX](#)  
**To:** [Jaggi-Smith, Michele EMNG:EX](#)  
**Subject:** FW: Edgewater HLG  
**Date:** Wednesday, May 1, 2013 12:57:35 PM

---

FYI

Can we discuss.

Norine Seabrook

A/Manager, Financial Strategies

Gaming Policy and Enforcement Branch

Ministry of Energy, Mines and Natural Gas

250-387-2412

[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

---

**From:** Mike Wolfram [<mailto:MWolfram@BCLC.com>]

**Sent:** Wednesday, May 1, 2013 12:01 PM

**To:** Seabrook, Norine EMNG:EX

**Cc:** Jervis Rodrigues

**Subject:** RE: Edgewater HLG

As you know when we adjusted our slot amortization from 5 years to 8 years it had a positive impact on all of our facilities net income. For Edgewater this amount reduced operating costs approx. \$750K which equates to \$75K increase to HLG. [s.13](#)

[s.13](#) and the \$75K increase for the slot amortization period which would make them whole based on prior years. [s.13,s.14](#)

[s.13,s.14](#)

Mike

---

**From:** Seabrook, Norine EMNG:EX [<mailto:Norine.Seabrook@gov.bc.ca>]

**Sent:** Wednesday, May 01, 2013 11:55 AM

**To:** Mike Wolfram

**Subject:** FW: Edgewater HLG

Hi Mike,

[s.13](#)

Thanks!

Norine Seabrook

A/Manager, Financial Strategies

Gaming Policy and Enforcement Branch

Ministry of Energy, Mines and Natural Gas

250-387-2412

[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

---

**From:** Jaggi-Smith, Michele EMNG:EX

**Sent:** Wednesday, May 1, 2013 11:42 AM

**To:** Seabrook, Norine EMNG:EX

**Subject:** FW: Edgewater HLG

---

**From:** Scott, Douglas S EMNG:EX

**Sent:** Wednesday, May 1, 2013 11:36 AM

**To:** Jaggi-Smith, Michele EMNG:EX

**Subject:** Fwd: Edgewater HLG

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch

Begin forwarded message:

**From:** Mike Wolfram <[MWolfram@BCLC.com](mailto:MWolfram@BCLC.com)>  
**Date:** 1 May, 2013 11:18:10 AM PDT  
**To:** "Scott, Douglas S EMNG:EX" <[Douglas.S.Scott@gov.bc.ca](mailto:Douglas.S.Scott@gov.bc.ca)>  
**Cc:** Jervis Rodrigues <[JRodrigues@BCLC.com](mailto:JRodrigues@BCLC.com)>, Greg Walker <[GWalker@BCLC.com](mailto:GWalker@BCLC.com)>  
**Subject:** Edgewater HLG

Doug,  
Attached is the revised calculation for the Edgewater Casino HLG calculation for the City of Vancouver. At this point we have only completed the schedule specific to Edgewater. As we are in the middle of our month end this week, the full revised HLG package will be completed and forwarded next week. It should be noted that this change for Edgewater does not impact any other calculations or casino locations.

Thanks  
Mike Wolfram  
Director, Gaming Finance  
BCLC  
(250) 828 – 5549  
[mwolfram@bclc.com](mailto:mwolfram@bclc.com)

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**From:** Jaggi-Smith, Michele FIN:EX  
**To:** Woodson, Ian G JAG:EX  
**Cc:** Cumberland, Paul JAG:EX; Seabrook, Norine FIN:EX  
**Subject:** FW: Ltr to GPEB re Remuneration Formula Directive  
**Date:** Friday, September 21, 2012 9:15:07 AM  
**Attachments:** Ltr Request to GPEB - Directive for Adjustment to Remuneration Formula - ex14 Sept 2012.pdf  
s.13.s.14

---

Ian,

In the attached briefing material, BCLC has asked GPEB to increase the Facility Development Commission (FDC) for the Edgewater Casino, Hastings Racecourse and Fraser Downs Racecourse – by a Directive from the General Manager (Doug). The request is for an increase from the current 3% to 5% and 5.5% respectively. The FDC is the component of the remuneration formula which enables service providers to earn additional commission by making capital investments in gaming facilities and is payable to the service providers in amounts equal to expenditures which were incurred in development or improvement of gaming facilities and approved by BCLC.

s.13.s.14

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:** Bell, Suzanne N MEM:EX

**Sent:** Tuesday, September 18, 2012 11:15 AM

**To:** Jaggi-Smith, Michele MEM:EX

**Subject:** FW: Ltr to GPEB re Remuneration Formula Directive

Hi Michele – s.13.s.14 along with the letter from BCLC – can you see if you can fill in the blanks for me, please? Then if you could get an Issues Note going, that would be great. Thanks very much!

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

---

**From:** Scott, Douglas S MEM:EX

**Sent:** Tuesday, September 18, 2012 08:17

**To:** Bell, Suzanne N MEM:EX

**Subject:** Re: Ltr to GPEB re Remuneration Formula Directive

Yes please... Thanks

Douglas S. Scott

Assistant Deputy Minister

Gaming Policy and Enforcement Branch

Government of British Columbia

On Sep 17, 2012, at 5:57 PM, "Bell, Suzanne N MEM:EX" <[Suzanne.Bell@gov.bc.ca](mailto:Suzanne.Bell@gov.bc.ca)> wrote:

[REDACTED] s.13,s.14  
I assume that you'd like to have an  
Information Note drafted for Lorr and the Minister?

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

---

**From:** Scott, Douglas S MEM:EX

**Sent:** Friday, September 14, 2012 15:45

**To:** Bell, Suzanne N MEM:EX

**Subject:** Re: Ltr to GPEB re Remuneration Formula Directive

Yes.

Sent from my iPhone

On 2012-09-14, at 2:30 PM, "Bell, Suzanne N MEM:EX" <[Suzanne.Bell@gov.bc.ca](mailto:Suzanne.Bell@gov.bc.ca)> wrote:

[REDACTED] s.12,s.13

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

---

**From:** Scott, Douglas S MEM:EX

**Sent:** Friday, September 14, 2012 13:55

**To:** Bell, Suzanne N MEM:EX

**Subject:** Fwd: Ltr to GPEB re Remuneration Formula Directive

Hi Suzanne - please prep for response [REDACTED] s.13,s.14 - I will  
evaluate when I am back Monday (policy work does not need to be done

then)  
Thanks

Sent from my iPhone

Begin forwarded message:

**From:** Carmen Minger <[CMinger@BCLC.com](mailto:CMinger@BCLC.com)>  
**Date:** 14 September, 2012 1:22:57 PM PDT  
**To:** "Scott, Douglas S MEM:EX" <[Douglas.S.Scott@gov.bc.ca](mailto:Douglas.S.Scott@gov.bc.ca)>  
**Subject:** Ltr to GPEB re Remuneration Formula Directive

Good afternoon, Assistant Deputy Minister Scott.  
Attached please find a letter from Michael Graydon with respect to a request from BCLC regarding a Directive relating to the remuneration formula for various gaming facilities.

Regards,

*Carmen Minger*

Legal Services and Casino Compliance Specialist  
Corporate Security and Compliance  
74 West Seymour Street  
Kamloops, BC V2C 1E2  
T 250 828 5504 C 250 819 2922 F 250 828 5637  
[cminger@bclc.com](mailto:cminger@bclc.com)  
[bclc.com](http://bclc.com)

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**From:** Jaggi-Smith, Michele FIN:EX  
**To:** Seabrook, Norine FIN:EX  
**Subject:** FW: Ltr to GPEB re Remuneration Formula Directive  
**Date:** Tuesday, September 25, 2012 2:15:45 PM

---

**From:** Scott, Douglas S MEM:EX  
**Sent:** Tuesday, September 25, 2012 1:46 PM  
**To:** Jaggi-Smith, Michele MEM:EX; Fair, Susan P MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX  
**Subject:** Re: Ltr to GPEB re Remuneration Formula Directive  
Thanks Michele - please also have a look at the pp file Suzanne has re: financial implications.  
Susan - please book 40 min to discuss.

Sent from my iPhone

On 2012-09-25, at 11:26 AM, "Jaggi-Smith, Michele MEM:EX" <[Michele.JaggiSmith@gov.bc.ca](mailto:Michele.JaggiSmith@gov.bc.ca)> wrote:

Hi,

s.13.s.14

Page 027

Withheld pursuant to/removed as

s.13,s.14

s.13,s.14

Please let me know if you wish to discuss further. Thanks.

Michele

---

**From:** Bell, Suzanne N MEM:EX

**Sent:** Tuesday, September 18, 2012 11:15 AM

**To:** Jaggi-Smith, Michele MEM:EX

**Subject:** FW: Ltr to GPEB re Remuneration Formula Directive

Hi Michele – s.13,s.14 along with the letter from BCLC – can you see if you can fill in the blanks for me, please? Then if you could get an Issues Note going, that would be great. Thanks very much!

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

---

**From:** Scott, Douglas S MEM:EX

**Sent:** Tuesday, September 18, 2012 08:17

**To:** Bell, Suzanne N MEM:EX

**Subject:** Re: Ltr to GPEB re Remuneration Formula Directive

Yes please... Thanks

Douglas S. Scott

Assistant Deputy Minister

Gaming Policy and Enforcement Branch

Government of British Columbia

On Sep 17, 2012, at 5:57 PM, "Bell, Suzanne N MEM:EX" <[Suzanne.Bell@gov.bc.ca](mailto:Suzanne.Bell@gov.bc.ca)> wrote:

s.13,s.14

I assume that you'd like to have an Information Note drafted for Lori and the Minister?

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

---

**From:** Scott, Douglas S MEM:EX

**Sent:** Friday, September 14, 2012 15:45

**To:** Bell, Suzanne N MEM:EX

**Subject:** Re: Ltr to GPEB re Remuneration Formula Directive

Yes.

Sent from my iPhone

On 2012-09-14, at 2:30 PM, "Bell, Suzanne N MEM:EX"

<Suzanne.Bell@gov.bc.ca> wrote:

s.12,s.13

Thanks Doug.

**Suzanne N. Bell**

Executive Director

Corporate Services & Responsible Gambling

Gaming Policy & Enforcement Branch

**From:** Scott, Douglas S MEM:EX

**Sent:** Friday, September 14, 2012 13:55

**To:** Bell, Suzanne N MEM:EX

**Subject:** Fwd: Ltr to GPEB re Remuneration Formula Directive

Hi Suzanne - please prep for response s.13,s.14

s.13,s.14 I will evaluate when I am back Monday (policy work does not need to be done then)

Thanks

Sent from my iPhone

Begin forwarded message:

**From:** Carmen Minger <CMinger@BCLC.com>

**Date:** 14 September, 2012 1:22:57 PM PDT

**To:** "Scott, Douglas S MEM:EX"

<Douglas.S.Scott@gov.bc.ca>

**Subject:** Ltr to GPEB re Remuneration  
Formula Directive

Good afternoon, Assistant Deputy Minister  
Scott.

Attached please find a letter from Michael  
Graydon with respect to a request from BCLC  
regarding a Directive relating to the  
remuneration formula for various gaming  
facilities.

Regards,

*Carmen Minger*

Legal Services and Casino Compliance Specialist

Corporate Security and Compliance

74 West Seymour Street

Kamloops, BC V2C 1E2

T 250 828 5504 C 250 819 2922 F 250 828 5637

[cminger@bclc.com](mailto:cminger@bclc.com)

[bclc.com](http://bclc.com)

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Page 031

Withheld pursuant to/removed as

s.14

Page 032

Withheld pursuant to/removed as

s.13,s.14

**From:** Jaggi-Smith, Michele EMNG:EX  
**To:** Scott, Douglas S EMNG:EX; McPherson, Gordon IAG:EX  
**Subject:** FW: Signed PavCo Agreement  
**Date:** Tuesday, March 26, 2013 3:36:00 PM  
**Attachments:** Master Agreement.pdf

---

FYI.

Michele

---

**From:** Merchant, Ron J EMNG:EX  
**Sent:** Tuesday, March 26, 2013 3:13 PM  
**To:** Jaggi-Smith, Michele EMNG:EX  
**Cc:** Bell, Suzanne N EMNG:EX; Smith, Kevin M EMNG:EX  
**Subject:** FW: Signed PavCo Agreement  
Michele,

We received the attached signed Agreement from Paragon/PavCo today and haven't reviewed yet for any comments. Kevin has been provided a copy and we will benefit from his review and assessment of the document.

R.J. (Ron) Merchant  
Director/Deputy Registrar  
Gaming Policy & Enforcement Branch  
Mail: PO Box 9202 Stn Prov Govt  
Victoria, BC V8W 9J1  
Phone: 250.356.0989  
Fax: 250.356.0278  
E-mail: [ron.merchant@gov.bc.ca](mailto:ron.merchant@gov.bc.ca)

---

**From:** Dennis Amerine [s.22]  
**Sent:** Tuesday, March 26, 2013 11:46 AM  
**To:** Merchant, Ron J EMNG:EX; Smith, Kevin M EMNG:EX  
**Subject:** Signed PavCo Agreement

Hello Ron and Kevin,

Attached is the signed Master Development Agreement with PavCo. Please let me know if you have any questions.

Best regards, Dennis

---

No virus found in this message.

Checked by AVG - [www.avg.com](http://www.avg.com)

Version: 2013.0.2904 / Virus Database: 2641/6203 - Release Date: 03/25/13

**From:** [Bell, Suzanne N EMNG:EX](#)  
**To:** [Scott, Douglas S EMNG:EX](#)  
**Cc:** [Jaggi-Smith, Michele EMNG:EX](#)  
**Subject:** fyi  
**Date:** Thursday, May 30, 2013 1:07:02 PM

---

# Edgewater Casino seeks to extend lease

inShare0

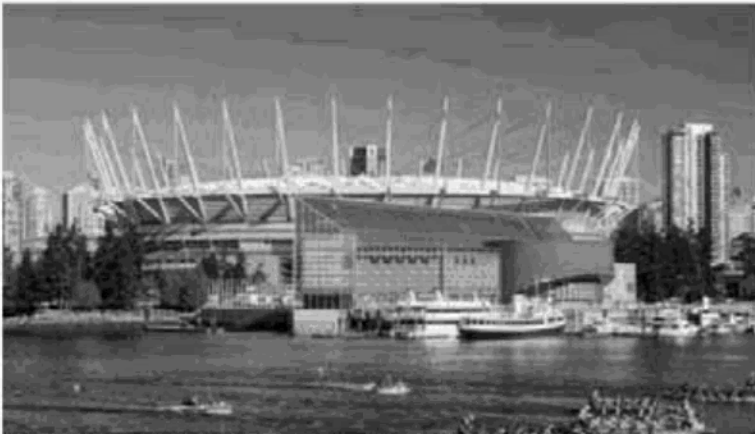
 [Email](#)  [Print](#)  [0 Comments and 0 Reactions](#)

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[Edgewater Casino confusion prompts renewed legal action](#)

Tags: [Peter Fassbender](#), [BC Place](#), [Vancouver](#), [Great Canadian Gaming Corp.](#), [casino and gambling](#)



BC Place with Edgewater Casino in front | Volodymyr Kyrylyuk / Shutterstock.com

By [Bob Mackin](#) Thu May 30, 2013 10:20am PST

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[BMackin@biv.com](mailto:BMackin@biv.com)

[@bobmackin](#)

**Suzanne N. Bell**

Executive Director, Corporate Services  
Gaming Policy & Enforcement Branch

**From:** [Landry, Jessica FIN:EX](#)  
**To:** [Hazel, Jillian FIN:EX](#)  
**Cc:** [Seabrook, Noring FIN:EX](#)  
**Subject:** HLG AFDC  
**Date:** Friday, April 17, 2015 9:44:32 AM  
**Attachments:** [REEdgewater \\$1.37m Adjustment Clarification \(Q1 2014\).msg](#)

---

Hi Jillian,

I've attached a spreadsheet which includes an email from 2013.

The accruals for AFDC started in Q4 2013 (Jan – Mar 2013); however, it appears that the adjustments to result in no impact to Vancouver did not begin until Q1 2014 (April – Jun 2013).

s.13

***Jessica Landry***

A/Director, Operations

BC Ministry of Finance | Gaming Policy and Enforcement Branch

Phone: 250-516-6007 | Fax: 250-356-1910

**From:** [Boychuk, Dave FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** HLG note  
**Date:** Thursday, September 24, 2015 4:49:52 PM  
**Attachments:** 345681 - BN -HLG Payments r2.doc

---

Page 038

Withheld pursuant to/removed as

NR

**From:** Fair, Susan P FIN:EX  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** letter  
**Date:** Wednesday, February 26, 2014 3:14:39 PM  
**Attachments:** 20140226151234.pdf

---

Hi Michele, as per your voice message, here is the letter Coleman sent to Graydon on April 11/13. Please let me know if you need anything further on this.

*Susan*

Susan Fair  
Executive Administrative Assistant  
Gaming Policy and Enforcement Branch  
Ministry of Finance

(250) 387-1301

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

**From:** Jaggi-Smith, Michele FIN:EX  
**To:** Mazure, John C. FIN:EX  
**Cc:** Fair, Susan P. FIN:EX; Bell, Suzanne N. FIN:EX  
**Subject:** Notes for Meeting with BCLC  
**Date:** Tuesday, March 11, 2014 11:59:00 AM  
**Importance:** High

---

Hi John,

Please find below a list of items for discussion for your meeting with Jim/Jervis tomorrow. Please let me know if you would like to add anything further.

s.13,s.14

#### Gaming on Ferries

- Status update - GPEB is not currently working on this proposal. Further work needs to occur between Ministry of Transportation and BC Ferries.

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:** [Carmen Minger](#)  
**To:** [Jaggi-Smith, Michele EMNG:EX](#)  
**Subject:** RE: Casino Operational Services Agreements (COSA)  
**Date:** Monday, June 3, 2013 10:23:48 AM

---

Good morning, Michele.

Further to my voicemail message of earlier today, I am going to forward your request for information to Constance Ladell, BCLC's general counsel, to respond to your query directly.

Many thanks,

Carmen

*Carmen Minger*

Legal Services and Casino Compliance Specialist  
Corporate Security and Compliance  
74 West Seymour Street  
Kamloops, BC V2C 1E2  
T 250 828 5504 C 250 819 2922 F 250 828 5637  
[cminger@bclc.com](mailto:cminger@bclc.com)  
bclc.com

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---

**From:** Jaggi-Smith, Michele EMNG:EX [mailto:Michele.JaggiSmith@gov.bc.ca]  
**Sent:** Friday, May 31, 2013 3:21 PM  
**To:** Carmen Minger  
**Cc:** Lefler, Stephen C EMNG:EX  
**Subject:** Casino Operational Services Agreements (COSA)

Hi Carmen,

We have had a public inquiry in our ministerial correspondence and from another jurisdiction asking about gaming revenue percentages for service providers. Can you please advise whether all COSAs have the same gaming revenue percentages for service providers or is the revenue percentage separately negotiated between each service provider and BCLC? So for example, would the COSAs Schedule 'A's (Service Provider remuneration) be different or the same for each service provider?

Thanks Carmen!

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](mailto:michele.jaggismith@gov.bc.ca)

---

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**From:** [Seabrook, Norine EMNG:EX](#)  
**To:** [Bell, Suzanne N EMNG:EX](#)  
**Cc:** [Fair, Susan P EMNG:EX](#); [Jaggi-Smith, Michele EMNG:EX](#)  
**Subject:** RE: Change to HLG Payment for Vancouver  
**Date:** Thursday, April 25, 2013 12:55:22 PM

---

Hi Suzanne,

I will proceed with making the HLG payment to City of Vancouver based on the previously submitted amounts received by BCLC s.13

I hope that BCLC will be communicating with the city before the funds are received April 30<sup>th</sup> .....

I will send you notification shortly that the payment is ready for your EA.

Thank you!

Norine Seabrook

A/Manager, Financial Strategies

Gaming Policy and Enforcement Branch

Ministry of Energy, Mines and Natural Gas

250-387-2412

[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

---

**From:** Bell, Suzanne N EMNG:EX

**Sent:** Thursday, April 25, 2013 12:13 PM

**To:** 'mwolfram@bcl.com'; 'jrodrigues@bcl.com'

**Cc:** Jaggi-Smith, Michele EMNG:EX; Seabrook, Norine EMNG:EX; Scott, Douglas S EMNG:EX;

Cumberland, Paul JAG:EX; Meilleur, Len EMNG:EX

**Subject:** Change to HLG Payment for Vancouver

Hi Mike and Jervis, I wanted to get back to you as soon as possible about the above, since we had planned to meet at 1:15. We won't need to meet, because the idea has not been approved by our Ministry Finance folks or our Deputy Minister.

s.13

Thanks everyone!

**Suzanne N. Bell**

Executive Director, Corporate Services

Gaming Policy & Enforcement Branch

**From:** Seabrook, Norine FIN:EX  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** RE: Chronology  
**Date:** Monday, March 10, 2014 2:31:34 PM  
**Attachments:** Q3.xlsx  
Q2.xlsx  
Q1.xlsx  
Q1-3.pdf  
RE Casino HLG for Fiscal Quarter ended June 29 2013 (Q1 2014).msg

---

As requested ☺

Norine Seabrook  
Financial Analyst  
Gaming Policy and Enforcement Branch  
Ministry of Finance  
250-387-2412  
Norine.Seabrook@gov.bc.ca

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Monday, March 10, 2014 1:44 PM  
**To:** Seabrook, Norine FIN:EX  
**Subject:** FW: Chronology

Can we discuss what I can bring to my meeting tomorrow with John about how BCLC is managing the Edgewater commissions. Thanks!

Michele

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Monday, March 10, 2014 1:43 PM  
**To:** Mazure, John C FIN:EX  
**Cc:** Bell, Suzanne N FIN:EX; Fair, Susan P FIN:EX  
**Subject:** FW: Chronology

Hi John,

We are discussing this file again tomorrow. Also attached is the letter from the BCLC CFO to you indicating that they had previously received approval from GPEB and the Minister for a directive to increase the commission payment to the service provider, Edgewater. In this letter he further indicates that they have advised the City of Vancouver about the impact the commission will have on the host local government calculation. Do you want to respond to the CFO or would you prefer a letter addressing these issues to the A/CEO?

s.13,s.14

material you need or obtain further information. Thanks John.

Michele

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Monday, March 3, 2014 6:09 PM  
**To:** Mazure, John C FIN:EX; Scott, Douglas S JAG:EX  
**Cc:** Bell, Suzanne N FIN:EX; McPherson, Gordon JAG:EX

**Subject:** FW: Chronology

**Importance:** High

Hi John,

Please find attached a revised chronology document based on my conversation with Doug on Friday afternoon. I can walk you through this document at our meeting in the morning.

Michele

---

**From:** Jaggi-Smith, Michele FIN:EX

**Sent:** Wednesday, February 26, 2014 5:40 PM

**To:** Mazure, John C FIN:EX; Scott, Douglas S JAG:EX

**Cc:** Bell, Suzanne N FIN:EX

**Subject:** FW: Chronology

**Importance:** High

Hi John,

Please find attached a revised chronology document for the Vancouver casino file. I have responded to all the comments/questions that were provided with the exception of whether the figures in the document reflect BCLC's current budget forecast. I don't have access to BCLC's current forecast but I will follow-up with Martha to determine how BCLC's current forecast contemplates Edgewater. I'm briefing you on the file next Tues morning.

Doug – could I kindly ask if you could provide any comments/questions by Friday so that I can have that information for Tues morning. Thanks.

Michele

---

**From:** Mazure, John C FIN:EX

**Sent:** Monday, February 24, 2014 2:31 PM

**To:** Jaggi-Smith, Michele FIN:EX

**Cc:** Bell, Suzanne N FIN:EX

**Subject:** FW: Chronology

Thx Michele. I have some initial comments as note in the attached. One big gap is where the Dec 31/13 letter from BCLC to GPEB fits in the story.

---

**From:** Jaggi-Smith, Michele FIN:EX

**Sent:** Monday, February 24, 2014 9:17 AM

**To:** Mazure, John C FIN:EX

**Cc:** Scott, Douglas S JAG:EX; Bell, Suzanne N FIN:EX

**Subject:** FW: Chronology

Hi John,

Please find attached a draft chronology document of the Vancouver casino file. I have asked Doug to review as well. Please let me know if you would like any additional information or would like to discuss. I think we shouldn't share this with Cheryl until Doug has had an opportunity to review. Thanks.

Doug – I received your voice mail – we should chat further but we're not scheduled until the end of the week - Friday morning. Thanks.

Michele

---

**From:** Scott, Douglas S JAG:EX

**Sent:** Sunday, February 23, 2014 7:27 PM

**To:** Jaggi-Smith, Michele FIN:EX

**Subject:** RE: Chronology

Thanks Michele – I will not have time to review until Tuesday at the earliest... if you have a diary date you need it back let me know – again thanks for your work on this...

Doug

---

**From:** Jaggi-Smith, Michele FIN:EX

**Sent:** Friday, February 21, 2014 6:41 PM

**To:** Scott, Douglas S JAG:EX

**Subject:** Chronology

**Importance:** High

Hi Doug,

I have completed a draft chronology of events for the new urban resort development in Vancouver. The chronology reflects the key events germane to the current issues at hand. Could you please have a look and let me know whether you think I have overlooked any key information or would like to add some additional thoughts? I have not shared this document yet. 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](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Amanda Hobson](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Boychuk, Dave FIN:EX](#); [Vear, Maureen FIN:EX](#)  
**Subject:** RE: City of Vancouver - HLG  
**Date:** Wednesday, June 17, 2015 11:22:20 AM

---

Ok, no problem. I will endeavor to coordinate a meeting in advance.

Thanks,

Amanda

---

**From:** Jaggi-Smith, Michele FIN:EX [<mailto:Michele.JaggiSmith@gov.bc.ca>]  
**Sent:** Wednesday, June 17, 2015 11:21 AM  
**To:** Amanda Hobson  
**Cc:** Boychuk, Dave FIN:EX; Vear, Maureen FIN:EX  
**Subject:** RE: City of Vancouver - HLG

Hi Amanda,

Our meeting goes until 4:00 so Dave and I wouldn't have flexibility after the meeting simply by the nature of the flight schedules. Thanks.

**Michele Jaggi-Smith** | Director, Gaming Policy and Communications  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

---

**From:** Amanda Hobson [<mailto:AHobson@bclc.com>]  
**Sent:** Wednesday, June 17, 2015 11:19 AM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Cc:** Boychuk, Dave FIN:EX; Vear, Maureen FIN:EX  
**Subject:** RE: City of Vancouver - HLG

That makes sense. I will see what I can coordinate on this side. If we are not able to coordinate all the relevant schedules before, do you have any flexibility after our scheduled meeting?

Thanks,

Amanda

Amanda Hobson

CFO and VP, Finance and Corporate Services  
BCLC, 74 Seymour St W, Kamloops BC V2C 1E2  
T 250 828 5599

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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:** Wednesday, June 17, 2015 11:08 AM  
**To:** Amanda Hobson  
**Cc:** Boychuk, Dave FIN:EX; Vear, Maureen FIN:EX  
**Subject:** RE: City of Vancouver - HLG

We'll be over to BCLC Vancouver office on Wed – it may work if we meet before our scheduled Executive meeting at 12?

**Michele Jaggi-Smith** | Director, Gaming Policy and Communications  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

**From:** Amanda Hobson [<mailto:AHobson@bclc.com>]

**Sent:** Wednesday, June 17, 2015 10:04 AM

**To:** Jaggi-Smith, Michele FIN:EX

**Cc:** Boychuk, Dave FIN:EX

**Subject:** RE: City of Vancouver - HLG

Thanks, Michele.

I will reach out to coordinate a time once the others are back from the gaming conference. I will be sure to include Dave on the invitation as well.

Regards,

Amanda Hobson

CFO and VP, Finance and Corporate Services

BCLC, 74 Seymour St W, Kamloops BC V2C 1E2

T 250 828 5599

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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, June 16, 2015 9:03 PM

**To:** Amanda Hobson

**Cc:** Boychuk, Dave FIN:EX

**Subject:** RE: City of Vancouver - HLG

Hi Amanda,

I'd like to include Dave Boychuk in our phone call. I have little bits of time on Thursday. I'm pretty available Friday and then next Tuesday afternoon. Maureen can assist coordinating Dave/my calendars. Please let me know who she should connect with? Thanks Amanda.

Michele

---

**From:** Amanda Hobson [<mailto:AHobson@bclc.com>]

**Sent:** Tuesday, June 16, 2015 5:38 PM

**To:** Jaggi-Smith, Michele FIN:EX

**Subject:** FW: City of Vancouver - HLG

Hi Michele,

Following up on my email below, I am back in the office now but many others are at the Gaming Conference in Ontario this week. I would like to have them aligned with my response before sending it back to you, so will be delayed until they are back.

I think it will make sense for us to have a follow-up call as well to ensure everyone is on the same page. Can you let me know when might be a good time to arrange this with you and who might be the relevant parties from GPEB to invite?

Thanks,

Amanda

Amanda Hobson

CFO and VP, Finance and Corporate Services

BCLC, 74 Seymour St W, Kamloops BC V2C 1E2

T 250 828 5599

Connect with us:

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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:** Amanda Hobson

**Sent:** Wednesday, June 10, 2015 3:02 PM

**To:** 'Jaggi-Smith, Michele FIN:EX'

**Subject:** RE: City of Vancouver - HLG

Hi Michele,

Thanks for your email. I am travelling at the moment, but will touch base with the relevant parties to provide a comprehensive response to your email below. Can I get back to you early next week?

Best regards,

Amanda Hobson

CFO and VP, Finance and Corporate Services

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

T 604 225 6355 s.17

Connect with us:

[Twitter @BCLC](#) | [Facebook BCCasinos](#) | [Blog](#) | [bclc.com](#)

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:** Wednesday, June 10, 2015 11:13 AM

**To:** Amanda Hobson

**Subject:** City of Vancouver - HLG

Hi Amanda,

I'm following up with our conversations several weeks ago regarding the host local government (HLG) payments to the City of Vancouver. We discussed the historical request by GPEB to not negatively impact the City of Vancouver's HLG payments and our mutual interest to determine how to address this matter on a going forward basis.

I understand from our Finance department, that BCLC has been accruing AFDC and FDC for the Edgewater Casino since April 1, 2012. I also understand that to date, the City of Vancouver has not experienced any impact from:

- Additional FDC of two per cent of existing net win for the cost of developing parking facilities, which will accrue for a period of five years from April 1, 2012 to March 31, 2017 (in other words, the service provider will receive five per cent FDC for five years instead of the typical three per cent); and
- AFDC of two per cent of existing net win for the cost of developing parking facilities and began accruing this commission on April 1, 2012. (In other words, the service provider will have earlier access to the AFDC than is typically provided but will not receive additional compensation over the term of the contract).

I understand these commissions have not been paid to the service provider to date but that it is anticipated this payment will need to be paid within the next 3-6 months in accordance with BCLC's COSA with Edgewater.

We have several questions regarding the way in which the future AGDC/FDC will be rolled out, and I'm hoping you could provide clarification:

s.13

s.13

- Will BCLC continue to accrue commissions for fiscal years 2015/16 and 2016/17 or will these be paid out to the service provider?

s.13

Thanks Amanda. Hope you have been enjoying this wonderful sunny weather!

Michele

**Michele Jaggi-Smith** | Director, Gaming Policy and Communications  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

---

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**From:** [Mike Wolfram](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Seabrook, Norine FIN:EX](#)  
**Subject:** RE: City of Vancouver HLG & Edgewater Casino  
**Date:** Tuesday, April 23, 2013 2:31:56 PM

---

Michele,

I met with Jervis today to walk through an analysis I have prepared. I am making some adjustments and Jervis intends to discuss our proposal with Doug tomorrow.

Mike

---

**From:** Jaggi-Smith, Michele EMNG:EX [mailto:[Michele.JaggiSmith@gov.bc.ca](mailto:Michele.JaggiSmith@gov.bc.ca)]  
**Sent:** Tuesday, April 23, 2013 2:16 PM  
**To:** Mike Wolfram  
**Cc:** Seabrook, Norine EMNG:EX  
**Subject:** FW: City of Vancouver HLG & Edgewater Casino

Hi Mike,

Norine has advised me that our drop dead date to meet our timelines for the HLG funding is Thurs at 3pm

s.13

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](mailto:michele.jaggismith@gov.bc.ca)

---

**From:** Jaggi-Smith, Michele EMNG:EX  
**Sent:** Friday, April 12, 2013 4:28 PM  
**To:** 'Mike Wolfram'  
**Cc:** Seabrook, Norine EMNG:EX  
**Subject:** City of Vancouver HLG & Edgewater Casino

Hi Mike,

s.13

We would like to

know the results of this conversation before we send out the last quarterly payment. Could you kindly copy us on any correspondence that is sent to the City of Vancouver on this matter. Thanks  
Mike.

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](mailto:michele.jaggismith@gov.bc.ca)

---

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**From:** [Scott, Douglas S SBRT:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Bell, Suzanne N EMNG:EX](#); [Seabrook, Norine FIN:EX](#); [Fair, Susan P AGRI:EX](#)  
**Subject:** Re: City of Vancouver HLG & Edgewater  
**Date:** Friday, April 12, 2013 4:25:11 PM

---

I would like to know the results of that consultation before signing.

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch

On 2013-04-12, at 4:21 PM, "Jaggi-Smith, Michele EMNG:EX"  
<[Michele.JaggiSmith@gov.bc.ca](mailto:Michele.JaggiSmith@gov.bc.ca)> wrote:

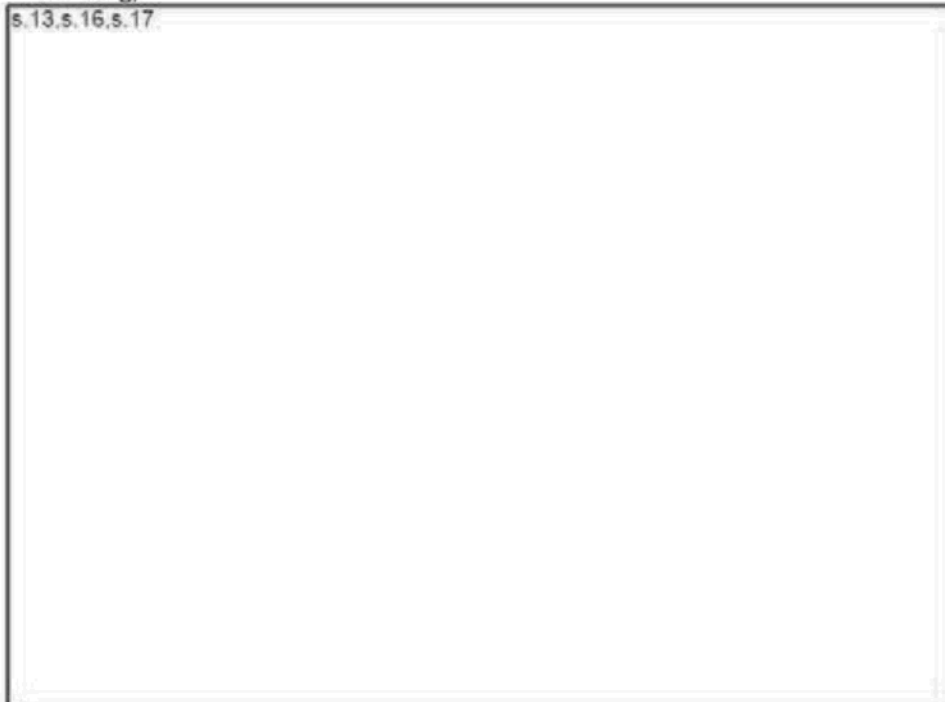
☺ !

---

**From:** Scott, Douglas S EMNG:EX  
**Sent:** Friday, April 12, 2013 4:08 PM  
**To:** Jaggi-Smith, Michele EMNG:EX  
**Cc:** Bell, Suzanne N EMNG:EX; Seabrook, Norine EMNG:EX; Fair, Susan P EMNG:EX  
**Subject:** Re: City of Vancouver HLG & Edgewater  
This was a BCLC request - they should consult with the City of Vancouver. Thanks  
Michele.

On 2013-04-12, at 3:52 PM, "Jaggi-Smith, Michele EMNG:EX"  
<[Michele.JaggiSmith@gov.bc.ca](mailto:Michele.JaggiSmith@gov.bc.ca)> wrote:

Hi Doug,  
s.13,s.16,s.17



s.13,s.16,s.17

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](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Henderson, Jeff FIN:EX](#)  
**To:** [Dickson, Brandy FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** RE: COSAs - Corrupted Edgewater  
**Date:** Friday, October 16, 2015 9:41:55 AM

---

I also tried to open and received the same message.

Jeff

---

**From:** Dickson, Brandy FIN:EX  
**Sent:** Friday, October 16, 2015 9:37 AM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Cc:** Henderson, Jeff FIN:EX  
**Subject:** RE: COSAs - Corrupted Edgewater

Hi Michele,

These have been attached, as requested, but I could not open the Edgewater COSA... it tells me it is corrupted. Could you please check to see if you can open it? If no one can open it, we'll need another copy from BCLC in order to view it properly.

TRIM link attached.

Cheers!

-B-

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Thursday, October 15, 2015 10:37 PM  
**To:** Dickson, Brandy FIN:EX  
**Cc:** Henderson, Jeff FIN:EX  
**Subject:** FW: COSAs

Brandy,

Can you create a COSA file in TRIM and file the attached documents. Thanks.

mjs

---

**From:** Jomha, Robin FIN:EX  
**Sent:** Thursday, October 15, 2015 4:06 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** COSAs

I found a few of them. We only went to electronic files in 2011 so these are ones we happened to get a copy of since then from the service provider. I think we should just ask BCLC for all of them.

**Robin Jomha**

**Director and Deputy Registrar, Corporate Registration  
Gaming Policy and Enforcement Branch**

Direct Phone 250 356-6078

e-mail [robin.jomha@gov.bc.ca](mailto:robin.jomha@gov.bc.ca)

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**From:** [Cumberland, Paul JAG:EX](#)  
**To:** [Bell, Suzanne N EMNG:EX](#)  
**Cc:** [Seabrook, Norine FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#); [Faganello, Tara CSCD:EX](#)  
**Subject:** RE: Edgewater Analysis  
**Date:** Thursday, April 25, 2013 11:57:12 AM

---

s.12,s.13,s.16,s.17

**Paul Cumberland**

A/Chief Financial Officer &  
Director, Financial Planning and Analysis  
Ministry of Justice  
5th floor, 910 Government Street  
Victoria BC  
250-356-5499

---

**From:** [Seabrook, Norine EMNG:EX](#)  
**Sent:** Thursday, April 25, 2013 10:29 AM  
**To:** [Cumberland, Paul JAG:EX](#)  
**Subject:** FW: Edgewater Analysis

Hi Paul,

Just spoke to Michele and she wanted me to tell the following additional info:

Mike states: I am working out of our Vancouver office today and tomorrow and can be reached at (604) 225 – 6440

Michele suggests you give him a call.

We need to make a HLG payment to City of Vancouver by 3pm today in order for the payment to reach the city by the due date of the 30<sup>th</sup>.

s.13,s.16

Also the meeting later this afternoon is at 1:15 not 2pm as I mentioned earlier.

Thanks Paul!!

Norine Seabrook

A/Manager, Financial Strategies  
Gaming Policy and Enforcement Branch  
Ministry of Energy, Mines and Natural Gas  
250-387-2412

[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

---

**From:** [Jaggi-Smith, Michele EMNG:EX](#)  
**Sent:** Wednesday, April 24, 2013 5:20 PM  
**To:** [Seabrook, Norine EMNG:EX](#)  
**Subject:** Fwd: Edgewater Analysis

I haven't read these yet but we can discuss in the morning.

Michele

Sent from my iPhone

Begin forwarded message:

**From:** Mike Wolfram <[MWolfram@BCLC.com](mailto:MWolfram@BCLC.com)>

**Date:** 24 April, 2013 4:22:32 PM PDT

**To:** "Jaggi-Smith, Michele EMNG:EX" <[Michele.JaggiSmith@gov.bc.ca](mailto:Michele.JaggiSmith@gov.bc.ca)>

**Subject:** FW: Edgewater Analysis

Michele,

s.22 Attached is the information that I had sent him for review. The recommendation would require an adjustment to the City of Vancouver HLG payment schedule over a number of years but end up as a net zero in the end.

Please review and let me know when would be a good time to discuss. I am working out of our Vancouver office today and tomorrow and can be reached at (604) 225 – 6440. I will be in by 7am tomorrow morning if early works for you. Jervis will also be available until 8:15am tomorrow morning. I am available currently but Jervis is not.

Thanks

Mike

---

**From:** Mike Wolfram

**Sent:** Wednesday, April 24, 2013 2:10 PM

**To:** Scott, Douglas S MEM:EX ([Douglas.S.Scott@gov.bc.ca](mailto:Douglas.S.Scott@gov.bc.ca))

**Subject:** Edgewater Analysis

Doug,

Attached is the word document which includes the recommendation along with the excel file of the analysis to support the numbers. Please advise if you are available to discuss after 4pm today.

Thanks

Mike

---

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**From:** [Mazure, John C FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Vear, Maureen FIN:EX](#)  
**Subject:** RE: Edgewater Note  
**Date:** Wednesday, June 10, 2015 4:45:02 PM

---

Thx Michele – I'll have a read of this note and the HLG one you sent me earlier and get back to you tomorrow.

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, June 10, 2015 11:42 AM  
**To:** Mazure, John C FIN:EX  
**Cc:** Vear, Maureen FIN:EX  
**Subject:** Edgewater Note

John,

This is a note that we've been working on as well regarding HLG payments and impact on City of Vancouver. You'll see in the note that we need additional information and clarity on numbers from BCLC.

s.13

s.12,s.13

Let me know if you would like to discuss this.

Michele

**Michele Jaggi-Smith** | Director, Gaming Policy and Communications  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Boychuk, Dave FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** RE: Edgewater parking  
**Date:** Tuesday, October 27, 2015 10:43:52 PM  
**Attachments:** IN\_EdgewaterParkingFunds\_drft2\_Oct22r2.docx

---

I have made a couple of minor revisions, that if accepted, I think make the note ok.

I made comments in the note to this effect as well, [s.13](#)

[s.13](#) Fine to say they have met their revenue targets each year, which is accurate. I have revised the notes to so read.

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Tuesday, October 27, 2015 6:59 PM  
**To:** Boychuk, Dave FIN:EX  
**Subject:** FW: Edgewater parking  
Does this revised language work?

---

**From:** Clarke, Brennan GCPE:EX  
**Sent:** Monday, October 26, 2015 4:01 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Cc:** Pandachuck, Niki FIN:EX  
**Subject:** Edgewater parking  
Talked it over with Jamie, changed those two bullets to address your concerns.  
Is it OK now?

**Brennan Clarke**

Senior Public Affairs Officer  
Ministry of Finance  
Office: 250 387-3514  
Cell: 778 679-3252  
[Brennan.Clarke@gov.bc.ca](mailto:Brennan.Clarke@gov.bc.ca)

From: [Boychuk, Dave FIN:EX](#)  
To: [Jaggi-Smith, Michele FIN:EX](#); [Seabrook, Norine FIN:EX](#)  
Subject: RE: Edgewater parking tweak  
Date: Monday, October 26, 2015 2:50:48 PM  
Attachments: [Edgewater1.jpg](#)  
[Edgewater2.jpg](#)

Nothing in the material from Amanda would update the \$4.6M, which is a reference to the additional commission, not the entirety of the capital commission structure, and is correct to the best of my understanding.

As to an alternate bullet, the best case scenario would be to drop the reference altogether, as it is quite misleading. In the alternative, something along these lines:

**The additional commissions provided for the Edgewater project may not have an impact on provincial government revenues from B.C.'s gaming industry.**

I realize that is likely not going to be GCPE's preference, but that is about as far as we can go until that b/n comes back. It really would be better to drop the reference.

From: Jaggi-Smith, Michele FIN:EX  
Sent: Monday, October 26, 2015 2:41 PM  
To: Seabrook, Norine FIN:EX; Boychuk, Dave FIN:EX  
Subject: RE: Edgewater parking tweak

That last statement of \$4.6M is from old material. We have a new document submission from Amanda regarding Edgewater HLG. Should we be referencing the figures in the attached?

Michele Jaggi-Smith | Executive Director  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250-356-1109 | Fax: 250-356-1810 | Email: [michele.jaggi-smith@gov.bc.ca](mailto:michele.jaggi-smith@gov.bc.ca)

From: Seabrook, Norine FIN:EX  
Sent: Monday, October 26, 2015 2:25 PM  
To: Jaggi-Smith, Michele FIN:EX; Boychuk, Dave FIN:EX  
Subject: RE: Edgewater parking tweak  
I can confirm this information is correct:

s. 13

s. 13 BCLC has met or exceeded those targets in each of the three years the additional commissions have been in effect.

FY	Net income target	Actual Net income
FY 12/13	\$1.125 B	\$1.125 B
FY 13/14	\$1.172 B	\$1.175 B
FY 14/15	\$1.193 B	\$1.255 B

However, I do not have any information to confirm this portion of the statement:

**The additional two per cent commission amounts to roughly \$4.6 million a year over five years.**

Comment [BPC2]: New material

Norine Seabrook  
Senior Financial Analyst  
Gaming Policy and Enforcement Branch  
Ministry of Finance  
250-387-2412  
[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

From: Jaggi-Smith, Michele FIN:EX  
Sent: Monday, October 26, 2015 2:12 PM  
To: Boychuk, Dave FIN:EX; Seabrook, Norine FIN:EX  
Subject: FW: Edgewater parking tweak

Can you please confirm the accuracy of Brennan's statements in the attached highlighted pieces. Thanks.

mjs

Michele Jaggi-Smith | Executive Director  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250-356-1109 | Fax: 250-356-1810 | Email: [michele.jaggi-smith@gov.bc.ca](mailto:michele.jaggi-smith@gov.bc.ca)

From: Clarke, Brennan GCPE:EX  
Sent: Monday, October 26, 2015 12:28 PM  
To: Wenezenki-Yolland, Cheryl FIN:EX  
Cc: Jaggi-Smith, Michele FIN:EX  
Subject: FW: Edgewater parking tweak

FY, a couple of tweaks to the Edgewater parking issues note, requested and approved by Jamie, just to underscore the point that the holdback percentages are not impacting BCLC revenues to province and therefore not impacting taxpayers.

Two places are highlighted in the attached note.

CC'ing Michelle to ensure that BCLC's revenue target numbers are on the mark.

Brennan Clarke  
Senior Public Affairs Officer  
Ministry of Finance  
Office: 250-387-3514  
Cell: 778-679-3252  
[Brennan.Clarke@gov.bc.ca](mailto:Brennan.Clarke@gov.bc.ca)

**From:** Scott, Douglas S EMNG:EX  
**To:** Knight, Colin FIN:EX  
**Cc:** Cumberland, Paul JAG:EX; Harrison, Kerri FIN:EX; Jaggi-Smith, Michele FIN:EX; Bell, Suzanne N FIN:EX; Coad, Jeremy A MTIC:EX  
**Subject:** RE: Edgewater TB Submission  
**Date:** Friday, March 15, 2013 11:36:08 AM

---

Hi Colin,

s.12.s.13

I hope his helps to clarify my rationale.

Regards,

*Doug*

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
Ministry of Energy, Mines and Natural Gas

PO Box 9311, Stn Prov Govt  
Victoria, BC  
V8W 9N1

Telephone: 250-953-4482

Website: [www.pssg.gov.bc.ca/gaming](http://www.pssg.gov.bc.ca/gaming)

***Know your limit, play within it.***



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**From:** Knight, Colin FIN:EX  
**Sent:** Thursday, March 14, 2013 9:24 AM  
**To:** Scott, Douglas S EMNG:EX; Coad, Jeremy A FIN:EX  
**Cc:** Cumberland, Paul JAG:EX; Harrison, Kerri FIN:EX; Jaggi-Smith, Michele EMNG:EX; Bell, Suzanne N EMNG:EX  
**Subject:** RE: Edgewater TB Submission

Hi Doug,

s.12.s.13

Colin

---

**From:** Scott, Douglas S EMNG:EX  
**Sent:** Wednesday, March 13, 2013 2:36 PM  
**To:** Coad, Jeremy A FIN:EX  
**Cc:** Cumberland, Paul JAG:EX; Harrison, Kerri FIN:EX; Knight, Colin FIN:EX; Jaggi-Smith, Michele EMNG:EX; Bell, Suzanne N EMNG:EX  
**Subject:** Edgewater TB Submission

Hi Jeremy,

This email is to confirm the following from our discussion today with you, Karri Harrison, Colin Knight and Paul Cumberland:

s.12.s.13

Regards,

*Doug*

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
Ministry of Energy, Mines and Natural Gas

PO Box 9311, Stn Prov Govt  
Victoria, BC  
V8W 9N1

Telephone: 250-953-4482

Website: [www.pssg.gov.bc.ca/gaming](http://www.pssg.gov.bc.ca/gaming)

***Know your limit, play within it.***



***Please consider the environment before printing this e-mail***

Page 062 to/à Page 063

Withheld pursuant to/removed as

NR

**From:** [Landry, Jessica FIN:EX](#)  
**To:** [Seabrook, Norine FIN:EX](#)  
**Subject:** RE: IN EdgewaterParking  
**Date:** Thursday, February 26, 2015 8:07:50 AM

---

Not a clue. Would need to do some digging

---

**From:** Seabrook, Norine FIN:EX  
**Sent:** Thursday, February 26, 2015 8:01 AM  
**To:** Landry, Jessica FIN:EX  
**Subject:** FW: IN EdgewaterParking  
I don't readily know the answer to this, do you?

Norine Seabrook  
Senior Financial Analyst  
Gaming Policy and Enforcement Branch  
Ministry of Finance  
250-387-2412  
[Norine.Seabrook@gov.bc.ca](mailto:Norine.Seabrook@gov.bc.ca)

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, February 25, 2015 6:16 PM  
**To:** Seabrook, Norine FIN:EX  
**Cc:** Clarke, Brennan GCPE:EX; Thorneloe, Meghan FIN:EX  
**Subject:** FW: IN EdgewaterParking  
Norine,

Can you please provide the answer for the highlighted XXX question at the bottom of p.2.

Brennan,

I have two questions for BCLC that I don't understand (see attached). Can you please follow-up with BCLC for explanation. Thanks.

Michele

---

**From:** Clarke, Brennan GCPE:EX  
**Sent:** Wednesday, February 25, 2015 5:08 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Cc:** Thorneloe, Meghan FIN:EX  
**Subject:** IN EdgewaterParking

I sent this to Laura for her reference while addressing some of Cheryl's comments on the Edgewater Estimates Note.

You should probably review as well. I can't recall if John signed off. Don't think so.

**Brennan Clarke**

A/ Senior Public Affairs Officer  
Ministry of Finance  
Office: 250 387-3514  
Cell: 778 679-3252  
[Brennan.Clarke@gov.bc.ca](mailto:Brennan.Clarke@gov.bc.ca)

**From:** Jaggi-Smith, Michele FIN:EX  
**To:** Grant, Joyce MEM:EX  
**Cc:** Seabrook, Norine FIN:EX  
**Subject:** RE: Letter To GPEB Requesting Directive  
**Date:** Friday, October 19, 2012 12:07:59 PM  
**Attachments:** image001.png

Hi Joyce,

s.13

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:** Grant, Joyce MEM:EX  
**Sent:** Friday, October 19, 2012 11:16 AM  
**To:** Jaggi-Smith, Michele MEM:EX  
**Cc:** Seabrook, Norine MEM:EX  
**Subject:** RE: Letter To GPEB Requesting Directive

Hi Michele,

With regards to the AFDC, the only mention I could find is in the BCLC notes to the financial statements

## 2. Significant accounting policies (continued):

### (k) Commissions:

Commissions paid to lottery retailers are based on revenue earned. BCLC recognizes these commissions as revenue is earned.

Commissions paid to casino, community gaming and bingo service providers are based on net win earned. BCLC recognizes these commissions as net win is earned.

BCLC employs a commission structure that enables casino, community gaming and bingo service providers to earn additional commission (facility development commission (FDC) and accelerated facility development commission (AFDC)), up to contractually determined limits, based on net win generated for properties where facility enhancements have been undertaken by the service providers.

The FDC and AFDC are recognized as a commission expense to BCLC as net win is earned.

s.13

We can only trace it in our records as far back to fiscal 2006-2007 – the information provided by BCLC prior to that fiscal year does not break out expenses to that level of detail.

That's pretty much it from our side. I could make an inquiry to BCLC's finance department on this regard if required.

**Joyce Grant**

Mgr of Financial Strategies, Business Services  
Gaming Policy and Enforcement Branch  
T: (250)387-2133 | C: (250)508-3627

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Friday, October 19, 2012 9:30 AM  
**To:** Grant, Joyce MEM:EX  
**Cc:** Seabrook, Norine MEM:EX  
**Subject:** FW: Letter To GPEB Requesting Directive

Joyce,

Can you tell me what we know about the AFDC. It is not in the Casino Operational Services Agreement (COSA). When did the AFDC start? Do we have any documents on the AFDC? Thanks.

Michele

**From:** Jaggi-Smith, Michele MEM:EX  
**Sent:** Thursday, October 18, 2012 7:11 PM  
**To:** Scott, Douglas S MEM:EX  
**Cc:** Bell, Suzanne N MEM:EX  
**Subject:** RE: Letter To GPEB Requesting Directive

Doug,

Short answer - Yes - the racing tracks have an additional 5% FDC. The BCLC letter is silent on this matter.

Edgewater Casino

In the Edgewater Casino Operational Services Agreement (COSA) there is a 3% FDC. The AFDC or Accelerated Facilities Development Commission is 2% - we don't know which agreement this comes from. It was mentioned in the BCLC Powerpoint but the details of the AFDC are not known to us at this time.

Casinos at Racetracks

Hastings and Fraser Downs are a different animal (pardon the pun)! They have 2 agreements: a COSA of 3% FDC and 2% AFDC and they have a RCOSA - Racing Casino Operational Services Agreement of 5%.

s.13

I hope that makes sense. More details/information to follow!  
Michele

---

**From:** Scott, Douglas S MEM:EX  
**Sent:** October 18, 2012 9:56 AM  
**To:** Bell, Suzanne N MEM:EX; Jaggi-Smith, Michele MEM:EX  
**Subject:** Fwd: Letter To GPEB Requesting Directive

Douglas S. Scott  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch

Begin forwarded message:

**From:** "XT:Graydon, Micheal CAsE:IN" <MGraydon@BCLC.com>  
**Date:** 18 October, 2012 9:36:55 AM PDT  
**To:** "Scott, Douglas S MEM:EX" <Douglas.S.Scott@gov.bc.ca>  
**Subject:** Letter To GPEB Requesting Directive

Final document for your review. We can possibly discuss today. MG

---

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**From:** [Fair, Susan P FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** RE: Letter to John Mazure  
**Date:** Friday, March 7, 2014 8:36:48 AM  
**Attachments:** BCLC Letter.pdf

---

Here you go madam

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Thursday, March 6, 2014 7:15 PM  
**To:** Fair, Susan P FIN:EX  
**Subject:** RE: Letter to John Mazure  
Susan,

Can you please send me an electronic copy of this letter. Thanks.

Michele

---

**From:** Fair, Susan P FIN:EX  
**Sent:** Wednesday, February 26, 2014 1:39 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** RE: Letter to John Mazure

Sorry, receipt should have read February 20<sup>th</sup> not January

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, February 26, 2014 1:39 PM  
**To:** Fair, Susan P FIN:EX  
**Subject:** RE: Letter to John Mazure

Why is there a delay from receipt to logging it into CLIFF?

---

**From:** Fair, Susan P FIN:EX  
**Sent:** Wednesday, February 26, 2014 1:35 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** RE: Letter to John Mazure

Hi Michele, I received it on January 20<sup>th</sup> and logged it into CLIFF on February 21<sup>st</sup>. Not sure which day you want to use.

Cheers.

Susan

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, February 26, 2014 1:33 PM  
**To:** Fair, Susan P FIN:EX  
**Subject:** Letter to John Mazure

Hi Susan,

You know the December letter from BCLC, Jervis Rodrigues to John Mazure dated December 31, 2013 that was not cliffed. Can you advise what Feb date we are saying that we received it? 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](mailto:michele.jaggismith@gov.bc.ca)

**From:** [Klak, Steve M FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Cc:** [Mazure, John C FIN:EX](#); [Boychuk, Dave FIN:EX](#); [Ngo, Dawn FIN:EX](#); [Richards, Tara R FIN:EX](#)  
**Subject:** RE: Nongaming Amenities  
**Date:** Thursday, December 10, 2015 11:27:38 AM

---

Thanks Michele. Appreciate the info

**Steve Klak, CPA, CA**

*Chief Financial Officer and Executive Director  
Ministry of Finance and Office of the Premier  
Province of British Columbia  
(250) 356-1387*

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***



Please consider the environment before printing this email.

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Thursday, December 10, 2015 11:14 AM  
**To:** Klak, Steve M FIN:EX  
**Cc:** Mazure, John C FIN:EX; Boychuk, Dave FIN:EX  
**Subject:** RE: Nongaming Amenities

Hi Steve,

s.13

Please let me know if I have provided enough information.

Michele

**Michele Jaggi-Smith** | Executive Director  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.356.1109 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

---

**From:** Klak, Steve M FIN:EX  
**Sent:** Wednesday, December 9, 2015 3:20 PM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** FW: Nongaming Amenities

s.13

**Steve Klak, CPA, CA**

*Chief Financial Officer and Executive Director*

Ministry of Finance and Office of the Premier  
Province of British Columbia  
(250) 356-1387

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**From:** Wenezenki-Yolland, Cheryl FIN:EX  
**Sent:** Wednesday, December 9, 2015 2:42 PM  
**To:** Klak, Steve M FIN:EX  
**Subject:** RE: Nongaming Amenities

I am also curious – as I would have thought the “Kelowna Casino Expansion” – was an expansion of a gaming related facility is this not the case?

---

**From:** Wenezenki-Yolland, Cheryl FIN:EX  
**Sent:** Wednesday, December 9, 2015 2:40 PM  
**To:** Klak, Steve M FIN:EX  
**Subject:** RE: Nongaming Amenities

Please advise which ones were in whole or in part. What was the decision process and basis of decision in regard to these items -

I also note the Edgewater PARC parking lot is not in this list?

---

**From:** Klak, Steve M FIN:EX  
**Sent:** Wednesday, December 9, 2015 1:35 PM  
**To:** Wenezenki-Yolland, Cheryl FIN:EX  
**Subject:** FW: Nongaming Amenities

fyi

**Steve Klak, CPA, CA**

Chief Financial Officer and Executive Director  
Ministry of Finance and Office of the Premier  
Province of British Columbia  
(250) 356-1387

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---

**From:** Amanda Hobson [<mailto:AHobson@bclc.com>]  
**Sent:** Wednesday, December 9, 2015 12:35 PM  
**To:** Klak, Steve M FIN:EX  
**Cc:** Richards, Tara R FIN:EX  
**Subject:** RE: Nongaming Amenities

Hi Steve,

Some non-gaming amenities that have been funded, in whole or in part, by FDC/AFDC. All are associated with providing services to player which benefit the gaming floor.

- Boulevard Casino Theatre- 2007
- Grand Villa Initial Build- 2007
- Billy Barker Show Lounge- 2009
- River Rock Canada Line Parkade & Police Centre- 2011
- Kelowna Casino Expansion- 2012

Regards,

**Amanda Hobson**

CFO and VP, Finance and Corporate Services  
BCLC, 74 Seymour St W, Kamloops BC V2C 1E2  
T 250 828 5599 M 250 318 8798

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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:** Klak, Steve M FIN:EX [<mailto:Steve.Klak@gov.bc.ca>]

**Sent:** Tuesday, December 08, 2015 12:04 PM

**To:** Amanda Hobson

**Cc:** Richards, Tara R FIN:EX

**Subject:** Nongaming Amenities

Hi Amanda, further to our discussion this morning, can you please identify those nongaming facilities that have been funded through FDC/AFDC/AAFDC. Thank you

**Steve Klak, CPA, CA**

*Chief Financial Officer and Executive Director*

*Ministry of Finance and Office of the Premier*

*Province of British Columbia*

*(250) 356-1387*

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**From:** [Yu, Quinn FIN:EX](#)  
**To:** [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** RE: Notes for 348714 - BN - Edgewater Build and HLG payments - Mar 24-Annotated  
**Date:** Thursday, June 18, 2015 8:12:38 AM

---

Thanks Michele!

Quinn

---

**From:** Jaggi-Smith, Michele FIN:EX  
**Sent:** Wednesday, June 17, 2015 6:05 PM  
**To:** Yu, Quinn FIN:EX  
**Subject:** FW: Notes for 348714 - BN - Edgewater Build and HLG payments - Mar 24-Annotated  
Michele Jaggi-Smith | Director, Gaming Policy and Communications  
Strategic Policy and Projects Division  
Gaming, Policy and Enforcement Branch  
Direct: 250.387.0201 | Fax: 250.356.1910 | Email: [michele.jaggismith@gov.bc.ca](mailto:michele.jaggismith@gov.bc.ca)

---

**From:** Mazure, John C FIN:EX  
**Sent:** Monday, June 15, 2015 10:09 AM  
**To:** Jaggi-Smith, Michele FIN:EX  
**Subject:** Notes for 348714 - BN - Edgewater Build and HLG payments - Mar 24-Annotated

Hi Michele, thx for the note. My comments follow below and reflect a position that we are seeking the minister's confirmation of colemans direction in 2013 and communication of same to BCLC.

Thx

s.13

--  
Marked up using [iAnnotate PDF](#) on my iPad

**From:** [Brenton Paauwe](#)  
**To:** [Landry, Jessica FIN:EX](#)  
**Cc:** [Seabrook, Norine FIN:EX](#)  
**Subject:** RE:Edgewater \$1.37m Adjustment Clarification (Q1 2014)  
**Date:** Tuesday, July 23, 2013 4:57:40 PM  
**Attachments:** [Edgewater HLG.msg](#)

---

Hi Jessica,

I think you mean "AFDC adjustment" and not "AFDA".

Beginning in Q4 2013, BCLC started accruing for AFDC (2% of Net Win) and additional 2% FDC for Edgewater based on a revised service agreement; \$4.647m total. This was reported in HLG, which significantly decreased their payment.

GPEB instructed us (see email attached) to issue a revised HLG calculation for Edgewater, effectively removing the accruals. This process will continue until such time that GPEB authorizes BCLC to report the amount. The \$1.379m adjustment was the reversal of the Q1 2014 accrual for HLG purposes.

Hope this helps.

Cheers,  
Brenton  
T 250 828 5569

---

**From:** Landry, Jessica EMNG:EX [mailto:[Jessica.Landry@gov.bc.ca](mailto:Jessica.Landry@gov.bc.ca)]  
**Sent:** Tuesday, July 23, 2013 4:07 PM  
**To:** Brenton Paauwe  
**Subject:** FW: Casino HLG for Fiscal Quarter ended June 29, 2013 (Q1 2014)

Hi Brenton,

I'm wondering if you could provide, or assist me in obtaining, additional clarification of the AFDA adjustment to of \$1.379 m for Edgewater?

Thanks,

*Jessica Landry*  
A/Financial Analyst  
Gaming Policy and Enforcement Branch  
Ministry of Energy, Mines and Natural Gas  
250-387-2133

---

**From:** GPEB Finance GPEB:EX

**Sent:** Thursday, July 18, 2013 1:34 PM  
**To:** Seabrook, Norine EMNG:EX  
**Cc:** Landry, Jessica EMNG:EX  
**Subject:** FW: Casino HLG for Fiscal Quarter ended June 29, 2013 (Q1 2014)

FYI...

---

**From:** Aaron Reibin [<mailto:ARreibin@bclc.com>]  
**Sent:** Thursday, July 18, 2013 1:16 PM  
**To:** GPEB Finance GPEB:EX; Seabrook, Norine EMNG:EX  
**Cc:** Mike Wolfram; Wendy Henning; Barb Turner; Sharon Watkins; Rod Osborne; Catherine A. Matheson; Greg Walker; Devon Marshall; Tim Lindsay; CasinoFinanceInfo; 'Aaron Reibin ([areibin@hotmail.com](mailto:areibin@hotmail.com))'; Brenton Paauwe  
**Subject:** Casino HLG for Fiscal Quarter ended June 29, 2013 (Q1 2014)

Hello,

Please find attached the Casino HLG Reports for the 1<sup>st</sup> Quarter of Fiscal 2014.

Copies of the working files and supporting documents will follow shortly. If you have any questions or concerns please feel free to contact me or Brenton Paauwe at 250-828-5569.

Aaron Reibin, CMA  
Senior Accountant, Casino & Community Gaming Finance  
Finance & Corporate Services, BCLC

74 West Seymour Street, Kamloops, B.C. V2C 1E2  
T 250 852 5484 F 250 828 5607

[areibin@bclc.com](mailto:areibin@bclc.com)

[bclc.com](http://bclc.com)

---

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**From:** [Cumberland, Paul JAG:EX](#)  
**To:** [Thomas, Martha O FIN:EX](#); [Jaggi-Smith, Michele FIN:EX](#)  
**Subject:** Re-signed sub  
**Date:** Thursday, February 6, 2014 2:01:34 PM  
**Attachments:** [Edgewater Casino Development TB Submission FINAL \(Resigned Jan 25, 2013\).pdf](#)

---

Not sure where this went. No sign of a DL.

**From:** [Landry, Jessica FIN:EX](#)  
**To:** [Seabrook, Norine FIN:EX](#)  
**Subject:** Thoughts: Edgewater AFDC  
**Date:** Wednesday, April 1, 2015 11:59:38 AM

---

Hi Tom,

s.13

Your assistance in this matter is greatly appreciated.

Kind regards,

***Jessica Landry***

A/Director, Operations

BC Ministry of Finance | Gaming Policy and Enforcement Branch

Phone: 250-516-6007 | Fax: 250-356-1910

Page 077 to/à Page 087

Withheld pursuant to/removed as

s.13

Page 088 to/à Page 089

Withheld pursuant to/removed as

s.12,s.13,s.17

**Ministry of Finance**  
**BRIEFING DOCUMENT**

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

**Date Required:**

**Initiated by:** GPEB

**Date Prepared:** September 17, 2015

**Ministry Contact:** Dave Boychuk, Director  
Operations Division  
Gaming Policy & Enforcement Branch

**Phone Number:** 250 508-7156

**Email:** [dave.boychuk@gov.bc.ca](mailto:dave.boychuk@gov.bc.ca)

**345681**

---

**TITLE:** Host Local Government Payments to City of Vancouver – Edgewater/Parq development implications.

---

**PURPOSE:**

**(X) DECISION REQUIRED**

To either continue to adjust Host Local Government (HLG) payments to City of Vancouver to avoid the impact of capital development commissions on the City, or begin to recover commissions from payments made to the City.

---

**COMMENTS:**

The City of Vancouver has received Host Local Government (HLG) payments in excess of what would ordinarily be due, as a consequence of ministerial direction to not reduce HLG payments by commissions due to the service provider, a verbal direction issued by the then-responsible Minister Coleman. Currently approximately \$1.6 million of development commissions have accrued and will be paid to the service provider starting this fall. Payments to the service provider are made by BCLC and will not have an impact on the government financial position. Government must either continue to make unreduced HLG payments to Vancouver, or decide to bring Vancouver into alignment with the usual treatment of commissions in HLG payments.

---

Executive Director approval: \_\_\_\_\_

ADM approval: \_\_\_\_\_

Associate DM approval: \_\_\_\_\_

**DATE PREPARED:** September 17, 2015

**TITLE:** Host Local Government Payments to City of Vancouver – Edgewater/Parq development implications.

**ISSUE:**

The Edgewater Casino is being relocated and rebranded in an effort to improve revenue to both the service provider and the Province from gaming in Vancouver. In order to secure the approval of the City of Vancouver, an unusual commission structure was implemented to fund a required underground parking garage. This commission structure would have reduced Host Local Government (HLG) payments to City of Vancouver except for a direction to keep the City whole in the near term. Consequently, City of Vancouver has now received HLG payments of \$1.6 million in excess of what would ordinarily be due. City of Vancouver senior staff and council are likely unaware of this discrepancy.

**BACKGROUND:**

Gaming Facility Commissions

All gaming facilities are operated by private sector companies under contract to the British Columbia Lottery Corporation (BCLC). In general there are two types of commissions payable to service providers:

1. Operating commission generally equal to 25 per cent on slot machine net win and 40 per cent on table game net win;
2. Facility Development Commissions, which are intended to incent capital improvement of gaming facilities and of which there are two types, Facility Development Commission (FDC) of three per cent, and Accelerated Facility Development Commission (AFDC) of two per cent.

Operating commissions are not impacted by this issue, and continue to function normally for all City of Vancouver facilities.

In the ordinary case, FDC is earned on the basis of three per cent of net win (revenue less prizes paid out) of a gaming facility, and cannot be claimed by the service provider until costs of the improvement project have been incurred. AFDC of two per cent is ordinarily subject to similar conditions as FDC, and is available to service providers on a one time basis for a significant development project.

As relates to City of Vancouver and the Edgewater (rebranded to Parq [sic]) gaming facility, the situation is materially different from the ordinary case. Approval of the moved facility was dependent on a number of unusual conditions, including the construction of a parking facility. Given the costs associated with a construction project of this size in metro Vancouver, FDC and AFDC conditions were altered in order

facilitate the project. There are two notable differences that apply to the Edgewater/Parq facility:

1. Additional FDC of two per cent is available, bringing the total commission to seven per cent of net win;
2. Commissions began to accrue April 1, 2012, prior to substantial completion of the facility.

Consequently, BCLC has accrued FDC and AFDC due to Edgewater/Parq since fiscal year 2012/13. Although no cash payments have yet occurred, such payments are expected to begin imminently.

#### Host Local Government Payments

Local governments hosting a gaming facility are ordinarily entitled, by way of agreements with the province, to a percentage of net gaming income to be applied to projects in the public good. Net gaming income is net win less commissions paid and certain BCLC overhead expenses. The transfer is accomplished by way of an agreement between the Province and the Host Local Government. In the ordinary course an HLG is entitled to 10 per cent of net gaming income. Notably the calculation of net gaming income ordinarily reduces net win by the amount of commissions due under applicable FDC and AFDC.

#### **Ordinary HLG payment calculation example:**

<i>ABC Casino - operated by XYZ Gaming Inc.</i>	
\$ 100,000	Gaming Revenue
20,000	Prizes paid
<b>80,000</b>	<b>Net Win</b>
2,400	Facility Development Commission (3%)
1,600	Accelerated Facility Development Commission (2%)
<b>\$ 76,000</b>	<b>Net Gaming Income*</b>
<b>\$ 7,600</b>	<b>Host Local Government Payment</b>
*Note:	BCLC overhead and other allowable costs excluded from this example.

In respect of Vancouver, the situation is materially different from the ordinary course, as the Commissions have not been reduced from Net Win when arriving at the Net Gaming Income calculation. This has resulted in what is effectively an over-payment to City of

Vancouver, equal to 10 per cent of the FDC and AFDC which have accumulated since April 1, 2012. At present this difference is approximately \$1.6 million.

**DISCUSSION:**

s.13

s.13

**OPTIONS:**

1.

s.13

**Advantages:**

• s.13

- s.13

Challenges:

- s.13
- 

2. s.13

Advantages:

- s.13

Challenges:

- s.13

3. s.13

Advantages:

- s.13
- 
- 

Challenges:

- s.13

4. s.13

Advantages:

s.13

- 
- 

Challenges:

s.13

- 
- 
- 

**RECOMMENDATION:**

**Option 3:**

s.13

**APPROVED / NOT APPROVED**

\_\_\_\_\_  
Michael de Jong, Q.C.  
Minister

\_\_\_\_\_  
Date

Page 097 to/à Page 105

Withheld pursuant to/removed as

s.13

December 31, 2013

Mr. John Mazure  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
PO Box 9311 STN GOVT  
Victoria, BC  
V8W 9N1



Dear Mr. Mazure:

**Re: Directive for Additional Commission Related to the Edgewater Casino  
Redevelopment**

2940 Virtual Way  
Vancouver, BC V5M 0A5

T 604.215.0649

F 604.225.6424

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

BCLC had previously applied to, and received approval from, the Gaming Policy Enforcement Branch (GPEB) and the Minister responsible for Gaming for a directive to adjust the commission payment schedule to be paid to the service provider, Edgewater Casino ULC as General Partner and on behalf of Edgewater Casino Limited Partnership (Edgewater), specifically in relation to the Edgewater Casino redevelopment, on lands adjacent to BC Place stadium.

BCLC was requested by GPEB to complete two additional steps:

- 1) Discuss with the City of Vancouver the impact the commission would have on the host local government (HLG) calculation.
- 2) Provide an update on Edgewater's progress to securing an equity investor and the requisite financing for the development.

With respect to the first point, BCLC met with Mr. Chris Tay – Financial Analyst in the Financial Planning and Analysis group in the City of Vancouver Financial Services Department on Thursday October 24, 2013. The discussion focused around the impact the Edgewater redevelopment would have on the HLG calculation both short-term and long-term. Mr. Tay understood that through the construction phase of the development, there is the potential for HLG to not increase at the rate it has been previously, during the construction period. Correspondingly, he also understood that once the new facility opened it was expected that the increased performance of the facility would result in an increase in the HLG received by the City of Vancouver.

With respect to the second point, we provide the following update.

Paragon Gaming, the parent company of Edgewater Casino ULC has secured Dundee Capital as an equity investor both in the current Edgewater operations as well as the entity that will develop the new facility. In January, Paragon and Dundee will be making presentations to secure an additional equity investor. Once this is complete the group will look to secure the financing for the development.

The preliminary design has been completed in compliance with the City of Vancouver zoning by-law and the preliminary application received approval in principle from the City of Vancouver's Development Permit Board on December 16, 2013. Pending receipt of the appropriate permits it is intended to commence construction early in the new-year. The early start of construction is necessary to ensure completion of the new facility prior to the expiry of the existing facility lease in December 2016.

BCLC is pleased with the progress Paragon has made in moving the redevelopment forward and therefore requests issuance of the directive to enable our continued support of the project.

Yours truly,



Jervis Rodrigues  
CFO & VP of Finance & Corporate Services  
BCLC  
(604) 225 - 9449



2940 Virtual Way  
Vancouver, BC V5M 0A6

T 604.215.0549

F 604.225.6424

[bclc.com](http://bclc.com)

Page 108 to/à Page 113

Withheld pursuant to/removed as

s.13,s.14

Page 114 to/à Page 143

Withheld pursuant to/removed as

s.12,s.13,s.17

August 30, 2012



Paragon Gaming  
6650 Via Austi Pkwy  
Las Vegas, NV 89119

**Attention: Dennis L. Amerine**

Dear Dennis:

**RE: AMENDED AND RESTATED OPERATIONAL SERVICES AGREEMENT**

Further to our recent conversation, enclosed please find the Amended and Restated Casino Operational Services Agreement ("OSA") with respect to the Edgewater Casino in Vancouver, duly executed by Michael Graydon and Jim Lightbody on behalf of British Columbia Lottery Corporation ("BCLC").

I confirm that BCLC has retained an original executed OSA for our files.

I trust you find the enclosed to be in order.

Yours truly,

Carmen Minger  
Legal Services & Casino Compliance Specialist

encl.

74 West Seymour Street  
Kamloops, BC V2C 1E2

T 250.828.6600  
F 250.828.6631

2940 Virtual Way  
Vancouver, BC V5M 0A6

T 604.215.0649  
F 604.225.6424  
[bclc.com](http://bclc.com)

## **AMENDED AND RESTATED** **CASINO OPERATIONAL SERVICES AGREEMENT**

THIS AMENDED AND RESTATED CASINO OPERATIONAL SERVICES AGREEMENT DATE WITH EFFECT AS AT THE 31<sup>ST</sup> DAY OF JANUARY 2007, BUT ACTUALLY EXECUTED THIS 29<sup>th</sup> DAY OF JUNE, 2012.

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 -

**EDGEWATER CASINO ULC** as General Partner and on  
behalf of Edgewater Casino Limited Partnership  
750 – 770 Pacific Boulevard South  
Vancouver, British Columbia  
V6B 5E7

(hereinafter referred to as the "Service Provider")

OF THE SECOND PART

WHEREAS the Corporation has the statutory authority to:

- (i) conduct, manage, own 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, owned 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;

AND WHEREAS the Corporation and the Service Provider originally entered into a Casino Operational Services Agreement dated January 31, 2007;

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) **"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;
- (b) **"Casino Accounts"** means the bank accounts prescribed by the Corporation from time to time;
- (c) **"Casino Games or Casino Gaming"** means slot machines, electronic table games, table games and such other lottery and related promotional schemes conducted, managed, owned 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;
- (d) **"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;
- (e) **"Casino Win"** means, for any period, the aggregate of all revenues owned by the Corporation which are 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 related to the operation of such Casino Games;
- (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) **"Game Conditions"** means the instructions, criteria, conditions, information, prize entitlement, descriptions, explanations, guides, standards, policies, procedures or qualifications of a Game or related promotional scheme,

prescribed by BCLC which govern a player's participation and the Player's entitlement to claim a prize in a Game or promotional scheme;

- (h) **"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;
- (i) **"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;
- (j) **"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;
- (k) **"Player"** means a person who, for the purpose, hope or expectation of winning, has paid the prescribed consideration in order to participate in Casino Games;
- (l) **"Player Information"** means the name, address, occupation, play history and other personal information pertaining to a Player;
- (m) **"prescribe, prescribes or prescribed"** means specified or designated in writing by the Corporation from time to time;
- (n) **"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;
- (o) **"Term"** means the term of this Agreement as described in paragraph 1 of Schedule "A";
- (p) **"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;
- (q) **"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
- (r) **"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 provided 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 *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 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;
- (g) 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;
- (h) to provide the Service Provider with access to the Casino as may be necessary to supply the operational services contemplated by this Agreement;
- (i) 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;
- (j) 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
- (k) 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 by it, 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 the 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 *Commercial Arbitration Act* (BC).

**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 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 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 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 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 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 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 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 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 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 within the meaning of Article 13.01(a) of this Agreement, 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 within the meaning of Article 13.01(a) of this Agreement, 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 where the Service Provider and the landlord are associated within the meaning of Article 13.01(a) of this Agreement, 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 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 and Community 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 in an envelope addressed to the Corporation to the attention of the Vice President, Casino and Community 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 For the purpose of this Article XIII:

- (a) a person is an "associate" of another person if:
  - (i) one is a corporation of which the other is an officer or director;
  - (ii) one is a corporation 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 corporations 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) "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 or unincorporated organization is controlled by a person with an ownership interest therein representing more than fifty (50%) per cent of the assets of the partnership or organization or is held, by or for the benefit of that person;

(c) "corporation" includes a body corporate, partnership and unincorporated organization;

(d) "person" includes an individual, corporation, government, government agency, trustee, executor, administrator and other legal representative; and

(e) "voting share" means a share 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 and currently exercisable options and rights to acquire such a share or such a convertible security.

13.02 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.

13.03 If the Service Provider is a corporation, 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 or Bylaws so as to adopt the Share Constraint set forth in Article 13.05, as well as such ancillary provisions required to enable the Service Provider to enforce the Share Constraint set forth in Article 13.05, 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 shareholder of the Share Constraint, suspend all voting and dividend rights attached to any shares in the Service Provider then

held by such shareholder (to the extent permitted by Law) until such contravention is remedied; and

- (iii) if any shareholder 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 shareholder to sell or purchase shares in the Service Provider as required in order to remedy such contravention.

13.04 Following the aforesaid amendments to the Articles or Bylaws 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.

13.05 For the purposes of Article 13.03, "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 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.

13.06 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.

13.07 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.

13.08 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.

13.09 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 13.07 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 13.08, 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.

13.10 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.

13.11 Without limiting the generality of the foregoing, if, immediately before the time of any assignment or termination of this Agreement as contemplated in Articles 13.08 and 13.09 of this Agreement, the Service Provider shall be entitled to receive any existing or future Facility Development Commission (as defined in paragraph 8(b) 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, been fully reimbursed pursuant to paragraph 8(b) 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 13.08 or Article 13.09 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 an 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 For the contents hereof makes it possible the word "person" appearing in this Agreement includes in its meaning any firm and any body corporate or politic.
- 14.16 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.
- 14.17 The recitals to this Agreement form part hereof and this Agreement is to be construed accordingly.
- 14.18 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.
- 14.19 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 dated with effect as at the 31<sup>st</sup> of January, 2007, but actually executed this 29 day of June, 2012.

Witness:

Suzanne Ralley

Ahadeef

Witness:

Sandi Wheeler

Sandi Wheeler

**BRITISH COLUMBIA LOTTERY CORPORATION**  
by its authorized signatories:

Per:

Michael Graydon

Per:

Jim Lightbody

**EDGEWATER CASINO ULC** as General Partner and  
on behalf of Edgewater Casino Limited Partnership  
by its authorized signatories:

Per:

Sandra L. Beaudry

Per:

G. Scott

### Schedule "A" to the Casino Operational Services Agreement

This schedule is attached to and forms part of the Casino Operational Services Agreement effective as at the \_\_\_\_\_ day of June, 2012 between the British Columbia Lottery Corporation ("**Corporation**") and Edgewater Casino ULC as General Partner and on behalf of Edgewater Casino Limited Partnership. ("**Service Provider**").

1. The Term of this Agreement will be eight (8) years and eleven (11) months commencing on January 31, 2007 and ending on December 31, 2015:
2. The Service Provider shall have the option to extend the Term of this Agreement for a further term of ten (10) years commencing January 1, 2016 and ending December 31, 2026, (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 December 31, 2015;
  - (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 December 31, 2015, 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 March 1, 2011.

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:

<u>Name of Holder of Significant Interest</u>	<u>Percentage of Shares/ Partnership Units Held</u>
s.21	

4. The Service Provider hereby agrees to supply operational services to the Corporation at the Casino known as "**Edgewater Casino**" and located at:

Plaza of Nations  
750 South Pacific Boulevard  
Vancouver, BC

5. The Corporation authorizes the Service Provider to supply operational services for the following Casino Games:
- (a) Slot Machines and Electronic Table Games
  - (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.
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:

<b>Slot Machines and Electronic Table Games</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Roulette Wheels</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Roulette Balls</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Electronic Equipment</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Value and Non-value Chips</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Shuffle Machines</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Game Licenses</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Game Signage</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Slot Machine Control Equipment</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Playing Cards</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Dice</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Integrated Voucher Technology System</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Ticket Redemption Machines</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Monitor(s)</b>	<b>in such quantities as determined by the Corporation from time to time</b>
<b>Equipment required for Games authorized by the Corporation from time to time under paragraph 5 above</b>	<b>in such quantities as determined by the Corporation from time to time</b>

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 Win 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 up 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.
  - (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.

9. 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.
10. The Service Provider acknowledges and agrees that the Corporation has the right to conduct, manage, own 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.
11. The Service Provider and the Corporation expressly acknowledge, covenant and agree that effective June 29, 2012, the Casino Operational Services Agreement made between the parties dated January 31, 2007 in respect of the Casino in Vancouver ("January 2007 COSA") will be deemed amended and restated by this Agreement such that the January 2007 COSA shall have no force or effect effective June 29, 2012 (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 January 2007 COSA.

IN WITNESS WHEREOF the parties hereto have executed this Schedule 'A' attached to and forming part of the Casino Operational Services Agreement between the parties dated with effect as at the 31<sup>st</sup> day of January, 2007 but actually executed this 29 day of June, 2012.

Witness:

Suzanne Ralby  
Chadell

Witness:

Sandi Wheeler  
Sandi Wheeler

**BRITISH COLUMBIA LOTTERY CORPORATION**

by its authorized signatories:

Per:

Michael Graydon

Per:

Jim Lightbody

**EDGEWATER CASINO ULC as General Partner and  
 ON behalf of Edgewater Casino Inc. Limited  
 Partnership by its authorized signatories:**

Per:

Deanna R. Deegan

Per:

G. See

# Fact Sheet

## Host Local Government Payments for Fiscal Year 2014/15

Each year, local governments that host casinos or community gaming centres receive a share of net gaming income generated by those facilities. The charts below show provincial payments made to Host Local Governments (HLG) in 2014/15 as compared to 2013/14. The calculations for HLG payments are done in accordance with the Host Financial Assistance Agreement between the Province of British Columbia and each HLG.

Net gaming income is defined as net win (revenue after prizes) from casino games less fees payable by BCLC to the service provider and BCLC's administrative and operating costs as determined in accordance with International Financial Reporting Standards. Service provider fees are attributed to the specific facility and vary by community. BCLC administrative and operating costs are attributed to each facility based on net win from the facility and therefore also vary by community.

### HOST LOCAL GOVERNMENT SHARE OF CASINO REVENUE

Local Government	Casino	Total 2014/15	Total 2013/14
(in thousands of dollars)			
Burnaby	Grand Villa Casino	\$ 10,992	\$ 9,644
Coquitlam	Hard Rock Casino Vancouver	6,711	6,386
Langley	Cascades Casino	5,943	5,623
Kamloops	Lake City Casino Kamloops	1,690	1,667
Kelowna	Lake City Casino Kelowna	1,962	1,912
Ktunaxa/Kinbasket Tribal Council Society	Casino of the Rockies	1,185	1,163
Nanaimo	Casino Nanaimo	2,490	2,452
New Westminster	Starlight Casino	5,959	5,735
Penticton	Lake City Casino Penticton	1,607	1,544
Prince George	Treasure Cove Casino	2,651	2,564
Quesnel	Billy Barker Casino	501	469
Richmond	River Rock Casino Resort	21,821	17,367
Surrey	Fraser Downs Racetrack and Casino	3,030	2,773
Vancouver	Edgewater Casino	8,004	7,186
	Hastings Racecourse Casino	1,103	1,067
Vancouver Total		9,107	8,253
Vernon	Lake City Casino Vernon	2,093	1,880
View Royal	View Royal Casino	4,027	3,974
Total		\$ 81,769	\$ 73,406

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

# Fact Sheet

## Host Local Government Payments for Fiscal Year 2014/15

### HOST LOCAL GOVERNMENT SHARE OF COMMUNITY GAMING CENTRE REVENUE

Local Government (in thousands of dollars)	Community Gaming Centre	Total 2014/15	Total 2013/14
Abbotsford	Chances Abbotsford	\$ 925	\$ 892
Campbell River	Chances Campbell River	572	676
Castlegar	Chances Castlegar	440	426
Chilliwack	Chance Chilliwack	1,371	1,228
Courtenay	Chances Courtenay	942	837
Cowichan Tribes	Chances Cowichan	709	677
Dawson Creek	Chances Dawson Creek	807	779
Fort St. John	Chances Fort St. John	1,003	916
Kamloops	Chances Kamloops	751	700
Kelowna	Chances Kelowna	1,886	1,745
Langley	Playtime Langley	132	113
Maple Ridge	Chances Maple Ridge	1,138	912
Mission	Chances Mission	542	547
Port Alberni	Chances RimRock	467	444
Prince Rupert	Chances Print Rupert	510	485
Squamish Nation	Chances Squamish	219	223
Surrey	Newton Community Gaming Centre <sup>1</sup>	100	679
Terrace	Chances Terrace	705	675
Williams Lake	Chances Signal Point	578	531
<b>Total</b>		<b>\$ 13,797</b>	<b>\$ 13,485</b>

<sup>1</sup> During the fiscal year slot machines were removed from Newton Community Gaming Centre.

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Withheld pursuant to/removed as

s.12,s.13,s.17

British Columbia Lottery Corporation  
Host Local Government - Quarterly Payments to Municipalities  
2nd Quarter Fiscal 2016: June 28, 2015 to September 30, 2015

Casino / Gaming Center Plant Center #	Location	Casino Bally Baker	Hard Rock Casino Van	Casino Chaco	Casino Edmonton	Casino Fraser Downs	Casino Grand Vill	Casino Hastings Vancouver	Casino Kelowna Kelowna	Casino Nanaimo Nanaimo	Casino Okanagan Penticton	Casino River Rock	Casino Stoughton New Westminster	Casino Terrace Core	Casino Vernon Vernon
2,331,322.80	23,122,775.11	24,458,126.80	3,621,533.62	11,962,942.33	11,879,962.42	29,864,407.71	4,970,995.78	7,885,721.77	8,123,176.34	10,610,658.48	7,478,969.81	38,202,815.18	20,372,160.86	11,200,942.46	9,485,707.12
48,013.50	0,072,577.28	6,069,786.59	281,703.75	21,912,778.50	2,039,341.69	20,115,778.52	275,154.34	8,251,731.37	1,253,040.18	375,154.34	422,381.72	55,145,412.12	9,095,728.02	55,145,412.12	320,215.02
2,177,236.38	33,798,447.38	30,637,883.48	3,903,232.37	37,885,224.83	13,913,324.11	49,878,200.83	4,970,995.78	8,113,433.12	9,951,918.62	10,610,658.48	7,492,361.63	33,848,348.26	23,468,986.81	11,883,393.71	9,866,817.12
596,742.66	7,125,868.03	2,472,424.04	1,048,397.02	8,101,334.89	3,609,483.68	9,013,499.81	1,481,202.63	2,387,692.31	2,489,295.74	2,869,123.57	2,154,366.12	11,751,444.88	8,130,633.37	3,397,881.20	2,862,427.13
23,570.22	4,777,621.09	2,873,003.83	137,270.38	10,445,348.32	1,038,942.62	9,228,782.27	-	396,816.53	689,387.06	273,601.49	211,215.48	24,490,610.70	4,100,452.26	298,185.86	191,287.30
6,423.80	43,631.13	35,392.07	11,160.75	33,330.42	14,840.33	38,787.07	-	8,875.73	20,185.50	8,192.40	9,531.83	80,240.18	48,471.88	6,599.85	6,653.72
28,994.15	4,948,423.05	2,981,474.00	148,451.13	10,872,516.28	1,099,889.35	8,427,861.12	-	538,789.58	921,205.69	383,894.22	222,821.88	25,122,070.09	4,326,312.17	306,745.81	162,206.07
626,728.84	12,074,291.68	10,453,895.64	1,196,778.15	16,874,453.15	4,706,354.61	18,448,930.73	1,481,202.63	2,824,464.89	3,430,471.42	3,153,017.74	2,377,278.10	36,823,020.64	10,456,865.54	3,704,607.81	3,064,635.19
87,862.43	758,107.88	700,890.46	182,049.91	565,281.75	347,875.93	956,793.05	319,580.75	217,874.74	314,028.98	280,777.49	218,311.12	1,262,897.72	747,678.80	580,731.44	281,389.40
67,811.91	214,142.85	372,674.63	94,670.37	374,120.53	181,089.21	550,927.05	114,416.24	165,098.98	145,098.98	138,545.22	137,262.21	800,200.11	402,189.14	200,148.69	139,562.32
155,643.81	1,173,337.73	1,073,641.48	246,276.28	939,382.68	834,065.14	1,810,720.10	433,994.99	387,651.05	459,987.84	419,322.21	352,791.33	2,092,887.83	1,149,887.84	689,886.13	421,261.27
426,894	6,582.65	8,128.96	783.38	7,605.57	2,760.41	16,000.00	4,997.66	1,768.48	1,807.21	2,128.59	1,580.00	18,835.30	5,914.41	2,984.80	1,984.06
2,074.53	22,507.71	23,627.52	9,525.20	15,657.80	11,563.37	28,670.01	4,838.77	7,773.73	7,867.10	9,783.84	7,281.00	37,673.10	16,873.23	10,980.80	8,233.30
0.000000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
174,524.53	1,678,840.50	1,748,074.60	223,249.50	2,187,840.28	796,072.47	2,658,380.52	284,321.07	503,979.30	569,610.98	606,610.98	451,893.48	5,367,739.51	1,685,002.45	672,625.39	560,952.24
127,046.94	1,805,112.40	1,778,889.46	327,948.53	2,190,884.90	810,447.18	2,897,692.84	286,187.82	513,839.99	679,089.63	618,027.40	469,894.87	8,424,789.65	1,711,328.48	693,958.83	572,263.40
904,337.89	15,153,342.41	13,393,489.89	1,871,624.96	18,144,648.73	6,080,866.32	22,848,203.38	2,185,415.14	3,726,648.82	4,489,358.95	4,190,847.88	3,193,773.99	44,348,216.15	13,318,698.88	4,967,462.94	4,897,948.31
1,289,088.71	17,645,164.88	17,234,383.80	3,232,212.41	20,264,233.68	7,867,487.78	27,125,987.54	2,785,600.61	8,082,787.09	9,491,687.53	8,414,968.67	4,788,688.13	49,898,322.13	15,150,839.09	5,914,800.78	5,747,882.81
126,000.37	1,394,519.68	1,772,439.38	377,168.31	2,036,432.27	786,745.78	2,712,599.75	278,658.06	508,678.71	549,165.78	641,484.51	479,898.21	4,988,887.21	1,415,082.80	691,480.08	674,795.88
5.83%	6.38%	5.64%	5.83%	5.35%	5.65%	6.43%	6.40%	5.77%	6.82%	6.69%	5.98%	8.38%	5.48%	5.82%	5.86%
0.50%	7.46%	6.90%	0.89%	8.65%	3.15%	11.62%	1.33%	2.01%	2.27%	2.42%	1.60%	21.41%	6.72%	2.71%	2.24%
0.52%	7.23%	7.06%	1.53%	8.31%	3.15%	11.27%	1.14%	2.03%	2.25%	2.02%	1.30%	20.29%	6.52%	2.53%	2.36%
0.02%	0.35%	0.19%	0.83%	0.34%	0.09%	0.38%	0.01%	0.07%	-0.02%	0.21%	0.13%	-1.12%	0.12%	0.15%	0.15%
97.89%	70.50%	60.12%	92.20%	42.18%	85.36%	58.78%	100.00%	90.03%	81.83%	94.08%	94.03%	41.24%	69.13%	95.02%	94.73%
2.11%	29.55%	13.88%	7.22%	87.82%	14.65%	40.24%	0.00%	9.37%	18.37%	8.42%	5.26%	58.79%	30.87%	4.88%	3.27%
68.89%	78.68%	78.58%	71.82%	83.85%	77.79%	80.71%	66.86%	78.81%	78.20%	75.24%	74.43%	83.00%	78.52%	74.56%	75.50%
17.12%	7.79%	8.67%	14.76%	4.91%	8.03%	8.71%	6.86%	19.62%	10.31%	10.01%	11.14%	4.72%	8.63%	11.47%	10.38%
13.98%	12.57%	13.30%	13.82%	11.44%	13.39%	12.89%	13.26%	13.78%	12.99%	14.76%	14.43%	12.21%	12.85%	13.85%	14.10%
58%	54%	56%	57%	53%	57%	54%	56%	56%	55%	56%	60%	53%	59%	58%	58%

① reasonable - higher mix of slots, table net win is limited and it has a lower contribution margin  
higher than average but looks reasonable  
lower than average but looks reasonable  
② reasonable - high portion of table revenue which has lower contribution

Revised by: WJ 10/16/15  
Manager review: 10/16/15

British Columbia Lottery Corporation  
Host Local Government - Quarterly Payments to Municipality  
2nd Quarter Fiscal 2016, June 26, 2015 to September 25, 2015

Casino / Gaming Center Prior Center # Location	Casino View Royal View Royal	TOTAL HLG CASINOS	Chances Abbotsford 1200160	Chances Campbell River 1200160	Chances Carleton Place 1200200	Chances Chilliwack 1200160	Chances Coquitlam 1200200	Chances Courtenay 1200200	Chances Duncan 1200200	Chances Dufferin 1200200	Chances Fort St. John 1200200	Chances Kamloops 1200200	Chances Kelowna 1200200	Chances Maple Ridge 1200200	Chances Mission 1200200	Chances Nanaimo 1200200	Chances Port Alberni 1200200
REVENUE	10,648,127.63 1,960,050.45 12,608,178.08	245,152,182.37 110,521,923.68 355,674,106.05	4,070,585.63	3,159,014.96	2,944,845.97	6,290,517.13	4,111,596.53	3,087,686.79	3,016,942.50	3,576,150.01	2,422,164.07	3,422,145.71	8,591,726.09	4,699,735.47	2,422,164.07	2,416,921.62	2,144,562.11
TOTAL REVENUE	12,608,178.08	355,674,106.05	4,070,585.63	3,159,014.96	2,944,845.97	6,290,517.13	4,111,596.53	3,087,686.79	3,016,942.50	3,576,150.01	2,422,164.07	3,422,145.71	8,591,726.09	4,699,735.47	2,422,164.07	2,416,921.62	2,144,562.11
DIRECT COSTS	4,569,858.74 189,495.00 (47,373.75)	72,033,348.79 2,778,287.00 (89,824.25)	1,205,545.42	847,656.88	613,453.66	1,987,002.17	1,333,542.89	926,121.69	926,394.87	1,672,610.23	1,026,723.81	1,403,743.43	2,576,723.81	1,403,743.43	1,026,723.81	724,693.12	643,306.49
SLOT PRODUCTS	189,495.00	2,778,287.00	24,570.00	30,010.00	10,830.00	11,940.00	34,310.00	24,570.00	34,480.00	35,310.00	23,010.00	34,480.00	34,550.00	34,480.00	23,010.00	10,830.00	9,490.00
Equipment Leases - Recovery	(47,373.75)	(89,824.25)	(6,142.50)	(8,762.50)	(2,730.00)	(2,988.00)	(6,047.50)	(4,142.50)	(4,142.50)	(16,627.50)	(8,627.50)	(10,627.50)	(8,627.50)	(10,627.50)	(8,627.50)	(2,730.00)	(2,730.00)
Equipment & Supplies																	
Total Slot Direct Costs	4,741,979.99	74,111,931.84	1,228,927.92	873,814.18	624,843.66	1,999,997.17	1,368,855.39	944,529.69	955,012.37	1,689,220.53	1,035,743.43	1,414,370.93	2,602,496.31	1,414,370.93	1,035,743.43	734,887.12	643,306.49
TABLE PRODUCTS	887,221.48	40,231,344.96															
Commissions	26,075.20	384,982.72															
Equipment & Supplies	4,200.47	978,278.25															
Total Table Direct Costs	911,497.15	40,614,605.93															
TOTAL DIRECT COSTS	5,653,477.15	114,726,537.77	1,228,927.92	873,814.18	624,843.66	1,999,997.17	1,368,855.39	944,529.69	955,012.37	1,689,220.53	1,035,743.43	1,414,370.93	2,602,496.31	1,414,370.93	1,035,743.43	734,887.12	643,306.49
FACILITY OPERATING EXPENSES	413,340.83	7,948,287.00	128,140.38	99,187.77	68,799.41	148,815.76	130,813.90	102,424.80	109,443.73	122,566.16	114,159.61	144,159.61	223,851.50	144,159.61	114,159.61	87,178.02	88,842.73
Casino Product Operating Expenses	207,851.08	4,556,258.75	24,570.00	30,010.00	10,830.00	11,940.00	34,310.00	24,570.00	34,480.00	35,310.00	23,010.00	34,480.00	34,550.00	34,480.00	23,010.00	10,830.00	9,490.00
Allocated Generic Site Operating Expenses	620,841.81	13,364,828.25	162,734.64	130,788.81	106,466.69	201,707.84	187,977.11	146,666.67	146,941.07	189,457.87	203,854.11	203,854.11	333,321.17	203,854.11	149,290.28	116,782.80	94,879.78
TOTAL FACILITY OPERATING EXPENSES	1,034,182.69	21,279,373.00	290,875.02	230,176.58	175,255.81	350,523.56	318,791.01	249,091.40	256,384.80	312,024.01	318,319.22	348,013.72	557,672.67	348,013.72	318,319.22	203,956.04	203,212.50
CORPORATE OVERHEAD & SUPPORT EXPENSES	3,538.33	75,478.80	808.54	634.01	410.40	1,262.61	825.20	615.70	621.30	810.17	483.24	483.24	1,734.36	483.24	483.24	483.24	430.41
Allocation of Slot Product related expenses	16,231.89	236,631.10	3,921.43	3,074.69	1,990.45	6,123.19	4,002.23	3,005.26	3,015.59	3,481.22	4,874.72	4,874.72	15,943.19	4,874.72	15,943.19	2,352.63	2,087.63
Allocation of Table Product related expenses	16.89	1,112.86	270,418.00	180,853.00	116,957.01	250,702.42	235,187.05	176,603.51	177,075.53	230,884.87	268,800.07	268,800.07	481,412.37	268,800.07	138,538.15	138,538.15	127,600.00
Allocation of Generic Corporate OH & Support expenses	1,009,647.83	21,819,126.18	235,148.87	184,392.62	119,357.86	257,778.12	239,954.48	180,239.77	180,740.48	235,180.17	199,751.17	199,751.17	501,499.92	199,751.17	141,382.02	141,382.02	126,178.99
TOTAL CORPORATE OVERHEAD & SUPPORT EXPENSES	1,027,426.74	21,820,305.84	236,167.95	185,500.70	120,760.66	259,033.82	240,036.68	180,855.47	181,361.86	235,990.34	199,231.37	199,231.37	502,934.84	199,231.37	141,382.02	141,382.02	126,178.99
TOTAL EXPENSES	7,201,754.77	170,827,823.65	1,465,095.87	1,059,314.86	745,604.32	2,259,030.99	1,608,891.98	1,225,385.15	1,236,394.23	1,925,210.87	1,354,063.86	1,613,605.10	3,105,431.17	1,613,605.10	1,354,063.86	998,339.14	894,485.48
ADJUSTMENTS TO HLG		(1,511,848.58)															
NET PROFITS	16,335,178.31	206,768,884.43	2,382,723.18	1,882,821.64	1,197,237.65	3,838,111.00	2,434,342.55	1,863,378.56	1,803,578.56	2,285,469.57	2,281,843.74	2,281,843.74	5,154,412.74	2,281,843.74	2,281,843.74	1,425,581.98	1,281,282.58
HLG Share %	16.09%	58.69%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
HLG SHARE AMOUNT	1,633,317.43	28,625,797.61	238,372.81	188,302.19	119,737.77	383,811.10	242,434.26	181,635.51	180,337.26	225,948.10	221,943.39	221,943.39	515,441.87	221,943.39	221,943.39	142,581.90	128,126.23
% HLG Share to Total Site Revenue	8.88%	5.54%	5.92%	5.93%	5.89%	6.09%	5.90%	5.88%	5.82%	5.82%	5.89%	5.89%	5.98%	5.89%	5.89%	5.87%	5.87%
% Site Revenue to Provincial Revenue	4.02%	85.80%	0.92%	0.72%	0.47%	1.44%	0.94%	0.70%	0.71%	0.92%	0.92%	0.92%	1.86%	0.92%	0.92%	0.89%	0.89%
% Site HLG Share to Provincial HLG Share	4.24%	85.37%	0.88%	0.70%	0.49%	1.57%	0.89%	0.74%	0.74%	0.92%	0.92%	0.92%	1.86%	0.92%	0.92%	0.89%	0.89%
Difference (HLG less Revenue)	0.21%	-0.43%	0.06%	0.04%	0.02%	0.13%	0.05%	0.04%	0.03%	0.04%	0.03%	0.03%	0.15%	0.03%	0.03%	0.04%	0.04%
% of Total Revenue Generated by Slots	88.72%	68.18%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	88.80%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Total Revenue Generated by Table Games	11.27%	31.81%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	11.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% Total Expenses from Direct Costs	77.43%	79.88%	74.89%	75.08%	73.39%	76.93%	74.64%	74.29%	73.88%	75.97%	74.67%	74.67%	76.71%	74.67%	73.39%	73.98%	74.51%
% Total Expenses from Facility Operating Expenses	8.05%	7.34%	11.11%	10.70%	13.58%	8.17%	11.34%	11.84%	12.14%	13.17%	13.17%	13.17%	13.70%	13.17%	13.70%	13.70%	13.70%
% Total Expenses from Corporate Overhead & Support	14.07%	12.78%	14.30%	14.22%	14.08%	14.90%	14.32%	14.86%	13.98%	15.86%	14.16%	14.16%	14.59%	14.16%	14.16%	14.24%	14.60%
% Net Profits to Total Revenue	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

higher than average - looks reasonable  
lower than average - looks reasonable

traced from source  
reviewed formula

7B

10

Casino / Gaming Center	Chances Signal Point	Chances Squawish	Chances Terrace	COG Langley	Chances Salmon Arm	TOTAL HLG	ALL SITES
Location	Willow Lake	Squawish	Terrace	Langley	Salmon Arm		
REVENUE	2,425,842.40	1,025,213.82	2,890,183.83	462,186.02	1,907,285.19	61,802,627.84	326,454,799.31
Net Net Win	41,502.89	200,000.00	200,000.00	-	-	462,673.06	131,386,178.06
TOTAL REVENUE	2,467,345.29	1,225,213.82	3,090,183.83	462,186.02	1,907,285.19	62,265,300.90	339,840,977.37
DIRECT COSTS							
SGO PRODUCTS	727,732.71	207,633.81	687,045.18	129,412.16	535,156.09	18,488,843.88	98,221,291.87
Commissions	-	-	11,043.00	-	-	302,500.00	3,877,307.00
Equipment Leases	-	-	(2,709.00)	-	-	(12,489.00)	(16,484.25)
Equipment Lease - Recovery	-	-	-	-	-	-	-
Equipment & Supplies	727,732.71	207,633.81	679,325.18	129,412.16	533,156.09	18,176,923.88	94,326,344.62
Total Direct Costs	727,732.71	207,633.81	679,325.18	129,412.16	533,156.09	18,176,923.88	94,326,344.62
TABLE PRODUCTS							
Commissions	-	-	-	-	-	225,493.76	60,452,748.21
Equipment Leases	-	-	-	-	-	4,628.72	71,233.38
Equipment & Supplies	-	-	-	-	-	10,873.20	46,171.44
Total Table Direct Costs	-	-	-	-	-	240,995.68	71,757.52
TOTAL DIRECT COSTS	727,732.71	207,633.81	679,325.18	129,412.16	533,156.09	18,417,919.56	94,408,102.14
FACILITY OPERATING EXPENSES							
Casino Product Operating Expenses	87,266.81	68,553.62	82,273.17	35,816.18	43,212.84	1,827,748.82	9,814,587.36
Allocated Casino Site Operating Expenses	41,502.89	20,000.00	20,000.00	-	-	851,035.71	2,417,244.41
TOTAL FACILITY OPERATING EXPENSES	128,769.70	88,553.62	102,273.17	35,816.18	43,212.84	1,912,784.53	12,231,831.77
CORPORATE OVERHEAD & SUPPORT EXPENSES							
Allocation of Casino Product related expenses	486.88	205.82	580.08	82.76	382.79	12,486.26	87,975.06
Allocation of Table Product related expenses	2,301.41	897.84	2,813.30	448.88	1,956.55	86,158.67	288,789.77
Allocation of Total Product related expenses	2,788.29	1,103.66	3,393.38	531.64	2,339.34	98,644.93	316,764.83
Allocation of Casino Corporate Overhead & Support expenses	138,754.20	58,652.29	165,308.95	26,435.18	109,089.14	3,381,211.86	25,271,355.24
TOTAL CORPORATE OVERHEAD & SUPPORT EXPENSES	141,542.50	59,855.95	165,892.33	26,516.82	111,329.48	3,433,670.72	25,488,320.68
TOTAL EXPENSES	898,020.81	456,083.38	1,127,265.18	194,845.94	729,477.58	25,382,489.32	196,265,118.60
ADJUSTMENTS TO HLG							
NET PROFITS	1,427,738.38	668,815.34	1,962,918.65	268,136.10	1,177,807.61	36,883,811.57	343,575,858.76
HLG Share %	18.00%	18.00%	18.00%	18.00%	18.00%	8.60%	9.57%
HLG SHARE AMOUNT	142,773.54	66,815.34	178,292.57	26,813.51	14,400.53	3,170,285.56	34,354,852.87
% HLG Share to Total Site Revenue	5.89%	5.54%	6.18%	5.80%	0.00%	5.77%	9.57%
% Site Revenue to Previous Revenue	0.55%	0.22%	0.66%	0.11%	0.44%	14.39%	100.00%
% Site HLG Share to Previous HLG Share	0.59%	0.22%	0.72%	0.11%	0.00%	14.53%	100.00%
Difference (HLG less Revenue)	0.0005%	0.0005%	0.0005%	0.0005%	0.0005%	0.0005%	0.0005%
% of Total Revenue Generated by Slots	100.00%	99.87%	100.00%	100.00%	100.00%	99.28%	70.03%
% of Total Revenue Generated by Tables	0.00%	0.00%	0.00%	0.00%	0.00%	0.74%	29.97%
% Total Expenses from Direct Costs	72.80%	87.40%	77.65%	66.69%	73.09%	74.70%	79.21%
% Total Expenses from Facility Operating Expenses	12.91%	13.50%	7.35%	19.41%	11.68%	10.89%	7.82%
% Total Expenses from Corporate Overhead & Support	14.16%	13.10%	14.97%	13.90%	15.20%	14.32%	12.96%
% Net Profit to Total Revenue	59%	55%	61%	58%	62%	56%	56%

④ Data here not include Bl Op Unit of 839.3K ✓  
 higher than average - looks reasonable  
 lower than average - looks reasonable  
 ① To be corrected in F27 (HLG impact)  
 I agreed to source

REVISED

TO INCLUDE SALMON ARM  
 ALLOCATION OF OVERHEAD  
 & SUPPORT EXPENSES. ✓  
 NO CHANGE TO PAYMENT  
 AMOUNTS. ✓

BE REVERSED  
 IN F27  
 DIRECT COSTS  
 DIRECT COSTS

1,009,410.78 REPRESENTS ALLOC  
 BE UNASSIGNED ✓  
 CCG GENERIC PROFIT CENTER  
 129,799.77 TO BIRGO

NO PAYMENT TO  
 SALMON ARM AS  
 NO AGREEMENT EXISTS.

18 OCT 16, 2016

Revised by: LC

## BEx QUERY DETAILS AND FILTERS

The tables below are the various Query variables and filter used to generate the HLG Query data. Also shown is when the Query was executed, and the last refresh of data from SAP.

### Information

Author	C_DSWINNEN
Current User	FBARTELLA
Last Changed by	JCALDWELL
InfoProvider	ZCCFI_M02
Query Technical Name	ZCCFI_M02_Q0005
Query Description	HLG query
Last Refreshed	10/13/2015 13:24:41
Key Date	10/13/2015
Changed At	07/5/2014 12:15:14
Status of Data	10/13/2015 12:16:10
Relevance of Data (Date)	10/13/2015
Relevance of Data (Time)	12:16:10

### Filter

Company code	
Cost Element	INCOME STATEMENT IFRS (Mgmt Format)
Delivery Method	
Fiscal Quarter	
Fiscal year	
G/L Account	
Key Figures	
Posting period	
Prod Subbrand SAP Ky	
Product Category Ke	
Product Brand Key	
Product Division Key	BINGO PRODUCTS, Not assigned, CASINO PRODUCTS
Profit Center	Casino & Community Gaming BCLCPSTD_50000
Segment - historical	

### Query Variables & Fixed Restricted values

CompanyCode	BCLC Consolidated
Fiscal Year	Casino & Community G
Posting period	JUL..SEP
Chart of accounts	BCLC Chart of accounts
Company code	BCLC, PlayNow Subsidiary, LTEC
Currency Type	Company code currency
Posting period	Z1/004/2016..Z1/006/2016
Fiscal Year Variant	BCLC 4-4-5 variant
Fiscal year	[COFI-Real time updat]
G/L Account	Casino & Community G
Version	0
Value type	10

Last edited by:	Frank Bartella
Last time edited:	October 13, 2015

**REFERENCE & LOOKUP TABLES**  
This page contains the various reference and lookup tables found in formulas throughout the HLG Analysis file.

[illegible]

Code Element	Type
501010101	PER
501010102	PER
501010103	PER
501010104	PER
501010105	PER
501010106	PER
501010107	PER
501010108	PER
501010109	PER
501010110	PER
501010111	PER
501010112	PER
501010113	PER
501010114	PER
501010115	PER
501010116	PER
501010117	PER
501010118	PER
501010119	PER
501010120	PER
501010121	PER
501010122	PER
501010123	PER
501010124	PER
501010125	PER
501010126	PER
501010127	PER
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501010129	PER
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501010200	PER
501010201	PER
501010202	PER
501010203	PER
501010204	PER
501010205	PER
501010206	PER
501010207	PER
501010208	PER
501010209	PER
501010210	PER
501010211	PER
501010212	PER
501010213	PER
501010214	PER
501010215	PER
501010216	PER
501010217	PER
501010218	PER
501010219	PER
501010220	PER
501010221	PER
501010222	PER
501010223	PER
501010224	PER
501010225	PER
501010226	PER
501010227	PER
501010228	PER
501010229	PER
501010230	PER
501010231	PER
501010232	PER
501010233	PER
501010234	PER
501010235	PER
501010236	PER
501010237	PER
501010238	PER
501010239	PER
501010240	PER

[illegible][illegible]

Table 1007. AISCAL DATES			
	Q	Start Date	End Date
JAN - FEB	Q1	1-1-80-1-31	2-28-80
MAR - APR	Q2	3-1-80-3-31	4-26-80
MAY - SEP	Q3	5-1-80-9-30	10-26-80
OCT - DEC	Q4	10-1-80-12-31	1-26-81
JAN - MAR	4Qs	1-1-80-3-31	3-31-80

66 No Plant  
Stem 18M

7B 10

Printed On 30-Sep-15 ✓

Summary

PROVIDED BY CCG FINANCE ✓

Site	Site Code	GIMU Count (SDS)	Physical Machine Count (Inc. E-Tables)	Physical Seat Count	Touchbet Roulette Machine Count	E-Table Machine Count	E-Table Physical Seat Count	Slot Machine Count	Check
Cascades	LANCAS	913	1893	913	20	0	20	393	
Cascades Kamloops	KPCAS	507	500	507	0	1	8	459	
Cranbrook	CRACAS	240	229	240	0	2	13	227	
Edgewater	VANCAS	603	559	603	30	1	47	558	
Fraser Downs	SURRAC	475	469	475	6	0	16	469	
Grand Villa	BURCAS	1,138	1,101	1,138	28	1	38	1,100	
Hard Rock Vancouver	COCCAS	941	914	941	22	0	22	919	
Hastings	VANRAC	536	536	536	0	0	0	536	
Kamloops (closed)	KAMRAC	0	0	0	0	0	0	0	
Kelowna	KELCAS	452	443	452	0	1	10	442	
Nanaimo	NANRAC	384	381	384	0	1	4	380	
Penikton	PENRAC	307	300	307	0	1	8	299	
Quesnel	QUECAS	139	135	139	0	2	4	134	
River Rock	RICRAC	1,135	1,107	1,135	28	0	28	1,107	
Starlight	NEWCAS	991	948	991	36	2	46	945	
Treasure Cove	GECCAS	547	540	547	0	1	8	539	
Vernon	VERCAS	407	400	407	0	1	8	399	
View Royal	VIECAS	559	555	559	4	0	4	555	
<b>Total Casino Properties</b>		<b>10,270</b>	<b>10,015</b>	<b>10,270</b>	<b>174</b>	<b>14</b>	<b>269</b>	<b>10,001</b>	
Chances Abbotsford	ABBCGC	190	186	190	0	1	5	185	
Chances Campbell River	CAMCGC	149	145	149	0	1	5	144	
Chances Castlegar	CASCGC	104	100	104	0	1	5	99	
Chances Chilliwack	CHICGC	189	189	189	0	0	0	189	
Chances Courtenay	COUCGC	198	194	198	0	1	5	193	
Chances Cowichan	COWCGC	155	155	155	0	0	0	155	
Chances Dawson Creek	DUNCGC	163	152	163	0	3	14	149	
Chances Fort St. John	FSJCGC	179	164	179	0	2	13	161	
Chances Kamloops	KAMCGC	171	166	171	0	2	13	158	
Chances Kelowna	KELCGC	307	292	307	0	3	17	290	
Chances Maple Ridge	MAPCGC	187	187	187	0	0	0	187	
Chances Mission	MISC GC	129	125	129	0	1	5	124	
Chances Prince Rupert	RUPCGC	115	100	115	0	3	18	97	
Chances Rimblick	ALBCGC	104	100	104	0	1	5	99	
Chances Salmon Arm	SALCGC	104	100	104	0	1	5	99	
Chances Signal Point	WILCGC	133	125	133	0	2	10	123	
Chances Squamish	SQUCGC	131	100	131	0	3	14	97	
Chances Terrace	TERCGC	79	75	79	0	1	5	74	
Chances Tumbler Bay	TUMCGC	0	0	0	0	0	0	0	
Chances Vernon	VIRCGC	50	50	50	0	0	0	50	
Chances Williams Lake	WILCGC	130	125	130	0	0	0	130	
<b>Total CCG Properties</b>		<b>2,817</b>	<b>2,700</b>	<b>2,817</b>	<b>0</b>	<b>27</b>	<b>144</b>	<b>2,673</b>	
<b>Total Provincial EGD Total</b>		<b>13,087</b>	<b>12,715</b>	<b>13,087</b>	<b>174</b>	<b>41</b>	<b>413</b>	<b>12,674</b>	

Notes about workbook  
 CIM report to confirm slot count information (Slot Machine Counts by Site - including Establishments)  
 Open in Report Studio, click on Query 1 and then Run in Tabular format

Last Updated on: 9/14/2015 ✓



## Frank Bartella

---

**From:** Frank Bartella  
**S:** Wednesday, October 07, 2015 11:41 AM  
**To:** Willy Wong  
**Cc:** Bob Hill; Greg Lockwood  
**Subject:** FW: Horseman's Purse

Hi Willy. I believe the \$163K represents a semi-annual amount for ineligible wins.  
What does the \$70k represent? Can you follow up on this please.

Frank  
T 250 852 5196

1  
A42

---

**From:** Frank Bartella  
**Sent:** Monday, October 05, 2015 4:41 PM  
**To:** Willy Wong  
**Cc:** Greg Lockwood; Bob Hill  
**Subject:** Horseman's Purse

Hi Willy. Can you provide a brief explanation for the two Other Income amounts in CCG Generic cost center 12999999?  
I'm currently working on the Horseman's Purse for the quarter.

7B

A41  
A4

## Frank Bartella

---

**From:** Wendy Lysak  
**S** Wednesday, October 07, 2015 2:13 PM  
**To:** Frank Bartella  
**Cc:** Willy Wong  
**Subject:** RE: Bally Gaming Accrual

Frank,

Further to Willy's email below, I can confirm that the reversal of the Bally accrual in the amount of \$66,000 was for PO#45-41375 (related to the GMS installation in Chilliwack) which will not be billed by Bally. We accrued \$33,000 in FY14 and \$33,000 in FY15 based on the estimated yearly costs. This will not be invoiced as per the vendor, and we therefore reversed the accrual in FP4, FY16 to the PYOU account.

If you need further information, please let me know. ✓

Thanks,

Wendy

Wendy Lysak, CPA, CGA  
Manager, Accounts Payable and Payroll  
Finance and Corporate Services  
BCLC 74 West Seymour Street, Kamloops, B.C. V2C 1E2  
T: 250 5467 F 250 828 5634

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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:** Accruals  
**Sent:** October 7, 2015 2:03 PM  
**To:** Wendy Lysak  
**Subject:** FW: Bally Gaming Accrual

---

**From:** Willy Wong  
**Sent:** October 6, 2015 3:12 PM  
**To:** Accruals  
**Cc:** Frank Bartella  
**Subject:** Bally Gaming Accrual

Hello,

Could you provided Frank with additional detail regarding document number 100084606 there was a credit to account 710010 of \$66,000 which was an accrual regarding Bally?

Thanks

A-42  
②

**Michelle Webb**

---

**From:** Lilibeth Cojuangco  
**Sent:** Friday, October 09, 2015 3:24 PM  
**To:** Wendy Lysak  
**Cc:** Michelle Webb; Frank Bartella  
**Subject:** RE: Bally accrual - Profit centre allocation

Hi Wendy,

Thank you for the clarification. No adjustment is necessary.

Regards,

Lilibeth  
T 250 852 5405

---

**From:** Wendy Lysak  
**Sent:** Friday, October 09, 2015 11:54 AM  
**To:** Lilibeth Cojuangco  
**Subject:** Bally accrual - Profit centre allocation

Lilibeth,

In further to our conversation this morning, I can confirm that the two accruals related to the Bally GMS install in Chilliwack were posted to the profit centre of 1299999. If any adjustments are needed, or if you require further information, please let me know.

Thank you,

Wendy

Accounts	606030	Gaming Equipment Maintenance
Company Code	1000	BCLC
		Doc No: 100062275
<b>Item 31 / Debt entry / 40</b>		
Amount	38,000.00	CAD
Tax Code	00	
<b>Original Account Assignments</b>		
Cost Center	12085	Gaming Mgmt System
Cost Center	1299999	CCG General
Order		
Purchasing Doc.	4500041375	
Quantity	0.000	
Assignment	0000012085	
Text	Bally Gaming Canada Ltd 45-41375 Chawack Hotel	Long text

Wendy Lysak, CPA, CGA  
 Manager, Accounts Payable and Payroll  
 Finance and Corporate Services  
 BCLC, 74 West Seymour Street, Kamloops, B.C. V2C 1E2  
 T 250 852 5467 F 250 828 5634

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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.

Change management and other notable items

- 1 Salmon Arm CGC has been excluded as no agreement exists. / OK
- 2 Edgewater FDC accrual for Q4 FY2015 was incorrectly reported as \$ 868,128.39 however should have been \$ 868,531.57. An adjustment of \$ 403.18 credit has been reflected for Q2. / OK
- CCG Generic PC1299999 Direct costs shows \$1830.15 in costs - this is incorrect and will be reversed  
3 in FP7. See working paper D3 / OK
- 4 Chances Squamish is currently showing \$300 table revenue. This is incorrect and will be reversed in FP7.  
*should be for St. John per Nelly Wong. i OK*

F. Bartella  
14-Oct-15

LE

A 50

# ALLOCATION OF CCG OVERHEAD & SUPPORT EXPENSES

The purpose of this analysis is calculate the allocation rates used to allocate the Generic (non-site) operating expense to Sites. This is achieved by segregating the Expenses based on their Product coding, and dividing by the appropriate Revenue amount. The "Slots", "Tables", and "Casino" expense pools will be fully allocated on the HLG. The "Not Assigned" expense pool will not be fully allocated due to the portion allocated to "Bingo".

Cost Element	Description	SLOTS	TABLES	CASINO	BINGO	Not Assigned	TOTAL EXPENSE
BCLCOPR_COST	OPERATING COSTS (Mgmt Format)	D3 462,551.97	D3 1,113.67	D3 188,403.60	D3 11,423.48	D3 15,911,442.51	18,544,935.23
BCLCOTHR_INCR	OTHER INCOME	D3 140 (163,768.77)	-	D3 11,423.48	D3 3,378.90	D3 1,209,426.30	D3 1,031,857.34
BCLCINTR_COMF	INTER COMPANY LEASES	-	-	-	-	-	-
BCLCSPECL_COST	SPECIAL OPERATING COSTS	-	-	-	-	-	-
BCLCIDEPREC	DEPRECIATION	-	-	-	-	-	-
BCLCGST	INDIRECT TAXES	-	-	-	-	-	-
BCLCINC_STMNT3	Overall Result	D3 290,783.20	D3 1,113.67	D3 87,982.31	D3 8,044.58	D3 26,050,760.81	26,486,684.57
Variance to Query ->							D3 7,830.15

Add/Deduct adjustments to Generic OH & Support (see back-up provided)

Adjusted Result	290,783.20	1,113.67	87,982.31	8,044.58	26,050,760.81	26,486,684.57
-----------------	------------	----------	-----------	----------	---------------	---------------

Cost Element	Description	SLOTS	TABLES	CASINO	BINGO	TOTAL REVENUE
BCLCREVENUES	REVENUES	C3 308,954,790.31	C3 131,386,178.06	C3 438,340,968.37	C3 17,822,825.06	C3 456,163,793.43

ALLOCATION RATES FOR CCG GENERIC OPERATING EXPENSES	0.09734%	0.00085%	0.02007%	5.71960%
---	----------	----------	----------	----------

Agreed to D3

① DIRECT COSTS TO BE CORRECTED IN FP7 OF CHIP TRAY PER BOB MILL + WILLY WONG I

X- agreed to JAC WP

A3 1,019,394.95  
1,019,394.95  
15.33

to

A PORTION OF THIS "UNASSIGNED" IS ALLOCATED TO BINGO

$$\frac{17,822,825.06}{456,163,793.43} \times 26,050,760.81 = 1,019,394.95$$

A3 26,050,760.81  
1,019,394.95  
25,071,365.86  
25,071,350.86  
4 5.00  
Sampling

# ALLOCATION SITE OPERATING EXPENSES - NON-PRODUCT RELATED

The purpose of this analysis is to allocate the non-product related operating expense incurred at the sites. This is achieved by allocating the Operating Expense to either Casino or Bingo, depending on the Revenue mix.

REVENUES	Profit Center	SLOTS	TABLES	CASINO	BINGO	TOTAL REVENUE
Casino Billy Barker	120010	2,131,322.80	46,013.50	2,177,336.30	-	2,177,336.30
Casino River Casino Van	120020	23,122,776.11	9,675,672.28	32,798,447.39	-	32,798,447.39
Casino Calcuttias	120030	24,658,106.80	6,069,706.69	30,727,813.49	-	30,727,813.49
Casino of Roomers	120040	3,021,533.62	281,703.78	3,303,237.37	-	3,303,237.37
Casino Expendable	120050	15,062,948.33	21,972,276.50	37,035,224.83	-	37,035,224.83
Casino Fraser Downs	120060	11,875,085.43	2,038,341.68	13,913,427.11	-	13,913,427.11
Casino Grand Villa	120070	29,864,407.71	20,110,793.22	49,975,200.93	-	49,975,200.93
Casino Hastings	120080	4,970,995.75	-	4,970,995.75	-	4,970,995.75
Casino Kaitake	120090	7,965,731.77	825,711.35	8,791,443.12	-	8,791,443.12
Casino Kaitake	120100	8,123,176.34	1,828,040.18	9,951,216.52	-	9,951,216.52
Casino Kaitake	120110	10,080,668.68	675,164.34	10,755,833.02	-	10,755,833.02
Casino Kaitake	120120	7,470,950.91	422,391.72	7,893,342.63	-	7,893,342.63
Casino River Rock	120130	38,702,815.18	55,145,425.12	93,848,240.30	-	93,848,240.30
Casino Starlight	120140	20,373,100.95	9,095,720.02	29,468,820.97	-	29,468,820.97
Casino Treasure Cove	120150	11,290,942.46	591,451.25	11,882,393.71	-	11,882,393.71
Casino Vernon	120160	9,465,707.12	320,210.00	9,805,917.12	-	9,805,917.12
Casino View Royal	120170	15,648,127.63	1,966,806.45	17,614,934.08	-	17,614,934.08
Chances Abbotford	120180	4,028,565.83	-	4,028,565.83	52,834.76	4,081,400.59
Chances Campbell Rtr	120190	3,150,014.96	-	3,150,014.96	307,745.25	3,457,760.21
Chances Cambridge	120200	2,044,845.87	-	2,044,845.87	53,141.60	2,097,987.47
Chances Chelmsford	120210	6,290,517.13	-	6,290,517.13	1,284,824.85	7,575,341.98
Chances Chelmsford	120220	4,111,599.53	-	4,111,599.53	217,250.15	4,328,849.68
Chances Courtyard	120230	3,007,690.79	-	3,007,690.79	520,959.25	3,528,650.04
Chances Courtyard	120240	3,006,942.50	-	3,006,942.50	102,662.10	3,109,604.60
Chances Devon John	120250	3,876,356.01	-	3,876,356.01	35,952.15	3,912,308.16
Chances Kaitake	120260	3,422,140.71	-	3,422,140.71	601,923.45	4,024,064.16
Chances Kaitake	120270	8,591,726.09	-	8,591,726.09	1,921,190.35	10,512,916.44
Chances Maple Ridge	120280	4,689,735.47	-	4,689,735.47	641,265.95	5,331,001.42
Chances Miramichi	120290	2,422,164.97	-	2,422,164.97	170,991.10	2,593,156.07
Chances Pt. Rupert	120300	2,416,921.62	-	2,416,921.62	297,859.40	2,714,781.02
Chances Riverview	120310	2,144,467.11	-	2,144,467.11	274,912.45	2,419,379.56
Chances Summit Point	120320	2,425,842.40	-	2,425,842.40	243,407.20	2,669,249.60
Chances Squamish	120330	1,025,213.83	-	1,025,213.83	97,416.75	1,122,630.58
Chances Terrace	120340	2,890,183.83	-	2,890,183.83	268,073.00	3,158,256.83
CGC Langley	120350	462,189.02	-	462,189.02	1,402,934.95	1,865,123.97
Chances Salmon Arm	120400	1,807,286.18	-	1,807,286.18	103,603.56	1,910,889.74
Chances Salmon Arm	120450	-	-	-	1,222,188.60	1,222,188.60
Bingo Fairmont	120500	-	-	-	860,785.95	860,785.95
Bingo Fairmont	120550	-	-	-	157,666.70	157,666.70
Bingo Harbour City	120600	-	-	-	1,275,941.45	1,275,941.45
Bingo Harbour City	120650	-	-	-	1,769,860.60	1,769,860.60
Bingo Victoria	120700	-	-	-	600,204.60	600,204.60
Bingo Victoria	120750	-	-	-	928,133.20	928,133.20
Bingo Treasure Cove	120800	-	-	-	2,200,493.95	2,200,493.95
Bingo Independent	120850	-	-	-	41,472.45	41,472.45
Overall Result		306,954,790.31	131,388,178.06	438,342,968.37	17,872,825.06	456,165,793.43
Variance to Query		-	-	-	-	-

Total % CCG Revenue from Casino Products → 98.1%  
Total % CCG Revenue from Casino Products (HLG Sites Only) → 98.1%

✓ agreed to source

① TO BE CORRECTED IN FP7 ✓ i

REVISED

REVENUE MIX	CASINO	GENERIC SITE OPER. EXPENSES
		QUERY
100.0%	100.0%	87,681.38
100.0%	100.0%	414,740.85
100.0%	100.0%	372,674.63
100.0%	100.0%	84,878.37
100.0%	100.0%	374,120.93
100.0%	100.0%	186,088.21
100.0%	100.0%	550,927.05
100.0%	100.0%	114,416.24
100.0%	100.0%	180,976.31
100.0%	100.0%	145,068.96
100.0%	100.0%	138,545.22
100.0%	100.0%	137,389.21
100.0%	100.0%	940,200.11
100.0%	100.0%	402,189.14
100.0%	100.0%	200,146.69
100.0%	100.0%	139,862.32
100.0%	100.0%	207,501.08
100.0%	100.0%	55,313.64
100.0%	100.0%	38,734.55
100.0%	100.0%	65,608.51
100.0%	100.0%	90,171.80
100.0%	100.0%	51,708.03
100.0%	100.0%	47,497.34
100.0%	100.0%	67,499.01
100.0%	100.0%	61,320.80
100.0%	100.0%	134,234.54
100.0%	100.0%	67,800.57
100.0%	100.0%	56,108.02
100.0%	100.0%	30,500.16
100.0%	100.0%	28,278.92
100.0%	100.0%	45,655.55
100.0%	100.0%	22,510.53
100.0%	100.0%	22,906.56
100.0%	100.0%	7,434.76
100.0%	100.0%	43,972.66
100.0%	100.0%	9,516,862.19
100.0%	100.0%	9,417,244.61

✓ A3 ✓  
✓ A3 78.2 small var. due to rounding.

13

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Total values fully allocated to HELD

✓ TRACED. To 41-43  
x. Traced from source  
q. agreed to x. on the ground



These are amounts manually added/deducted from Operating Profit either due to GPEB instruction, error correction, or prior year adjustments.

SUMMARY OF TOTAL HLG ADJUSTMENTS, BY SITE & TYPE

✓ agreed from source  
x reversed formula

3.0



Profit Ctr	Cocd	Period	Ref.Doc.	Type	Account	Acc.Text	Cost Ctr	Order	In FCLC	Curr.	Vendor	Purch.Doc.	Text	User name
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			2,641.81	CAD			BlackJack AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			3,071.32	CAD			BlackJack AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			3,982.83	CAD			BlackJack AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			1,280.58	CAD			Crops AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			873.90	CAD			Crops AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			2,124.44	CAD			Crops AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			6,400.95	CAD			Linked E-Tables 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			5,828.23	CAD			Linked E-Tables AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			5,590.83	CAD			Linked E-Tables AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			5,325.26	CAD			Poker AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			7,372.44	CAD			Poker AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			78,350.87	CAD			Poker AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			98,654.76	CAD			Slot AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			128,018.57	CAD			Slot AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			146,061.95	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	522500	Accelerated FDC	12998			137,827.38	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	522500	Accelerated FDC	12998			229,974.66	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	522500	Accelerated FDC	12998			868,531.37	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			128,018.57	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			2,641.81	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			3,071.32	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			3,982.83	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			1,280.58	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			873.90	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			2,124.44	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			6,400.95	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			5,828.23	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			5,590.83	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			403.28	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			5,325.26	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			5,149.76	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			7,372.44	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			78,350.87	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			98,654.76	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	10	100080978 SA	523000	Facility Dev Comm	12998			146,061.95	CAD			Table AFDC 2% Accrual	SHREHAUTER
1200050	1000	11	100081587 SA	523000	Facility Dev Comm	12998			137,827.38	CAD			Table AFDC 2% Accrual	NSAMANDARI
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			229,974.66	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			868,531.37	CAD			Table AFDC 2% Accrual	MAIN
1200050	1000	12	100082640 SA	523000	Facility Dev Comm	12998			1,736,659.86	CAD			Table AFDC 2% Accrual	MAIN

→ not FD  
related  
included in  
OK.

## Plan/Act./Var. w/o EIBV

n/Act./Var. w/o EIBV  
n/Act./Var. with EIBV

Plan/Act./Var. w/o EIBV Status: 10/13/2015 Page: 2/ 3  
Controlling Area BCLC BCLC/LTRC Controlling Area  
Profit Center/Group PSTD\_50000 Casino & Community Gaming  
Person responsible  
Reporting period 2016

## Various Profit Center

- ☐ PSTD\_50000 Consolidated
- ☐ 9999999 Corp. BU - Generic
- ☐ PSTD\_13000 Lottery
- ☐ 1100001 Independent Retail
- ☐ s.17.s.21
- ☐ 1100031 Hosp/Gam Network
- ☐ 1100032 RSG Sites
- ☐ s.17.s.21
- ☐ 1100034 Key Accounts Generic
- ☐ s.17.s.21
- ☐ 1199999 Lottery Generic
- ☐ PSTD\_60000 eGaming
- ☐ PSTD\_40000 eGaming
- ☐ s.17.s.21
- ☐ PSTD\_50000 Casino & Community Gaming
- ☐ 1799999 CCG Generic
- ☐ PSTD\_80000 Bingo
- ☐ PSTD\_30000 Casino
- ☐ PSTD\_30000 Community Gaming

Profit and Loss accounts	Plan	Actual	Var. (Act.-P)	Var. (EIBV)
410000 Gaming Revenue		469,407,046.00	469,407,046.00	
420000 Free Play Redwood		643,708.90	643,708.90	
430000 Player Loyalty Reward		11,934,503.10	11,934,503.10	
440100 Progressive Jackpot		779,180.85	779,180.85	
450200 Auxiliary Adjustments		114,110.37	114,110.37	
*** GAMING REVENUES		496,163,793.43	496,163,793.43	
*** PRIZES		11,972,946.34	11,972,946.34	
**** NET WIN		444,590,844.27	444,590,844.27	
*** Commissions		154,407,309.82	154,407,309.82	
530000 Equipment and Supplies		888,904.63	888,904.63	
*** Equipment & Supplies		888,904.63	888,904.63	
530010 Equipment Leases		2,840,011.75	2,840,011.75	
530011 Equipment Lease Recoveries		749,404.23	749,404.23	
530020 Licenses		400,191.44	400,191.44	
*** Equipment Leases & Licenses		3,470,718.34	3,470,718.34	
540000 Cost of Floorcare Build		158,494.20	158,494.20	
**** DIRECT COSTS	21,437,879.97	158,225,509.67	139,225,509.67	2.40-
**** Operating Costs	667,794.00	18,437,501.50	1,820,379.79-	94.14
**** OTHER INCOME		1,028,317.93	381,823.93	
551000 Access-Special Costs		592.50	592.50	
**** SPECIAL OPERATING COSTS		592.50	592.50	
540020 I-Dep'n-Corp Systems	2,325,000.00	11,934.01	11,934.01	4.22-
540050 I-Dep'n-Cas Sys & Eq	3,104,503.06	240,416.14	240,416.14	6.60-
540060 I-Dep'n-Riot Sys & Eq	4,522,172.93	466,827.07-	466,827.07-	20.43
540070 I-Dep'n-Table Games	100,000.00	51,207.43	51,207.43	90.43-
540080 I-Dep'n-Ringo Game S	72,000.00	1,128.08	70,871.96-	26.77-
540090 Access-Les Dep. Corp	724,140.00	531,796.47	194,203.33-	26.77-
540100 Access-Les Dep. Casl	2,641,000.00	1,993,644.04	707,113.94-	26.77-
540110 Access-Les Dep. Bingo		0.03	0.03	
540120 Access-Les Dep. Casino		0.03	0.03	
540130 Access-Les Dep. Casino		0.03	0.03	
540140 Access-Les Dep. Casino		0.03	0.03	
540150 Access-Les Dep. Casino		0.03	0.03	
540160 Access-Les Dep. Casino		0.03	0.03	
540170 Access-Les Dep. Casino		0.03	0.03	
540180 Access-Les Dep. Casino		0.03	0.03	
540190 Access-Les Dep. Casino		0.03	0.03	
540200 Access-Les Dep. Casino		0.03	0.03	
540210 Access-Les Dep. Casino		0.03	0.03	
540220 Access-Les Dep. Casino		0.03	0.03	
540230 Access-Les Dep. Casino		0.03	0.03	
540240 Access-Les Dep. Casino		0.03	0.03	
540250 Access-Les Dep. Casino		0.03	0.03	
540260 Access-Les Dep. Casino		0.03	0.03	
540270 Access-Les Dep. Casino		0.03	0.03	
540280 Access-Les Dep. Casino		0.03	0.03	
540290 Access-Les Dep. Casino		0.03	0.03	
540300 Access-Les Dep. Casino		0.03	0.03	
540310 Access-Les Dep. Casino		0.03	0.03	
540320 Access-Les Dep. Casino		0.03	0.03	
540330 Access-Les Dep. Casino		0.03	0.03	
540340 Access-Les Dep. Casino		0.03	0.03	
540350 Access-Les Dep. Casino		0.03	0.03	
540360 Access-Les Dep. Casino		0.03	0.03	
540370 Access-Les Dep. Casino		0.03	0.03	
540380 Access-Les Dep. Casino		0.03	0.03	
540390 Access-Les Dep. Casino		0.03	0.03	
540400 Access-Les Dep. Casino		0.03	0.03	
540410 Access-Les Dep. Casino		0.03	0.03	
540420 Access-Les Dep. Casino		0.03	0.03	
540430 Access-Les Dep. Casino		0.03	0.03	
540440 Access-Les Dep. Casino		0.03	0.03	
540450 Access-Les Dep. Casino		0.03	0.03	
540460 Access-Les Dep. Casino		0.03	0.03	
540470 Access-Les Dep. Casino		0.03	0.03	
540480 Access-Les Dep. Casino		0.03	0.03	
540490 Access-Les Dep. Casino		0.03	0.03	
540500 Access-Les Dep. Casino		0.03	0.03	
540510 Access-Les Dep. Casino		0.03	0.03	
540520 Access-Les Dep. Casino		0.03	0.03	
540530 Access-Les Dep. Casino		0.03	0.03	
540540 Access-Les Dep. Casino		0.03	0.03	
540550 Access-Les Dep. Casino		0.03	0.03	
540560 Access-Les Dep. Casino		0.03	0.03	
540570 Access-Les Dep. Casino		0.03	0.03	
540580 Access-Les Dep. Casino		0.03	0.03	
540590 Access-Les Dep. Casino		0.03	0.03	
540600 Access-Les Dep. Casino		0.03	0.03	
540610 Access-Les Dep. Casino		0.03	0.03	
540620 Access-Les Dep. Casino		0.03	0.03	
540630 Access-Les Dep. Casino		0.03	0.03	
540640 Access-Les Dep. Casino		0.03	0.03	
540650 Access-Les Dep. Casino		0.03	0.03	
540660 Access-Les Dep. Casino		0.03	0.03	
540670 Access-Les Dep. Casino		0.03	0.03	
540680 Access-Les Dep. Casino		0.03	0.03	
540690 Access-Les Dep. Casino		0.03	0.03	
540700 Access-Les Dep. Casino		0.03	0.03	
540710 Access-Les Dep. Casino		0.03	0.03	
540720 Access-Les Dep. Casino		0.03	0.03	
540730 Access-Les Dep. Casino		0.03	0.03	
540740 Access-Les Dep. Casino		0.03	0.03	
540750 Access-Les Dep. Casino		0.03	0.03	
540760 Access-Les Dep. Casino		0.03	0.03	
540770 Access-Les Dep. Casino		0.03	0.03	
540780 Access-Les Dep. Casino		0.03	0.03	
540790 Access-Les Dep. Casino		0.03	0.03	
540800 Access-Les Dep. Casino		0.03	0.03	
540810 Access-Les Dep. Casino		0.03	0.03	
540820 Access-Les Dep. Casino		0.03	0.03	
540830 Access-Les Dep. Casino		0.03	0.03	
540840 Access-Les Dep. Casino		0.03	0.03	
540850 Access-Les Dep. Casino		0.03	0.03	
540860 Access-Les Dep. Casino		0.03	0.03	
540870 Access-Les Dep. Casino		0.03	0.03	
540880 Access-Les Dep. Casino		0.03	0.03	
540890 Access-Les Dep. Casino		0.03	0.03	
540900 Access-Les Dep. Casino		0.03	0.03	
540910 Access-Les Dep. Casino		0.03	0.03	
540920 Access-Les Dep. Casino		0.03	0.03	
540930 Access-Les Dep. Casino		0.03	0.03	
540940 Access-Les Dep. Casino		0.03	0.03	
540950 Access-Les Dep. Casino		0.03	0.03	
540960 Access-Les Dep. Casino		0.03	0.03	
540970 Access-Les Dep. Casino		0.03	0.03	
540980 Access-Les Dep. Casino		0.03	0.03	
540990 Access-Les Dep. Casino		0.03	0.03	
541000 Access-Les Dep. Casino		0.03	0.03	
541010 Access-Les Dep. Casino		0.03	0.03	
541020 Access-Les Dep. Casino		0.03	0.03	
541030 Access-Les Dep. Casino		0.03	0.03	
541040 Access-Les Dep. Casino		0.03	0.03	
541050 Access-Les Dep. Casino		0.03	0.03	
541060 Access-Les Dep. Casino		0.03	0.03	
541070 Access-Les Dep. Casino		0.03	0.03	
541080 Access-Les Dep. Casino		0.03	0.03	
541090 Access-Les Dep. Casino		0.03	0.03	
541100 Access-Les Dep. Casino		0.03	0.03	
541110 Access-Les Dep. Casino		0.03	0.03	
541120 Access-Les Dep. Casino		0.03	0.03	
541130 Access-Les Dep. Casino		0.03	0.03	
541140 Access-Les Dep. Casino		0.03	0.03	
541150 Access-Les Dep. Casino		0.03	0.03	
541160 Access-Les Dep. Casino		0.03	0.03	
541170 Access-Les Dep. Casino		0.03	0.03	
541180 Access-Les Dep. Casino		0.03	0.03	
541190 Access-Les Dep. Casino		0.03	0.03	
541200 Access-Les Dep. Casino		0.03	0.03	
541210 Access-Les Dep. Casino		0.03	0.03	
541220 Access-Les Dep. Casino		0.03	0.03	
541230 Access-Les Dep. Casino		0.03	0.03	
541240 Access-Les Dep. Casino		0.03	0.03	
541250 Access-Les Dep. Casino		0.03	0.03	
541260 Access-Les Dep. Casino		0.03	0.03	
541270 Access-Les Dep. Casino		0.03	0.03	
541280 Access-Les Dep. Casino		0.03	0.03	
541290 Access-Les Dep. Casino		0.03	0.03	
541300 Access-Les Dep. Casino		0.03	0.03	
541310 Access-Les Dep. Casino		0.03	0.03	
541320 Access-Les Dep. Casino		0.03	0.03	
541330 Access-Les Dep. Casino		0.03	0.03	
541340 Access-Les Dep. Casino		0.03	0.03	
541350 Access-Les Dep. Casino		0.03	0.03	
541360 Access-Les Dep. Casino		0.03	0.03	
541370 Access-Les Dep. Casino		0.03	0.03	
541380 Access-Les Dep. Casino		0.03	0.03	
541390 Access-Les Dep. Casino		0.03	0.03	
541400 Access-Les Dep. Casino		0.03	0.03	
541410 Access-Les Dep. Casino		0.03	0.03	
541420 Access-Les Dep. Casino		0.03	0.03	
541430 Access-Les Dep. Casino		0.03	0.03	
541440 Access-Les Dep. Casino		0.03	0.03	
541450 Access-Les Dep. Casino		0.03	0.03	
541460 Access-Les Dep. Casino		0.03	0.03	
541470 Access-Les Dep. Casino		0.03	0.03	
541480 Access-Les Dep. Casino		0.03	0.03	
541490 Access-Les Dep. Casino		0.03	0.03	
541500 Access-Les Dep. Casino		0.03	0.03	
541510 Access-Les Dep. Casino		0.03	0.03	
541520 Access-Les Dep. Casino		0.03	0.03	
541530 Access-Les Dep. Casino		0.03	0.03	
541540 Access-Les Dep. Casino		0.03	0.03	
541550 Access-Les Dep. Casino		0.03	0.03	
541560 Access-Les Dep. Casino		0.03	0.03	
541570 Access-Les Dep. Casino		0.03	0.03	
541580 Access-Les Dep. Casino		0.03	0.03	
541590 Access-Les Dep. Casino		0.03	0.03	
541600 Access-Les Dep. Casino		0.03	0.03	
541610 Access-Les Dep. Casino		0.03	0.03	
541620 Access-Les Dep. Casino		0.03	0.03	
541630 Access-Les Dep. Casino		0.03	0.03	
541640 Access-Les Dep. Casino		0.03	0.03	
541650 Access-Les Dep. Casino		0.03	0.03	
541660 Access-Les Dep. Casino		0.03	0.03	
541670 Access-Les Dep. Casino		0.03	0.03	
541680 Access-Les Dep. Casino		0.03	0.03	
541690 Access-Les Dep. Casino		0.03	0.03	
541700 Access-Les Dep. Casino		0.03	0.03	
541710 Access-Les Dep. Casino		0.03	0.03	
541720 Access-Les Dep. Casino		0.03	0.03	
541730 Access-Les Dep. Casino		0.03	0.03	
541740 Access-Les Dep. Casino		0.03	0.03	
541750 Access-Les Dep. Casino		0.03	0.03	
541760 Access-Les Dep. Casino		0.03	0.03	
541770 Access-Les Dep. Casino		0.03	0.03	
541780 Access-Les Dep. Casino		0.03	0.03	
541790 Access-Les Dep. Casino		0.03	0.03	
541800 Access-Les Dep. Casino		0.03	0.03	
541810 Access-Les Dep. Casino		0.03	0.03	
541820 Access-Les Dep. Casino		0.03	0.03	
541830 Access-Les Dep. Casino		0.03	0.03	
541840 Access-Les Dep. Casino		0.03	0.03	
541850 Access-Les Dep. Casino		0.03	0.03	
541860 Access-Les Dep. Casino		0.03	0.03	
541870 Access-Les Dep. Casino		0.03	0.03	
541880 Access-Les Dep. Casino		0.03	0.03	
541890 Access-Les Dep. Casino		0.03	0.03	
541900 Access-Les Dep. Casino		0.03	0.03	
541910 Access-Les Dep. Casino		0.03	0.03	
541920 Access-Les Dep. Casino		0.03	0.03	
541930 Access-Les Dep. Casino		0.03	0.03	
541940 Access-Les Dep. Casino		0.03	0.03	
541950 Access-Les Dep. Casino		0.03	0.03	
541960 Access-Les Dep. Casino		0.03	0.03	
541970 Access-Les Dep. Casino		0.03	0.03	
541980 Access-Les Dep. Casino		0.03	0.03	
541990 Access-Les Dep. Casino		0.03	0.03	
542000 Access-Les Dep. Casino		0.03	0.03	
542010 Access-Les Dep. Casino		0.03	0.03	
542020 Access-Les Dep. Casino		0.03	0.03	
542030 Access-Les Dep. Casino		0.03	0.03	
542040 Access-Les Dep. Casino		0.03	0.03	
542050 Access-Les Dep. Casino		0.03	0.03	
542060 Access-Les Dep. Casino		0.03	0.03	
542070 Access-Les Dep. Casino		0.03	0.03	
542080 Access-Les Dep. Casino		0.03	0.03	
542090 Access-Les Dep. Casino		0.03	0.03	

Report Edit Goto View Extras Settings System Help

SAP

Plan/Act./Var. w/o EIBV

Plan/Act./Var. w/o EIBV Status: 10/13/2018 Page: 2/ 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
Profit Center/Group 1299999 CCG Generic  
Person responsible Monica Rohm  
Reporting period 2016

TO BE REVERSED IN FAT OK

Profit and loss accounts	Plan	Actual	Var. (Abs.)	Var. (%)
**** DIRECT COSTS		1,830.15	1,830.15	
*** GAMING SUPPORT COSTS (Higest Forma	3,844,083.66	2,742,371.44	1,101,682.22-	28.66-
*** OPERATING COSTS (Higest Forma	14,853,926.31	13,802,563.79	1,051,362.52-	7.33-
**** Operating Costs	18,737,978.87	16,544,935.23	2,193,044.74-	11.70-
**** OTHER INCOME (Higest Forma	667,784.00	1,031,857.34	364,063.34	54.52
**** SPECIAL OPERATING COSTS		592.58-	592.58-	
**** I-DEPRECIATION	13,933,260.00		13,933,260.00-	100.00-
**** INDIRECT TAXES	9,259,324.44	8,910,484.58	300,039.06-	4.18-
***** Total	42,638,358.41	26,488,514.72	16,149,843.69-	37.88-

Plan/Act./Var. w/o EIBV Status: 10/13/2018 Page: 3/ 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
Profit Center/Group 1299999 CCG Generic  
Person responsible Monica Rohm  
Reporting period 4 6 2016

Key figures	Plan	Actual
Profit	42,638,358.41	26,488,514.72

Window Contents

Z ALR 87013340FRS BCLC777 OVR

TO PROVE CCG GENERIC COSTS

BW DATA TO SAP

W

Report Edit Go View Entry Settings System Help

Plan/Act./Var. w/o EIBV

Plan/Act./Var. w/o EIBV Status: 10/13/2015 Page: 2/ 3

Controlling Area: BCLC  
Profit Center/Group: PSTD\_20000 Casino  
Person responsible: \*  
Reporting period: 2016

Profit and Loss accounts

	Plan	Actual	Var. (abs.)	Var. (%)
*** GAMING REVENUES		376,077,665.43	376,077,665.43	
**** NET WIN		376,077,665.43	376,077,665.43	
*** Commissions		152,267,692.79	152,267,692.79	
*** Equipment & Supplies		976,276.28	976,276.28	
*** Equipment Leases & Licenses		5,208,268.85	5,208,268.85	
**** DIRECT COSTS	400.00	348,219.55	348,219.55	58,036.59
**** GAMING SUPPORT COSTS (Wgnst Foctm)	2,148,100.00	2,112,862.34	35,107.66	1.63
**** OPERATING COSTS (Wgnst Foctm)	2,148,700.00	2,461,811.89	313,111.89	14.57
**** Operating Costs		10,083,215.89	10,083,215.89	
**** I-DEPRECIATION		229,229,894.77	229,229,894.77	10,668.27
***** Total	2,148,700.00	227,080,396.77		

Plan/Act./Var. w/o EIBV Status: 10/13/2015 Page: 3/ 3

Controlling Area: BCLC  
Profit Center/Group: PSTD\_20000 Casino  
Person responsible: \*  
Reporting period: 2016

Key figures	Plan	Actual
Profit	2,148,700.00	227,080,396.77

12,545.00 A2 ✓

Window Contents

Z ALR 87012340FRS BCLC777 OVR

TO PROVE CASINO SITES

LC ✓

REVENUE + DIRECT COSTS

+ FACILITY OPEX

F2

Report Edit Goto View Extras Settings System Help

SAP

Plan/Act./Var. w/o EIBV

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 2/ 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
 Profit Center/Group 1200050 Casino Edgewater  
 Person responsible Gina Landlorio  
 Reporting period 4 5 2016

Variation: Profit Center

- PS1D\_BCLC BCLC Consolidated
- 9999999 Corp. BU - Generic
- PS1D\_10000 Lottery
  - 1100001 Independent Retail
  - 1100032 RSG Sites
  - 1100031 Hospitality Network
  - 1100030 Key Accounts Generic
  - 1100034 Key Accounts Generic
  - 1100035 Key Accounts Generic
  - 1199999 Lottery Generic
- PS1D\_60000 eGaming
  - PS1D\_40000 eGaming
  - PS1D\_50000 Casino & Community Gaming
    - 1299999 CCG Generic
    - PS1D\_80000 Bingo
    - PS1D\_20000 Casino
      - 1200010 Casino Billy Barker
      - 1200020 Hard Rock Casino Van
      - 1200030 Casino Cascades
      - 1200040 Casino of Rockies
      - 1200050 Casino Edgewater
      - 1200060 Casino Fraser Downs
      - 1200070 Casino Grand Villa
      - 1200080 Casino Hastings
      - 1200090 Casino Kamloops
      - 1200100 Casino Kelowna
      - 1200110 Casino Nanaimo
      - 1200120 Casino Pemberton
      - 1200130 Casino River Rock
      - 1200140 Casino Starlight
      - 1200150 Casino Treasure Cove
      - 1200160 Casino Vernon
      - 1200170 Casino View Royal
    - PS1D\_30000 Community Gaming

Profit and loss accounts	Plan	Actual	Var. (Abs.)	Var. (%)
*** GAMING REVENUES		37,895,224.83	37,895,224.83	
**** NET WIN		37,895,224.83	37,895,224.83	
*** Commissions		15,461,221.96	15,461,221.96	
*** Equipment & Supplies		268,321.48	268,321.48	
**** Equipment Leases & Licenses		264,909.71	264,909.71	
*** DIRECT COSTS		16,014,453.15	16,014,453.15	
*** GAMING SUPPORT COSTS (Mgmt. Fee)		33,362.76	33,362.76	
*** OPERATING COSTS (Mgmt. Fee)	160,850.00	143,661.51	25,188.49	14.92
**** Operating Costs	160,850.00	177,024.27	8,174.27	4.84
**** 1-DEPRECIATION		762,358.41	762,358.41	
***** Total	160,850.00	20,941,389.00	21,110,339.00	12,502.36

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 3/ 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
 Profit Center/Group 1200050 Casino Edgewater  
 Person responsible Gina Landlorio  
 Reporting period 4 5 2016

Key figures	Plan	Actual
Profit	160,850.00	20,941,389.00

Prints Window Contents

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10 PROVE BW DATA = SAP

VC

F3

## Plan/Act./Var. w/o EIBV

Column

- Plan/Act./Var. w/o EIBV  
Plan/Act./Var. with EIBV
- Variation: Profit Center
- PSD\_BCLC BCLC Consolidated
    - 9999999 Corp. BU - Generic
    - PSD\_10000 Lottery
      - 1100001 Independent Retail
        - 5.17.s.21
      - 1100031 Hospitality Network
      - 1100032 RSG Sites
        - 5.17.s.21
      - 1100034 Key Accounts Generic
        - 5.17.s.21
      - 1199999 Lottery Generic
    - PSD\_60000 eGaming
      - PSD\_40000 eGaming
        - 5.17.s.21
    - PSD\_30000 Casino & Community Gaming
      - 1299999 CCG Generic
        - PSD\_80000 Bingo
        - PSD\_20000 Casino
          - 1200010 Casino Billy Barker
          - 1200020 Hard Rock Casino Van
          - 1200030 Casino Cascades
          - 1200040 Casino of Rockies
          - 1200050 Casino Edgewater
          - 1200060 Casino Fraser Downs
          - 1200070 Casino Grand Villa
          - 1200080 Casino Hastings
          - 1200090 Casino Kamloops
          - 1200100 Casino Kelowna
          - 1200110 Casino Nanaimo
          - 1200120 Casino Penticton
          - 1200130 Casino River Rock
          - 1200140 Casino Starlight
          - 1200150 Casino Treasure Cove
          - 1200160 Casino Vernon
          - 1200170 Casino View Royal
        - PSD\_30000 Community Gaming

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 2/ 3

Controlling Area BCLC BCLC/LTEC Controlling Area  
Profit Center/Group 1200120 Casino Penticton  
Person responsible Gina Morin  
Reporting period 4 6 2016

Profit and loss accounts	Plan	Actual	Var. (abs.)	Var. (%)
*** GAMING REVENUES		7,902,361.63	7,902,361.63	
**** NET WIN		7,902,361.63	7,902,361.63	
*** Commissions		2,308,851.60	2,308,851.60	
*** Equipment & Supplies		2,074.87	2,074.87	
*** Equipment Leases & Licenses		69,591.93	69,591.93	
**** DIRECT COSTS		2,377,218.10	2,377,218.10	
*** GAMING SUPPORT COSTS (Mgmt Form)		19,837.28	19,837.28	
*** OPERATING COSTS (Mgmt Form)	69,650.00	74,528.39	4,878.39	7.00
**** Operating Costs	69,650.00	94,365.67	24,715.67	35.49
**** I-DEPRECIATION		261,335.66	261,335.66	
***** Total	69,650.00	5,169,442.20	5,239,092.20	7,822.03

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 3/ 3

Controlling Area BCLC BCLC/LTEC Controlling Area  
Profit Center/Group 1200120 Casino Penticton  
Person responsible Gina Morin  
Reporting period 4 6 2016

Key figures	Plan	Actual
Profit	69,650.00	5,169,442.20

To PROVE BW DATA ~~IS~~ SAP

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Report Edit Go View Extras Settings System Help

SAP

Plan/Act./Var. w/o EIBV

Plan/Act./Var. w/o EIBV

Plan/Act./Var. with EIBV

Variation: Profit Center

- 1100001 Independent Retail
- 5.17.5.21
- 1100031 Hospitality Network
- 1100032 RSG Sites
- 5.17.5.21
- 1100034 Key Accounts Generic
- 5.17.5.21
- 1199999 Lottery Generic
- PSTD\_60000 eGaming
- PSTD\_40000 eGaming
- 5.17.5.21
- PSTD\_50000 Casino & Community Gaming
- 1299999 COG Generic
- PSTD\_80000 Bingo
- PSTD\_20000 Casino
- PSTD\_30000 Community Gaming
- 1200180 Chances Abbotsford
- 1200190 Chances Campbell Rvr
- 1200200 Chances Castlegar
- 1200210 Chances Chilliwack
- 1200220 Chances Courtenay
- 1200230 Chances Cowichan
- 1200240 Chances Dawson Creek
- 1200250 Chances Fort St John
- 1200260 Chances Kamloops
- 1200270 Chances Kelowna
- 1200280 Chances Maple Ridge
- 1200290 Chances Mission
- 1200300 Chances Pr. Rupert
- 1200310 Chances RimRock
- 1200320 Chances Signal Point
- 1200330 Chances Squemish
- 1200340 Chances Terrace
- 1200350 CGC Langley
- 1200360 CGC Newton
- 1200460 Chances Salmon Arm

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 2 / 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
Profit Center/Group 1200210 Chances Chilliwack  
Person responsible Bal Ramra  
Reporting period 4 6 2016

Profit and loss accounts	Plan	Actual	Var. (abs.)	Var. (%)
*** GAMING REVENUES		7,575,341.90	7,575,341.90	
*** PRIZES		825,703.30	825,703.30	
**** NET WIN		6,749,638.60	6,749,638.60	
*** Commissions		2,146,863.17	2,146,863.17	
*** Equipment Leases & Licenses		13,868.59	13,868.59	
**** DIRECT COSTS		2,167,709.62	2,167,709.62	
*** GAMING SUPPORT COSTS (Mgmt. Forms)		5,201.59	5,201.59	
*** OPERATING COSTS (Mgmt. Forms)	24,850.00	24,183.72	666.28	2.68
**** Operating Costs	24,850.00	23,705.31	4,535.31	18.25
**** I-DEPRECIATION		183,030.98	183,030.98	
***** Total	24,850.00	4,369,504.77	4,394,354.77	17,603.52

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 3 / 3

Controlling Area BCLC BCLC/LTEC ControllingArea  
Profit Center/Group 1200210 Chances Chilliwack  
Person responsible Bal Ramra  
Reporting period 4 6 2016

Key figures	Plan	Actual
Profit	24,850.00	4,369,504.77

Prints Window Contents

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TO PROVE BW DATA = SAP

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Report Edit Data View Entry Settings System Help

**Plan/Act./Var. w/o EIBV**

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 2 / 3

Controlling Area BCLC BCLC/LIHC ControllingArea  
 Profit Center/Group 1200320 Chances Signal Point  
 Person responsible Gina Iandierio  
 Reporting period 4 6 2016

Profit and loss accounts

	Plan	Actual	Var. (Abs.)	Var. (%)
*** GAMING REVENUES		2,669,349.60	2,669,349.60	
*** FRISES		151,165.05	151,165.05	
**** NET WIN		2,518,183.75	2,518,183.75	
*** Commissions		788,750.22	788,750.22	
*** Equipment Leases & Licenses		224.14	224.14	
**** DIRECT COSTS		790,090.84	790,090.84	
*** GAMING SUPPORT COSTS (Mgmt Forma		4,902.24	4,902.24	
*** OPERATING COSTS (Mgmt Forma	45,750.00	26,694.00	19,055.20	41.65
**** Operating Costs	45,750.00	31,597.04	14,152.96	30.94
**** I-DEPRECIATION		101,425.42	101,425.42	
***** Total	45,750.00	1,595,070.45	1,640,820.45	3,506.49

Plan/Act./Var. w/o EIBV Status: 10/14/2015 Page: 3 / 3

Controlling Area BCLC BCLC/LIHC ControllingArea  
 Profit Center/Group 1200320 Chances Signal Point  
 Person responsible Gina Iandierio  
 Reporting period 4 6 2016

Key figures

	Plan	Actual
Profit	45,750.00	1,595,070.45

Print Window Contents

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To PROVE BW = SAP

F6

Report Editor SAP

Execute Drilldown Report Profit Center Grp: Plan/Actual/Variance

Current data (10/12/2015 14:50:00)

Navigation: P N I

Account Number	Plan	Actual	Variance	Var. %
INC STMTS	39,964,030.00	43,303,469.19	3,339,439.19	8.35611
NET_WIN	57,646,000.00	62,263,302.94	4,617,302.94	8.00973
REVENUES	57,646,000.00	62,263,302.94	4,617,302.94	8.00973
DIRECT COSTS	17,681,970.00	18,950,833.75	1,268,863.75	7.22698
COMMISSION	17,326,100.00	18,717,346.83	1,391,246.83	8.01731
EQUIPMENT_SUPP	1,645.00	10,876.20	9,231.20	563.30488
EQUIPMENT_LEASES	352,230.00	231,406.72	-120,823.28	-34.24502
OTHER_INCOME	0.00	0.00	0.00	x/0

Handwritten notes on right: LESS SAGAWAY ARM, NET, 1907,286.18, 60,356,016.76, 18,426,677.67, 1 ✓

Key Figure	Plan 2016 4-6	Act. 2016 4-6	Variance	% Variance
Plan 2016 4-6	39,964,030.00			
Act. 2016 4-6		43,303,469.19		
Variance			3,339,439.19	
% Variance				8.35611

Prints Window Contents

To PROVE CGC PRODUCT DATA FOR SLOTS +  
TABLES IN BW = SAP  
FOR REVENUE + DIRECT COSTS

revenue formula

✓

Program Edit Goto System Help

SAP

Selection: Profit Center Grp: Plan/Actual/Variance

Selections

Currency Type	to	
Company Code	to	9000
Account Number	to	999999
Business Area	to	
Functional Area	to	
Cost Center	to	
Sender cost ctr	to	
Currency	to	
Business Trans.	to	
Transactn Type	to	
Base Unit	to	
Ref. Transactn	to	
Logical system	to	
Cost Element	to	
Segment	to	
Partner PC	to	
Partner FArea	to	
Send BusArea	to	
Trading Partner	to	
Partner Segment	to	
Debit/Credit	to	
Product group	to	2699
Delivery Method	to	
Stat. key fig.	to	

Report selections

Ledger	01	Leading Ledger
Controlling Area	BCLC	BCLC/LTEC Controlling Area
FY Annual Rep. Struc.	1002	BCLC F/S (IFS: IFRS FY2..
Plan Version	0	Planning Version
Year	2016	2016
Period	4	4. Period
To period	6	6. Period
Profit Center Group	PSTD_30000	Community Gaming
Or values		to

Parameters for Special Evaluations

☐ Alternative Account Number

Prints Window Contents

2. E30 90000089 NEW BCLC777 OVR

LOTS & TABLES ✓ BINGO 2000 - 2099 ✓

PARAMETERS FOR G  
✓ ✓

## Execute Drilldown Report Profit Center Grp: Plan/Actual/Variance

Date: General Data Selection

Profit Center Grp: Plan/Actual/Variance

Current data (10/13/2015 14:45:09)

Selection data: General Data Selection

Profit Center: 1200460 Chances Salmon Arm - SALOGC

Navigation	P	N	T	Account Number		Plan	Actual	Variance	Var. %
▼ Currency Type				INC_STMT3	INCOME STATEMENT	10,275.00	1,374,130.10	1,384,405.10	13,473.52895
10			Cor	NET_WIN	NET WIN	0.00	1,907,286.18	1,907,286.18	x/0
▼ Currency				REVENUES	GAMING REVENUES	0.00	1,907,286.18	1,907,286.18	x/0
CAD			Cor	DRL_COSTS	DIRECT COSTS	10,275.00	533,156.08	522,881.08	5,088.86696
Profit Center				COMMISSION	Commissions	0.00	533,156.08	533,156.08	x/0
Account Number				EQUIPLANDL	Equipment Leases & L	10,275.00	0.00	10,275.00	100.00000
PS Item/Account				Not Assigned (1)		10,275.00	1,374,130.10	1,384,405.10	13,473.52895
Company Code									
Partner PC									
Business Area									
Functional Area									
Cost Element									
Segment									

## Key Figure

Plan 2016 4-6	0.00
Act. 2016 4-6	0.00
Variance	0.00
% Variance	x/0

Format: Plan/Act./Var. PCGrp

Prints Window Contents

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Program Edit Goto System Help

SAP

Selection: Profit Center Grp: Plan/Actual/Variance

General Selections

Currency Type	10	to	
Company Code	1000	to	9000
Account Number	400000 ✓	to	999999 ✓
Business Area		to	
Functional Area		to	
Cost Center		to	
Sender cost ctr		to	
Currency		to	
Business Trans.		to	
Transactn Type		to	
Base Unit		to	
Ref. Transactn		to	
Logical system		to	
Cost Element		to	
Segment		to	
Partner PC		to	
Partner FArea		to	
Send.BuArea		to	
Trading Partner		to	
Partner Segment		to	
Debit/Credit		to	
Product group	2200 ✓	to	2699 ✓
Delivery Method		to	
Stat. key fig.		to	

Report selections

Ledger	0L	Leading Ledger	
Controlling Area	BCLC	BCLC/LTEC ControllingArea	
FIS Annual Rep.Struc	1002	BCLC F/S (IFS: IFRS FY2...	
Plan Version	0	Planning Version	
Fiscal year	2016 ✓	2016	
From period	4 ✓	4. Period	
To period	6 ✓	6. Period	
Profit Center Group			
Or values	1200460 ✓	to	

Parameters for Special Evaluations

☐ Alternative Account Number

Prints Window Contents

Z\_E38\_98000088\_NEW BCLC777 OVR

PARAMETERS FOR G15

Report: 640 - Sales - Current Settings - System Help

Execute Drilldown Report Profit Center Grp: Plan/Actual/Variance

Current data (10/12/2015 14:55:21)

See below for breakdown used to reconcile Finance Books for

Navigation	P	N	T	Account Number	Plan	Actual	Variance	Variance %
▼ Currency Type				INC_STMT3	273,831,215.00	282,539,184.41	8,707,969.41	3.18005
10				NET_WIN	427,107,000.00	438,340,968.37	11,233,968.37	2.63025
▼ Currency				REVENUES	427,107,000.00	438,340,968.37	11,233,968.37	2.63025
CAD				DIRECT COSTS	153,275,785.00	155,413,904.78	2,138,119.78	1.39495
Profit Center				COMMISSIONS	148,895,800.00	150,985,040.58	2,089,240.58	1.40310
Account Number				EQUIPMENT_SUPP	826,710.00	908,866.63	82,156.63	9.93702
FS Item/Account				EQUIPLANDL	3,553,275.00	3,429,877.57	-123,397.43	-3.48915
Company Code				OP_COST3	0.00	622,069.24	622,069.24	N/A
Partner PC				OTHER_INC3	0.00	234,190.06	234,190.06	N/A
Business Area								
Functional Area								
Cost Element								
Segment								

LESS DIRECT COSTS IN GENERIC CC F.I. 1299999

DIRECT COSTS 0-C  
 ① 155,413,904.78 +  
 ③ 1,830.15 -  
 155,412,074.63 \*

Key Figure

Plan 2016 4-6	273,831,215.00
Act. 2016 4-6	282,539,184.41
Variance	8,707,969.41
Variance %	3.18005

Plan/Act/Var, PCGrp

Print Window Contents

TO PROVE CCG PRODUCT DATA FOR REVENUE + DIRECT COSTS IN BW = SAD ✓

✓ = AGREES TO CCG + CASINO Q2 SUMMARY STMT TOTAL REVENUE ADDED TOGETHER

Navigation	P	N	T	Account Number	Plan	Actual	Variance
▼ Currency Type				INC_STMT3	273,831,215.00	282,539,184.41	8,707,969.41
10				NET_WIN	427,107,000.00	438,340,968.37	11,233,968.37
▼ Currency				REVENUES	427,107,000.00	438,340,968.37	11,233,968.37
CAD				REVENUES	427,107,000.00	438,340,968.37	11,233,968.37
Profit Center				CA10/410000	Gaming Revenue	428,444,000.00	451,584,221.03
Account Number				CA10/440000	Free Play Redeemed	1,337,000.00	643,708.90
FS Item/Account				CA10/450000	Player Loyalty Earned	0.00	11,934,503.18
Company Code				CA10/450100	Progressive Jackpot	0.00	779,150.95
Partner PC				CA10/450200	Ancillary Adjustment	0.00	114,110.37
Business Area				DIRECT COSTS	153,275,785.00	155,413,904.78	2,138,119.78
Functional Area				OP_COST3	0.00	622,069.24	622,069.24
Cost Element				OTHER_INC3	0.00	234,190.06	234,190.06
Segment							

Program Edit Goto System Help

**Selection: Profit Center Grp: Plan/Actual/Variance**

**General Selections**

Currency Type	10	to	
Company Code	1000	to	9000
Account Number	400000	to	999999
Business Area		to	
Functional Area		to	
Cost Center		to	
Sender cost ctr		to	
Currency		to	
Business Trans.		to	
Transactn Type		to	
Base Unit		to	
Ref. Transactn		to	
Logical system		to	
Cost Element		to	
Segment		to	
Partner PC		to	
Partner FArea		to	
Send.BuArea		to	
Leading Partner		to	
Partner Segment		to	
Debit/Credit		to	
Product group	2200	to	2699
Delivery Method		to	
Stat. key fig.		to	

**Report selections**

Ledger	0L	Leading Ledger	
Controlling Area	BCLC	BCLC/LTEC ControllingArea	
FIS Annual Rep.Struc	1002	BCLC F/S (IFS: IFRS FY2...	
Plan Version	0	Planning Version	
Fiscal year	2016	2016	
From period	4	4. Period	
To period	6	6. Period	
Profit Center Group	PSID_50000	Casho & Community Ga...	
Or values		to	

Parameters for Special Evaluations

Prints Window Contents

Z\_F38\_98000088\_NEW BCLC777 OVR

PARAMETERS FOR  
G20

G21



## SOURCE SYSTEM TO SAP REVENUE BALANCING

Company  
General Ledger Account  
General Ledger Name  
Fiscal Period

1000  
410000  
Gaming Revenue  
2016 FQ 2

## Revenue Totals per Source System report, for 2016 FQ 2

SLOTS		Bally
GMS Sites (Inclusive of e-Roulette)		
SDS Flash Report (Slots) - Instance #1	A.1	126,022,136.95
SDS Flash Report (Slots) - Instance #2	A.1	102,361,758.37
SDS Flash Report (Slots) - Instance #3	A.1	94,711,551.47
Add back BC Gold progressive wins; SDS Reports unable to exclude from Net Win		
BEPS BC Gold	E	743,577.72
BEPS BC Silver	F.27	255,819.93
TOTAL SLOTS REVENUE		324,094,844.44

TABLES	
GMS Sites	
CMP Table Drops Listing Summary (Tables)	G.2 122,727,669.00
TOTAL TABLE REVENUE	122,727,669.00

POKER	
GMS Sites - Account Balance Summary (Poker)	
Hard Rock Vancouver Casino (CQC)	H.1 1,051,505.00
Edgewater Casino (VAC)	H.2 871,872.00
Grand Villa Casino (BUC)	H.3 571,260.00
Kelowna Casino (KEC)	H.4 165,184.00
Penticton Casino (PEC)	H.5 35,906.00
River Rock Casino (RIC)	H.6 1,083,731.00
Cascades (LNC)	H.7 371,690.00
Treasure Cove (GEC)	H.8 118,560.00
Quebec (QUC)	H.9 5,091.00
Fort St John (FSG)	H.10 72,726.00
Fraser Downs (SUR)	H.11 393,340.00
Kamloops Cascades (KPC)	H.12 62,391.00
TOTAL POKER RAKE REVENUE	4,803,256.00

Total per Source System \$ 451,625,769.44

Adjustments	
Voided drop not billed on wk 19; Corrected in Q3 2016	J.1 (41,487.00)

Net Adjustments: \$ (41,487.00)

\$ 451,584,282.44

## General Ledger Total Balance, for 2016 FQ 2

Plus/ (Less) adjustments:  
Variance due to opening of KA and SA (testing data)

L \$ 61.41

Net Adjustments:

\$ 61.41

Adjusted General Ledger Balance

\$ 451,584,282.44

Variance

\$

Prepared by: Elsa Chung

Date: 08-Oct-15

Reviewed by:

Date:

## ADVICE TO MINISTER

### CONFIDENTIAL ISSUES NOTE

Ministry of Finance  
Date: February 24, 2015  
Updated: Oct. 22, 2015  
Minister Responsible: Hon. Michael de Jong

## Edgewater parking / BCLC commission structure

### RECOMMENDED RESPONSE:

- Facility development commissions are meant to encourage capital improvements, resulting in higher quality facilities that attract a broader player base.
- BC Lottery Corporation and the Province approved an additional 2% commission for the relocation of Edgewater Casino, in recognition of the project's unique costs, notably the City of Vancouver's requirement for underground parking.
- Typically, the existing commission structure entitles casino service providers to a 3% commission for facility development and another one time 2% for "accelerated facility development."
- Paragon Gaming has completed the excavation and remediation work on-site and the parkade substructure is well underway.

### Secondary

- No commissions have been paid, nor will they be paid until a number of conditions have been met, such as providing documentation of expenses and obtaining approvals as set out in the service provider agreement.
- Documentation of completed work and other justifiable expenses is verified by an independent third party.
- In approving these extra commissions, government directed BC Lottery Corporation to ensure that the anticipated impact on government net revenue is absorbed into BCLC operations.

s.13

- **BCLC, the Ministry of Finance, and Partnerships BC are conducting a review of service provider commissions, including facility development commissions, as recommended in the Crown review of BCLC.**

#### **KEY FACTS REGARDING THE ISSUE:**

Following the release of the Crown Review of BC Lottery Corporation in December 2014, media reports and the official Opposition questioned the commission structure that BC Lottery Corporation has agreed to for Paragon Gaming's relocation of the existing Edgewater casino to lands owned by BC Pavilion Corporation (Pavco).

The arrangement, which was approved by government, allows Paragon Gaming to earn 7% of the net win from gaming at the existing Edgewater Casino to help pay for capital costs associated with the relocated and expanded Edgewater facility.

Facility development commissions are intended to encourage capital investment that results in higher quality facilities which attract a broader player base. Eligible expenditures include land, building and improvements and project-based expenditures. Developed nearly 20 years ago, BCLC's existing commission structure entitles casino service providers to a three per cent commission for facility development and an additional two per cent for "accelerated facility development" if they submit qualifying expenditures related to BCLC-approved gaming and amenity projects.

During the Edgewater project approval process in 2011, the City of Vancouver imposed specific requirements for underground parking making the cost of providing parking at the new facility more significant than at any other gaming facility. Edgewater is the first development to be granted an extra two per cent based on the project's unique costs. Commissions intended to pay for Edgewater's underground parkade began accruing in April 2012.

Under BCLC's agreement with Paragon (Edgewater), accrued funds for the parking structure are held in a trust account and can only be withdrawn when eligible expenses have been incurred and approved by BCLC. Prior to funds being released, BCLC must receive a report from a professional quantity surveyor. BCLC has also advised that they have a working arrangement with PavCo to coordinate any payment with the controls that PavCo has for the release of funds to Paragon's contractors. No commissions have been paid to date.

A Ministry of Finance Crown review of BCLC released December 18, 2014 found that the corporation has not consistently followed its policy in the administration of project-based commissions. In some cases, BCLC released commissions to service providers on receipt of individual expenses rather than on substantial completion of the whole project and in one case a gaming facility received commissions in advance of earning them. In the case of Edgewater, the gaming facility is being permitted to accrue commissions on a project at an earlier stage than usual to assist in the financing of high construction costs unique to the project.

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## ADVICE TO MINISTER

Local governments that host gaming facilities earn 10 per cent of net casino revenues after deducting BCLC operating expenses and commissions, including facility development commissions. s.13

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Comment [BPC2]: New material.

FY	Net income target	Actual Net income
FY 12/13	\$1.125 B	\$1.125 B
FY 13/14	\$1.172 B	\$1.175 B
FY 14/15	\$1.193 B	\$1.255 B

The Crown review called upon BCLC and the Ministry of Finance to "conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure." As recommended, BCLC, the Ministry of Finance, and Partnerships BC are currently conducting a review of service provider commissions, including facility development commissions.

### ADDITIONAL BACKGROUND:

Vancouver City Council approved the rezoning for the relocation of the Edgewater Casino in November 2011, including the transfer of 600 slot machines and 75 tables to the new site. The Preliminary Development Application for the Edgewater Urban Resort and Casino project was presented to the City of Vancouver's Development Permit Board in December 2013 and was approved subject to specific conditions; many of which related to responsible gambling. Paragon Gaming responded to the conditions to the satisfaction of the Development Permit Board.

In July 2014, Vancouver's City Council unanimously passed a restrictive covenant to limit the expansion of gambling in the Edgewater Casino with an amendment to include a resolution that Council reaffirms its April 2011 decision to impose a moratorium on any expansion of gaming in the city. City council gave final approval for the development permit for the relocation of the Edgewater Casino on January 20, 2015. Paragon has secured the building permit for the parkade and initial construction below ground began in 2015

BCLC has an existing Casino Operational Services Agreement with Paragon Gaming as the Service Provider for the current Edgewater Casino. This agreement is up for renewal in December 2015. Paragon's lease of the current facility will expire in December 2016

s.13

Communications Contact:	Brennan Clarke	
Program Area Contact:		
File Created:		
File Updated:	Sept. 22, 2015	
File Location:		

Program Area	Communications Director	Deputy	Minister's Office
MJS	JE		

## ADVICE TO MINISTER

### CONFIDENTIAL ISSUES NOTE

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## ADVICE TO MINISTER

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### ADDITIONAL BACKGROUND:

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s.13

Communications Contact:	Brennan Clarke	
Program Area Contact:		
File Created:		
File Updated:	Sept. 22, 2015	
File Location:		

Program Area	Communications Director	Deputy	Minister's Office
MJS	JE		

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s.14

September 12, 2012

Gaming Policy and Enforcement Branch  
Ministry of Energy and Mines  
PO Box 9311 STN GOVT  
Victoria, BC V8W 9N1



Attention: Mr. Douglas Scott  
Assistant Deputy Minister

Dear Mr. Scott

Re: Request for Directive for Approving an Amendment to the  
Remuneration Formula

74 West Seymour Street  
Kamloops, BC V2C 1E2

T: 250.828.5500  
F: 250.828.5631

3040 Vernal Way  
Vancouver, BC V5M 0A6

T: 604.215.0649  
F: 604.225.6424  
Toll-free: 1-877-870-8729

British Columbia Lottery Corporation ("BCLC"), as part of its mandate in conducting, operating and managing gaming in the Province of British Columbia, is required to make business decisions that maximize the gaming revenue for the Province and has been asked by Government to support particular sectors of Provincial importance. To better fulfill these expectations, BCLC has reviewed and is considering adjustments to the facility development commission ("FDC") structure for gaming service providers in two particular situations. FDC is the component of the remuneration formula which enables service providers to earn additional commission by making capital investments in gaming facilities. It is based on a percentage of the win generated at individual facilities and is payable to the service providers in amounts equal to expenditures which were incurred in development or improvement of gaming facilities and approved by BCLC.

Under the *Gaming Control Act* (the "Act"), BCLC is required to obtain the approval of the General Manager for changes to the remuneration formula. Specifically, s. 28(1) (j) (iii) states:

Directives of the general manager

28 (1) For lottery schemes and horse racing in British Columbia, the general manager, subject to subsection (3), may issue directives applicable to the branch, the lottery corporation or both, as to the carrying out of responsibilities under this Act, including but not limited to directives,

...

(j) approving the formula for determining the amount of gaming revenue that

...

(ii) may be retained by or paid to a gaming services provider in connection with the conduct, management, operation or presentation of lottery schemes,

Accordingly, the purpose of this letter is to ask for your approval set out in a directive as required to amend FDC in respect of Edgewater Casino in relation to the planned relocation and for the casinos associated to horse racetracks. I can advise that BCLC recently reviewed the business rationale for amending FDC with our Board of Directors and received their support in principle going forward for these instances where the business reasons support continued growth and viability of gaming in our Province.

### Edgewater Casino Relocation

#### *Background*

BCLC has proposed the relocation of Edgewater Casino, operated by Edgewater Casino ULC, currently located in a temporary facility at the Plaza of Nations. It will relocate to a site adjacent to BC Place Stadium. The City of Vancouver has approved the relocation as required under the Act but placed limits on the gaming activity in its approval, specifically, limitations of 600 slot machines and 75 tables.

The proposed \$400 million development will include a multi-purpose entertainment complex consisting of the casino, two hotel towers, convention space, restaurants, retail space and an underground parkade all tied into BC Place Stadium at the concourse level facilitating ease of access to the surrounding entertainment options in Yaletown. The design incorporates a 1,200 stall underground parkade at an estimated cost of \$73.4 million. It should be noted that the City of Vancouver no longer allows the development of above ground parkades. The parkade will provide for sufficient casino patron parking, an important component of successful casino operations, along with providing parking for the hotels and much needed parking for events at BC Place. Based on the City's gaming activity limitations and the prohibition on above ground parkades, the project economics make it very difficult to support the significant costs associated with the underground parking structure which is seen as a key component of the development.

#### *Business Rationale*

An independent gaming revenue market study indicated substantial gaming revenue potential exists in the City of Vancouver. The redeveloped casino will be positioned to capture this market potential and generate estimated additional \$20 - \$25 million net revenue to government annually.

The City of Vancouver's restriction on number of gaming devices will limit the overall revenue potential of the development, thus impacting the economics of the project.

The downtown Vancouver location and requirement for underground parking has significantly increased the project construction costs impacting the economics of the project when compared to similar facilities developed in more suburban areas.

#### *Proposed FDC Adjustment*

The proposal is to provide additional FDC of 2% more than currently paid for a period of five years commencing April 1, 2012 in respect of incurred expenditures approved by BCLC.

## Casinos at Racetracks

### *Background*

The horse racing industry in BC has been identified as important by Government. The casinos which are co-located at the two race tracks in BC are seen as fundamental to the viability of the horse racing industry. While the two lower mainland locations for horse racing are not ideal for casino operations, BCLC and the gaming services providers, working within the constraints of the existing dated horse racing facilities, have tried to provide quality venues which ultimately support an industry of Provincial importance.

The gaming service providers have been required to make significant investment in both Fraser Downs (\$43 million) and Hastings (\$45 million) to enable casino gaming to be incorporated into the horse racing facilities. The financial metrics for the horse racing industry continue to decline, making it increasingly difficult for the gaming services providers to sustain viable operations. In a competitive lower mainland casino marketplace and under the current compensation structure it is difficult for the gaming services providers to justify further investment in order to remain competitive.

### *Business Rationale*

The FDC adjustment is proposed to provide additional support for an industry that is seen as important by Government and to provide financial stability to the horse racing track operators. It is intended to incentivize the service providers to seek to enhance the racetracks and position them to better compete with the surrounding casinos serving the lower mainland marketplace.

### *Proposed FDC Adjustment*

The proposal is to provide additional FDC of 2½% more than currently paid throughout the remaining term of the operational services agreements, which for Fraser Downs is 2024.

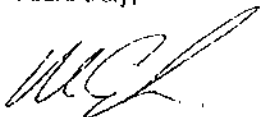
## Request for Approval by Directive

The above FDC adjustments are proposed in order to better manage the commission formula to meet our shareholder's expectations. We are therefore respectfully requesting a directive, issued to the British Columbia Lottery Corporation pursuant to Section 28 (1)(i)(ii) of the *Gaming Control Act* approving adjustment to the remuneration formula:

1. Applicable to Edgewater Casino, additional Facility Development Commission of 2% for a period of five years effective as of April 1, 2012;
2. Applicable to Hastings Racecourse, additional Facility Development Commission of 2½% for the remaining terms of the operational services agreement;
3. Applicable to Fraser Downs Racecourse, additional Facility Development Commission of 2½% for the remaining terms of the operational services agreement

BCLC appreciates your consideration of our request for approval by way of directive to amend the remuneration formula in the instances set out above. If you require further information or need clarification, I would welcome the opportunity to respond and will ensure that it is provided.

Yours truly,

A handwritten signature in black ink, appearing to read 'MGL', with a long, sweeping horizontal stroke extending to the right.

Michael Graydon  
President & CEO

cc: Jim Lightbody, VP Casino and Community Gaming  
Tom Williamson, VP Finance and Corporate Services and CFO



File  
6 FEB

*Know your limit, play within it.*

December 12, 2012

Log # 485677

Mr. Michael Graydon  
President and CEO  
BC Lottery Corporation  
2940 Virtual Way  
Vancouver BC V5M 0A6

Dear Mr. Graydon:

Thank you for your letter of October 18, 2012 regarding your request for an amendment to the remuneration formula for Edgewater, Fraser Downs and Hastings Casinos. You and I have discussed these requests, and I am following up with this written response for record.

Regarding the Edgewater Casino, I appreciate the additional information which you provided as a business case, and approve this matter going forward as a submission to Treasury Board. The submission will be drafted by the Gaming Policy and Enforcement Branch. The first draft will be ready for review by the Minister's office this week. We will continue to work with BCLC to ensure that we have the correct information and enclosures, in support of the Minister's consultation with Treasury Board.

With respect to the Fraser Downs and Hastings Casinos, the existing material which BCLC has provided does not show sufficient rationale for a change to the remuneration formula; however, if BCLC has further information or rationale to support the business case, I would be happy to reconsider this decision in the future.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

  
Douglas S. Scott  
Assistant Deputy Minister

cc: Jim Lightbody, VP Casino & Community Gaming  
Tom Williamson, VP Finance and Corporate Services & CFO

Ministry of  
Energy, Mines and  
Natural Gas

Gaming Policy and  
Enforcement Branch  
Assistant Deputy Minister's  
Office

Mailing Address:  
PO BOX 9311 STN PROV GOVT  
VICTORIA BC V8W 9N1  
Telephone: (250) 387-1301  
Facsimile: (250) 387-1618

Location:  
Third Floor, 910 Government Street  
Victoria, BC  
Web: [www.pseg.gov.bc.ca/gaming](http://www.pseg.gov.bc.ca/gaming)

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Withheld pursuant to/removed as

s.14

Susan - FYI.

(from Suzanne Rowley)



Travis R.  
P

APR 11 2013

Ref. 490234

Mr. Michael Graydon  
President and CEO  
BC Lottery Corporation  
2940 Virtual Way  
Vancouver BC V5M 0A6

Dear Mr. Graydon:

I am writing to confirm our understanding of the British Columbia Lottery Corporation's (BCLC) request for funding in support of the Edgewater Casino relocation adjacent to BC Place Stadium. The request indicates a negative impact of \$4.6M for each of the fiscal years of 2012/13, 2013/14 and 2014/15.

I wish to ensure BCLC's commitment that approval to increase the Facility Development Commission (FDC), and bring forward the Accelerated Facility Development Commission (AFDC), will not impact the net income targets to which the corporation has committed. Specifically, approval of this request is contingent on the \$4.6M reduction net to government, which is noted in Appendix A of the submission, being recovered from within BCLC operations.

Sincerely yours,

Rich Coleman  
Minister of Energy, Mines and Natural Gas  
and Deputy Premier

Ministry of  
Energy, Mines and Natural Gas  
and Deputy Premier

Office of the Minister

Mailing Address:  
PO Box 9060, Stn Prov Govt  
Victoria, BC V8W 9E2

Telephone: 250 387-5896  
Facsimile: 250 356-2965

Page 235 to/à Page 239

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Page 240 to/à Page 245

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## Edgewater Casino

This document provides a timeline of key events for Edgewater casino and current outstanding issues.

### Background

- As per section 28 (1)(j)(ii) of the Gaming Control Act, General Manager approval is required to set or alter the formula for determining the amount of revenue to be paid to a gaming services provider.
- B.C.'s casino operations model was developed in 1997.<sup>1</sup> The Casino Operational Services Agreement (COSA<sup>2</sup>) between BCLC and service providers allows commissions to their service providers. The two commissions germane to this issue are called Facility Development Commission (FDC) and the Accelerated Facility Development Commission (AFDC). The COSA allows for a FDC of 3% of total casino net win for approved eligible capital expenditures on account of casino developments or improvements. The AFDC (2%) is intended for a one-time significant project development proposal. The AFDC is paid out over the life of the contract which is typically 10-20 years.
  - BCLC proposed to add a FDC increase of 2% of total casino net win for a fixed five-year period commencing April 1, 2012 through to March 31, 2017 and allow for accelerated access to the 2% AFDC based on the existing Edgewater total casino net win. This means that Edgewater would have a FDC of 5% for five years (3% + 2% = 5%) and earlier access to the AFDC (see Appendix A).
  - The 2% AFDC is normally not available until the redevelopment project is substantially complete. The accelerated FDC/AFDC will result in the Service Provider recovering eligible development expenditures over a shorter period but providing no additional compensation over the term of the contract (see Appendix A).

s.13, s.14

<sup>1</sup> B.C.'s casino operations model was developed in 1997 when the provincial government announced a new gaming policy and issued a Request for Proposal—Destination and Charitable Gaming Facilities in the Province of British Columbia (RFP). The compensation structure was for a total commission of 28 per cent of net win from slots and 43 per cent net win from table games (net win = revenue after prizes paid/won by the player). The 28 per cent commission is divided into two parts—25 per cent operating commission, three per cent Facility Development Commission (FDC). The 43 per cent commission from table games is also divided into 40 per cent operating commission and three per cent FDC.

<sup>2</sup> The Casino Operational Services Agreements (COSA) are typically 10 year contracts with a renewal option for an additional 10 years. The COSA defines service, operating and marketing responsibilities for the casino company and forms the basis for the 25 and 40 per cent per cent operating commission. It also defines the requirements for earning the three per cent FDC.

<sup>3</sup> In 2006, BCLC added the AFDC of 2 per cent of net win. Service Providers designate a one-time project to qualify for AFDC and may only do so once in the lifetime of the facility.

## Key Chronology

Sep 12 and Oct 17, 2012 BCLC submitted a business case and a revised business case to GPEB (Sep 12 and Oct 17, 2012 respectively) requesting an increase to FDC and AFDC service commissions for the Edgewater Casino (Paragon), Hastings Racecourse (Great Canadian Gaming Corporation) and Fraser Downs Racecourse (Great Canadian Gaming Corporation).

Oct 2012

s.13,s.14

Dec 12, 2012 GPEB ADM sends a letter to BCLC CEO advising that the GM approves the Edgewater request going forward as a submission to Treasury Board and with respect to the Fraser Downs and Hastings Casino the material provided by BCLC does show sufficient rationale for a change to the remuneration formula.

Dec 12, 2012 GPEB in consultation with Treasury Board staff and legal counsel creates a Treasury Board submission and forwards to Minister Coleman's Office for review. The Treasury Board submission outlines BCLC's request to increase the service provider commission for Edgewater Casino.

Jan 25, 2013 Edgewater Casino Treasury Board Submission signed off by Minister Coleman.

Jan 31, 2013 BCLC signs an amended COSA with Paragon to increase the FDC/AFDC. GPEB receives a copy on March 26, 2013. GPEB takes no action. This contract is subsequently updated on March 14, 2013 as the AFDC is incorrectly referenced in the January version. GPEB requests and receives a copy of the March dated contract on February 12, 2014.

s.13,s.14

s.13,s.14

Feb 21, 2013

s.12

Mar 7, 2013

s.13,s.14

Mar 15, 2013

s.12

<sup>4</sup> In 2006, BCLC added the AFDC of 2 per cent of net win. Service Providers designate a one-time project to qualify for AFDC and may only do so once in the lifetime of the facility.

Mar 19, 2013

s.14

Apr 4, 2013

s.13,s.14

Apr 11, 2013

s.13,s.14

Apr 11, 2013

Deputy Minister Wanamaker recommends that GPEB draft a letter for the Minister to advise BCLC that they are responsible for ensuring the FDC/AFDC will not impact their fiscal targets.

A letter is sent from Minister Coleman to the BCLC CEO advising that approval of the FDC and AFDC request which indicates a negative impact of \$4.6 M for each of the fiscal years of 2012/13, 2013/14 and 2014/15 (\$13.8M) is given on BCLC's commitment that this increase will not impact the net income targets to which the corporation has committed. Specifically that this 3-year \$13.8 net reduction to government will be recovered within BCLC operations in those fiscal years (see Appendix D). Minister Coleman sends

Apr 13, 2013

s.13,s.14

Apr 15, 2013

s.13,s.14

Feb 21, 2014

GPEB received a letter from BCLC to GPEB dated December 31, 2013 referencing their approval from GPEB and Minister Coleman for a GM Directive to adjust the commission payment to the Edgewater service provider, Paragon. The letter further mentions

<sup>5</sup> September 24, 2013, 360 VOX Corporation, Paragon Development Ltd. and Dundee Corporation, announce a partnership to create an Urban Resort in Vancouver's Entertainment District, adjacent to BC Place.

GPEB's request that BCLC discuss the HLG impact with the City of Vancouver and to provide an update to Paragon's progress securing an equity investor and the requisite financing for the development.

Considerations:

- Vancouver's Edgewater Casino is required to re-locate as the lease on its temporary location at the Plaza of Nations will expire (lease was extended until December 31, 2015). It is intended that this casino will move to a newly constructed multi-use project including hotels, retail and, restaurants. According to the developers' website<sup>6</sup>, the new urban resort will create a new home for the 650 employees of the existing Edgewater Casino and will generate approximately 4,500 construction jobs and 2,000 ongoing resort jobs. The resort will contribute \$183.5 million per year from operations and will add approximately \$87 million per year to the local economy in increased visitor spending.
- In 2011/12 Edgewater Casino provided \$52.4M to the Province and \$5.8M in Host Local Government payments to the City of Vancouver.
- BCLC projected that the relocated casino could provide a projected incremental increase of \$20-25 million in income to the government in its first full year of operation. It is anticipated the redeveloped Edgewater Casino could open in January 2016.
- BCLC receives verbal approval from Minister Coleman and ADM GM for commission increases to Edgewater's service provider, Paragon.

- s.12,s.13,s.14

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- March 24, 2014, BCLC advised that the increased FDC is not flowing to Paragon. "The amounts are being accrued as they are earned. Payout of the amounts will not occur until qualifying expenses have been incurred, reviewed and approved in accordance with policy".

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s.12,s.13,s.17

March 24, 2014, BCLC advised that the AFDC is not flowing to Paragon. The amounts are being accrued as they are earned. Payout of the amounts will not occur until qualifying expenses have been incurred, reviewed and approved in accordance with policy".

- s.13,s.16

<sup>6</sup> See: <http://www.site10a.com>

- s.14

- s.13,s.14
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s.13,s.14

s.13.s.14

CONFIDENTIAL

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BCLC Gambling Service Provider Commissions Report 2010-2012. See:  
<http://corporate.bclc.com/content/dam/bclc/corporate/documents/corporate-reports/commissions-report-2012.pdf>

**Table 1 – AFDC Earned Since 2006<sup>8</sup>**

A	B	C		D	E	F
Fiscal Year	# of Casinos earning AFDC	AFDC Earned		# of CGCs/Bingo earning AFDC	AFDC Earned	Total AFDC Earned C + E = F
2006/2007	0	--		8	\$2.24 M	\$2.24 M
2007/2008	5	\$6.52 M		13	\$1.69 M	\$8.21 M
2008/2009	9	\$16.27 M		15	\$1.88 M	\$18.15 M
2009/2010	10	\$20.57 M		17	\$1.94 M	\$22.51 M
2010/2011	11	\$21.23 M		18	\$4.88 M	\$26.11 M
2011/2012	12	\$23.47 M		18	\$5.21 M	\$28.68 M
<b>Total</b>	<b>12</b>	<b>\$88.06M</b>		<b>18</b>	<b>\$17.84 M</b>	<b>\$105.90 M</b>

<sup>8</sup> Ibid at footnote 6 and BCLC Gambling Service Provider Commissions Report 1997-2010. See: <http://corporate.bclc.com/content/dam/bclc/corporate/documents/corporate-reports/commissions-report-9710.pdf>.

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Withheld pursuant to/removed as

s.12,s.13,s.17

Page 254 to/à Page 255

Withheld pursuant to/removed as

s.13,s.14

## Appendix D



APR 11 2013

Ref. 490234

Mr. Michael Graydon  
President and CEO  
BC Lottery Corporation  
2940 Virtual Way  
Vancouver BC V5M 0A6

Dear Mr. Graydon:

I am writing to confirm our understanding of the British Columbia Lottery Corporation's (BCLC) request for funding in support of the Edgewater Casino relocation adjacent to BC Place Stadium. The request indicates a negative impact of \$4.6M for each of the fiscal years of 2012/13, 2013/14 and 2014/15.

I wish to ensure BCLC's commitment that approval to increase the Facility Development Commission (FDC), and bring forward the Accelerated Facility Development Commission (AFDC), will not impact the net income targets to which the corporation has committed. Specifically, approval of this request is contingent on the \$4.6M reduction net to government, which is noted in Appendix A of the submission, being recovered from within BCLC operations.

Sincerely yours,

Rich Coleman  
Minister of Energy, Mines and Natural Gas  
and Deputy Premier

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Ministry of  
Energy, Mines and Natural Gas  
and Deputy Premier

Office of the Minister

Mailing Address:  
PO Box 9060, Stn Prov Govt  
Victoria, BC V8W 9E2

Telephone: 250 387-5896  
Facsimile: 250 356-2965

## **Edgewater Casino City of Vancouver Host Local Government Payment**

### Background

Paragon Gaming as the parent company of the Service Provider for Edgewater Casino has been working with BCLC with respect to redeveloping and relocating the Edgewater Casino to a more desirable location next to BC Place Stadium. The City of Vancouver has approved the relocation of the Edgewater Casino, however as part of the approval has limited the gaming supply at the new location to 600 slot machines and 75 table games. Additionally, the City has a by-law that does not allow further development of above ground parking structures. These two limitations have impacted the scale of the proposed redevelopment in that the limit of gaming devices limits the revenue potential and at the same time development of an underground parkade is proving cost prohibitive to the point that it is difficult to make the economics of the development work for the Service Provider.

### BCLC Additional Investment

BCLC assessed the business opportunity from the redevelopment and relocation and has received approval to accelerate the normal timing of when the Service Provider is eligible to receive the 2% AFDC to commence April 1, 2012 along with approval to provide an additional 2% FDC for a period of 5 years commencing April 1, 2012. The total annual cost of this initiative is approximately \$4.6 million.

s.13,s.16,s.17

Page 258 to/à Page 259

Withheld pursuant to/removed as

s.13,s.16,s.17

## **UPDATED MASTER DEVELOPMENT AGREEMENT B.C. PLACE DEVELOPMENT SITE 10A**

This Agreement, made with effect as of the Effective Date (herein defined),

BETWEEN:

**B.C. PAVILION CORPORATION**, a Crown Corporation of the Province of British Columbia, with its head office located at 850 – 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2

(**"PavCo"**)

AND:

**PARAGON DEVELOPMENT LTD.**, 6650 Via Austi Parkway, Suite 150, Las Vegas, Nevada, USA 89119

(the **"Developer"**)

AND:

**PARAGON HOLDINGS (SMITHE STREET) ULC**, a British Columbia corporation, having its registered and records offices located at 700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8

(the **"Indemnifier"**)

WITNESSES THAT WHEREAS:

- A. Terms employed in these Recitals and in this Agreement will have the meanings respectively ascribed to them in Section 1.1 hereof;
- B. PavCo is the registered owner of the B.C. Place Lands, including Development Site 10A;
- C. As of the Effective Date, PavCo has completed the refurbishment of B.C. Place Stadium as contemplated in the Upgrade Commitment Agreement;
- D. PavCo wishes to enter into this Agreement for the purposes of generating revenues to be applied to PavCo's expenses in connection with the Upgrade Project;
- E. Pursuant to the RFP, the Developer had provided to PavCo the Developer's Proposal, which was accepted by PavCo and implemented by execution of the Original MDA;

F. The Rezoning Bylaw was enacted by Vancouver City Council on November 29, 2011 and, as conditions of the enactment of the Rezoning Bylaw, the Rezoning Obligations were imposed by the City and accepted by PavCo (with the concurrent knowledge and approval of the Developer);

G. Because the Rezoning Bylaw did not permit the scale of gaming operations which had been contemplated under the Target Rezoning Requirements set out in the Original MDA, PavCo and the Developer have agreed that certain features, terms and timing of the Developer's Project (originally contemplated under the Original MDA and the Developer's Proposal) require revisions to reflect and comply with the terms of the Rezoning Bylaw;

H. The Indemnifier is an Affiliate of the Developer and (as was the case under the Original MDA) has agreed to become a party to this Agreement for the purposes of providing PavCo with assurances and indemnities as to the performance by the Developer of its obligations under this Agreement; and

I. PavCo, the Developer and the Indemnifier wish to clearly establish their respective rights and obligations in connection with the future uses and development (through the achievement of the Acceptable Subdivision, the allocation of respective responsibilities under the Rezoning Obligations and the grant of a Ground Lease) of Development Site 10A within the context, terms and requirements of the Rezoning Bylaw, as a necessary evolution of the Developer's Proposal, all as set out in this Agreement,

NOW THEREFORE, in consideration of the foregoing Recitals and the payment of the sum of s.17, s.21 and other good and valuable consideration by each of the parties hereto to the other, PavCo and the Developer and the Indemnifier covenant, acknowledge and agree as follows:

## 1. INTERPRETATION

### 1.1 Definitions

In this Agreement, the following terms will have the meanings respectively given to them:

- (1) **"Acceptable Subdivision"** means the subdivision of the B.C. Place Lands to create one (or more) legal parcels to accommodate the construction of the Developer's Project (including the Site 10A Parkade), as evidenced by the registration at the Land Title Office of any Subdivision Plan (whether approved by the Approving Officer or otherwise by any official of the Province under any Applicable Law) upon terms and conditions in compliance with the Target Subdivision Requirements or otherwise approved by both PavCo and the Developer, each acting in a commercially-reasonable manner;
- (2) **"AFDC Funds"** means Accelerated Facilities Development Commissions payable or potentially payable by BCLC to Edgewater or any other operator of the Casino Component of the Developer's Project under the terms of any relevant COSA;

- (3) **"Affiliate"** has the meaning attributed in the Canada Business Corporations Act or in the British Columbia Business Corporations Act, as applicable;
- (4) **"Agreement"** means this agreement including all schedules and instruments supplementary or ancillary hereto, as amended, supplemented or restated from time to time;
- (5) **"AGLC"** means Alberta Gaming & Liquor Commission;
- (6) **"Allowable Development Density"** means the Development Density allowed to be developed pursuant to the Rezoning Bylaw in connection with Development Site 10A, which, for the purposes of this Agreement, is 680,000 square feet, when determined in accordance with the relevant provisions of the Zoning and Development Bylaw (as amended by the Rezoning Bylaw);
- (7) **"Applicable Law"** means any law, bylaw, statute, ordinance, order, regulation, policy or permit enacted, adopted, promulgated or issued by any federal, provincial, municipal or other local governmental authority and applicable to the ownership, development, occupation or use of Development Site 10A or any relevant portion thereof during any period of time material to this Agreement; and **"Applicable Laws"** will have a corresponding meaning;
- (8) **"Appointing Notice"** has the meaning attributed in Section 10.2;
- (9) **"Approved Developer Assignee"** means any entity approved by PavCo to acquire all or any interests of the Developer under this Agreement or in respect of Development Site 10A prior to the Commencement Date;
- (10) **"Approved Plans and Specifications"** means detailed plans and specifications for the Developer's Project (or any relevant portion thereof) proposed by the Developer and approved by PavCo, each acting in a commercially-reasonable manner, as contemplated in Section 3.14 of this Agreement;
- (11) **"Approved Referees"** means not fewer than three (3) architects, three (3) engineers and three (3) solicitors, each licensed and qualified to practice their respective professions in the Province of British Columbia, each of which shall be qualified (in the subject areas in respect of which they are requested to adjudicate) and available to act as a Referee for the purposes of the Expedited Resolution Procedures (and selected by agreement of PavCo and the Developer not later than the date upon which all Ground Lease Preconditions shall have been satisfied); PROVIDED THAT if any person so approved by the parties hereto from time to time to act as a Referee is not available to act or is no longer approved by the parties to act as Referee for the purposes of the Expedited Resolution Procedures, the parties hereto will, acting in a commercially-reasonable manner, consider the selection and designation of other persons to ensure that at all times during the term of this Agreement, the parties hereto have agreed upon a minimum of three (3) architects, three (3) engineers and three (3) solicitors who are and remain available and qualified as Referees if so required);

- (12) **"Approving Officer"** means the officer of the City appointed to perform the obligations and duties of the "approving officer" under the *Land Title Act* with respect to the subdivision of lands within the boundaries of the City of Vancouver;
- (13) **"Arm's Length"** will have the meaning ascribed thereto in the *Income Tax Act*, R.S.C., 1985, ch.1, as amended;
- (14) **"B.C. Environment"** means the Minister of Environment for the Province of British Columbia, or his successor in function and any person from time to time acting as the nominee, delegate or agent of the Minister in connection with environmental remediation of Development Site 10A, the B.C. Place Lands, or any relevant part or parts thereof, including, but not limited to, a director, manager or officer of the Ministry of Environment, or any branch, agency or division thereof;
- (15) **"B.C. Place Access Easement"** means an Easement to be granted by the Tenant, charging the interests of the Tenant under the Ground Lease and, as applicable, the Short Form of Lease, as an appurtenance to the ownership of the B.C. Place Remainder, which Easement will be granted by the Tenant to PavCo as contemplated in Section 5.5 of this Agreement and which will be in the form attached as Schedule J to this Agreement, or as otherwise agreed by both PavCo and the Developer;
- (16) **"B.C. Place Access Routes"** will have the meaning ascribed thereto in the B.C. Place Access Easement;
- (17) **"B.C. Place Construction and Maintenance Easement"** means an Easement to be granted by the Tenant, charging the interests of the Tenant under the Ground Lease and, as applicable, the Short Form of Lease, as an appurtenance to the ownership of the B.C. Place Remainder, which Easement will be granted by the Tenant to PavCo as contemplated in Section 5.5 of this Agreement and which will be in the form attached as Schedule I to this Agreement, or as otherwise agreed by both PavCo and the Developer;
- (18) **"B.C. Place Environmental Standards"** means such standards of environmental remediation as may be established by relevant Governmental Authorities of the Province of British Columbia to be applicable to residential and commercial uses of the B.C. Place Lands, including, in particular, Development Site 10A;
- (19) **"B.C. Place Exiting Obligations"** means the respective obligations of PavCo or the Developer with respect to the provision of or payment for alterations to or replacements of structures or other facilities providing safe and efficient pedestrian and disabled access to and egress from the B.C. Place Stadium to the extent that any such alterations or replacements arise through or as a result of the Developer's Project, which allocated responsibilities are specified in Schedule O to this Agreement;

- (20) **"B.C. Place Lands"** means those lands located in the City of Vancouver, in the Province of British Columbia and, as of the Effective Date, legally described as:
- Parcel Identifier: 028-726-375  
 Lot 305  
 False Creek  
 Plan BCP49664;
- (21) **"B.C. Place Parking Easement"** means an Easement to be granted by the Tenant, charging the interests of the Tenant under the Ground Lease and, as applicable, the Short Form of Lease, as an appurtenance to the ownership of the B.C. Place Remainder, which Easement will be granted by the Tenant to PavCo as contemplated in Section 5.5 of this Agreement and which will be in the form attached as Schedule K to this Agreement, or as otherwise agreed by both PavCo and the Developer;
- (22) **"B.C. Place Parking Spaces"** will have the meaning ascribed thereto in the B.C. Place Parking Easement;
- (23) **"B.C. Place Remainder"** means the remainder of the B.C. Place Lands following subdivision of Development Site 10A from the B.C. Place Lands pursuant to an Acceptable Subdivision;
- (24) **"Budgeted Project Equity"** means the amount of equity which the Developer, acting in a commercially-reasonable manner, has budgeted to be required to be advanced or contributed by the Developer, the Tenant, the Indemnifier or any Affiliate of any such party, in addition to the proceeds of any Project Financing for the purposes of achieving Substantial Completion and all other activities required for the Grand Public Opening; PROVIDED THAT, as of the Effective Date, the Developer and the Indemnifier acknowledge their expectation that Budgeted Project Equity (excluding the proceeds of any Parkade Financing Servicing Payments) will be approximately one-third of Total Project Costs;
- (25) **"Building Permit"** means the Building Permit issued by the City of Vancouver permitting the construction of the entirety of the Developer's Project; PROVIDED THAT PavCo may elect to authorize or direct that the Parkade may be constructed pursuant to a Building Permit issued only for the Parkade and not as a component of the Building Permit required for the entirety or for the balance of the Developer's Project;
- (26) **"Builders Lien Act"** means the Builders Lien Act, RSBC 1997, Chapter 45 and amendments thereto;
- (27) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

- (28) **"City"** means City of Vancouver, a corporation created pursuant to the Vancouver Charter, as amended from time to time, having its municipal offices at 453 West 12th Avenue, Vancouver, British Columbia, V5Y 1V4;
- (29) **"Commencement Date"** will have the meaning ascribed thereto in the Ground Lease, but for greater certainty, will mean that date upon which:
- (a) all of the Ground Lease Preconditions have been satisfied; and
  - (b) a Building Permit for the entirety of the Developer's Project has been issued or is available for issuance to the Developer; and
  - (c) vacant possession of Development Site 10A is delivered by PavCo to the Developer for the purposes of commencement of development and construction of the Developer's Project, including, without limitation, for the purposes of Construction Commencement;
- (30) **"Commercial Uses"** means any commercial and non-residential uses of Development Site 10A as permitted pursuant to the Zoning and Development Bylaw as amended by the Rezoning Bylaw;
- (31) **"Community Amenity Contribution"** means any "voluntary" payment or contribution to be made by PavCo, the Developer or any other party in respect of Development Site 10A, whether imposed or invited, directly or indirectly;
- (32) **"Construction Commencement"** means the substantial commencement of excavation for foundations and sub-grade structures for the purposes of development of the Developer's Project upon Development Site 10A;
- (33) **"Construction Term"** means that portion of the Term (of the Ground Lease) commencing on the Commencement Date and ending on the earlier of:
- (a) the date upon which an Occupancy Permit (whether conditional or unconditional) for the entirety of the Developer's Project is issued by the City following Substantial Completion thereof; or
  - (b) that date which is 34 calendar months following the Commencement Date;
- (34) **"Construction Term Contribution"** means the sum s.17,s.21 payable by the Developer to PavCo upon the Commencement Date as set out in Section 5.1(f);
- (35) **"Construction Term Rent"** means the sum s.17,s.21 Developer to PavCo in advance on the Commencement Date and on each anniversary thereof;
- (36) **"Consultant"** means any professional or other consultant engaged by PavCo or the Developer, as the case may be, in connection with the processes of obtaining

the Acceptable Subdivision, and "**Consultants**" will have a corresponding meaning;

- (37) "**Consultant Costs**" means any and all costs of the engagement of any Consultants;
- (38) "**Control**" means the ownership, either directly or indirectly, of shares having more than 50% of the votes entitled to be cast for the election of the directors of any corporation constituting the Developer; and "**Controlled**" will have a corresponding meaning;
- (39) "**COSA**" will have the meaning ascribed thereto in the Ground Lease;
- (40) "**DCC Payment Balance**" means, as of the Effective Date (and following payment of the sum of s.17,s.21 as contemplated in Section 2.3 hereof), the sum of s.17,s.21;
- (41) "**DCC Payment**" means the sum of s.17,s.21 paid or to be paid by the Developer to PavCo by instalments, as set out in Section 2.4 of this Agreement;
- (42) "**DCC Payment LC**" means an irrevocable and unconditional letter of credit issued by a major Canadian chartered bank and delivered by the Developer to PavCo as contemplated in Section 2.4 of this Agreement to provide security to PavCo for payment of the DCC Payment Balance when due, in whole or in part, as contemplated in Section 2.3 of this Agreement;
- (43) "**Deposit**" means the sum of s.17,s.21 paid by the Developer to PavCo pursuant to the Original MDA;
- (44) "**Developer**" means Paragon Development Ltd. or any Developer's Affiliated Assignee or, as applicable, any Developer's Approved Assignee;
- (45) "**Developer's Affiliated Assignee**" means any party, designated by the Developer through written notice to PavCo, to become the Tenant under the Ground Lease or otherwise to acquire all or any of the interest of the Developer under this Agreement and/or in connection with Development Site 10A and/or the Developer's Project; PROVIDED THAT any such Developer's Affiliated Assignee must:
  - (a) be and remain an Affiliate of and Controlled by the Developer until all obligations of the Developer to PavCo under this Agreement have been performed; and
  - (b) have entered into an agreement with PavCo, in form and substance satisfactory to PavCo, whereby such Developer's Affiliated Assignee will agree with PavCo to assume and perform any and all obligations of the Developer to PavCo under this Agreement as applicable to the parcel or

parcels of Development Site 10A in respect of which any such Developer's Affiliated Assignee is proposed to receive a registrable or beneficial interest on the Commencement Date;

- (46) **"Developer's Approved Assignee"** means any party designated by the Developer through written notice in writing by PavCo, to become the Tenant under the Ground Lease or otherwise to acquire all or any of the interests of the Developer under this Agreement and/or in connection with Development Site 10A and/or the Developer's Project, and approved, or deemed approved, by PavCo pursuant to Section 12.1 of this Agreement in connection with any such proposed assignment;
- (47) **"Developer's Default"** means any default by the Developer in the timely performance of any of its obligations under this Agreement and under any Applicable Laws following the Effective Date;
- (48) **"Developer's Infrastructure Works"** means any Infrastructure Works, whether installed on Development Site 10A or off-site, required to service Development Site 10A, including any works which are modifications or upgrades of or additions to Standard City Services which are requested by the Developer following the determination by the City of any such Standard City Services; PROVIDED THAT, for greater certainty and subject always to the provisions of Section 3.10 of this Agreement, "Developer's Infrastructure Works" will include:
  - (a) all works required to provide electrical, natural gas, telecommunication and other services (not to include Standard City Services, unless otherwise provided in this Agreement) to the Developer's Project; and
  - (b) in addition, the Developer, and not PavCo, will be solely responsible to construct or supply or install the Developer's Smithe Street Works;
- (49) **"Developer's Project"** means the development and use of Development Site 10A as more specifically described in Schedule E to this Agreement, which shall, unless the Developer and PavCo otherwise agree, include rights as to development of buildings and related improvements (including, without limitation, the Parkade) upon Development Site 10A (and in the case of the Parkade, on portions of Smithe Street) in compliance with the Rezoning Bylaw;
- (50) **"Developer's Proposal"** means the Proposal submitted by the Developer to PavCo pursuant to the RFP;
- (51) **"Developer's Smithe Street Works"** means the following:
  - (a) all works required to provide electrical, natural gas, telecommunication and other services (not to include Standard City Services, unless otherwise provided in this Agreement) to the Developer's Project; and

- (b) related light fixtures, street trees and street furniture adjacent to neighbouring City streets around the perimeter of the Developer's Project, together with all paving and sidewalks east of the back of the west curb line of Smithe Street (PROVIDED THAT if no vehicular parking is constructed beneath the street grade level of Smithe Street pursuant to the Smithe Street Sub-grade Lease, then the cost of provision of curbs, gutters and surface paving of Smithe Street between the backs of the east and west curb lines of Smithe Street shall be paid by PavCo from the DCC Payment),

all in accordance with the requirements of the City;

- (52) **"Developer's Solicitors"** means Boughton Law Corporation, 700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8, or such other solicitor or firm of solicitors as may be appointed by the Developer from time to time to provide advice and counsel to the Developer in connection with the subject matter of this Agreement;
- (53) **"Development Cost Levies"** has the meaning attributed to that term in the Zoning and Development Bylaw, as applicable to Development Site 10A pursuant to the Rezoning Bylaw;
- (54) **"Development Density"** means the entitlement to construct improvements with building areas (measured in square feet) as contemplated under the Zoning and Development Bylaw, as applicable to Development Site 10A pursuant to the Rezoning Bylaw;
- (55) **"Development Permit"** means a development permit issued by the City pursuant to the Zoning and Development Bylaw and the Rezoning Bylaw, authorizing the development of the Developer's Project;
- (56) **"Development Process Costs"** means any and all costs reasonably required to be incurred to obtain the Acceptable Subdivision, inclusive, without limitation, of Consultant Costs incurred by PavCo in connection with the obtaining of any Acceptable Subdivision;
- (57) **"Development Site 10A"** means that portion of the B.C. Place Lands so labelled and shown in heavy outline on the Sketch Plan, as may be revised by further agreements between the Developer and PavCo from time to time pursuant to this Agreement up to but not beyond the date of the approval by the Approving Officer of an Acceptable Subdivision;
- (58) **"Development Site 10C"** means that portion of the B.C. Place Lands so labelled on the Sketch Plan, as may be reconfigured in the sole and unfettered discretion of PavCo from time to time;

- (59) **"Edgewater"** means Edgewater Casino ULC, an Alberta unlimited liability corporation, having its chief business address at 1325 – 10180 101 Street NW, Edmonton, Alberta T5J 3S4;
- (60) **"Effective Date"** means March 15, 2013, upon which date this Agreement shall become effective and shall update, supersede and replace the Original MDA on the terms and conditions set out herein;
- (61) **"Event of Force Majeure"** means any *bona fide* delay or state of affairs beyond the control of any party to this Agreement (which does not arise from the neglect or default of such party or the failure of such party to observe or comply with any Applicable Law and which does not mean or include any delay arising as a result of any financial incapacity of such party or any Affiliate of such party) and despite the application of all commercially-reasonable efforts by such party which shall cause or contribute toward any such party being unable to fulfill or being delayed or restricted in the fulfillment of such party's obligations under this Agreement, and an "Event of Force Majeure" will be deemed to include any such delay or state of affairs to the extent attributable to:
- (a) the inability of such party to obtain, or the non-supply, non-provision or non-delivery of any required material, goods, equipment, service, utility or labour, or the doing of any work or the making of any repairs by any Governmental Authority, including the City;
  - (b) any material and adverse changes, following the Effective Date, in any Applicable Law or by reason of its inability to procure the consent or approval of any Governmental Authority required in connection with the subject matter of this Agreement, despite having promptly and diligently used its best efforts to procure the same;
  - (c) any strikes, lockouts, slowdowns or other combined action of workers or labour disputes, or stop-work orders issued by a court or a Governmental Authority, including the City (provided that no such orders were issued, nor any labour disputes occasioned as a result of any wrongful or unlawful act or omission or delay by any party whose performance of obligations hereunder is affected by any such Event of Force Majeure or anyone employed or retained by such party);
  - (d) any litigation, claim or other action initiated or threatened in writing by:
    - (i) any First Nations group with respect to title to or interests in Development Site 10A;
    - (ii) any First Nations group or by any third party challenging the validity of the Rezoning Bylaw or the Acceptable Subdivision and/or in connection with the conduct of gaming activities as a component of the Developer's Project; or

- (iii) any other party dealing at Arm's Length with the party so affected by such delay,

which has a material adverse impact or has the effect of preventing the development of the Developer's Project in accordance with the Project Schedule;

- (e) any breach by the other party to this Agreement of their respective obligations hereunder which has a material and adverse effect upon the ability of the party not in breach in performing its obligations or realizing the benefits contemplated in this Agreement; and
  - (f) accidents, acts of God, fires, floods, epidemics, wars (declared or undeclared), revolutions, riots, insurrections, or civil commotions;
- (62) **"Expedited Resolution Procedures"** means the procedures for resolution of any Referable Matter as set out in Article 10 hereof;
- (63) **"Financial Capability"** means, with respect to the Developer, the Tenant and/or the Indemnifier, the demonstrated financial capability of the Developer, the Tenant and the Indemnifier, or any or all of them, to undertake and Substantial Complete the Developer's Project through to the Grand Public Opening, which Financial Capability will be demonstrated as described in Section 2.5 of this Agreement; and **"Financially Capable"** will have a corresponding meaning;
- (64) **"Gaming Operations Confidential Information"** means any information disclosed to PavCo pursuant to Sections 2.5(g) and 2.5(h) of this Agreement; PROVIDED THAT, for greater certainty, Gaming Operations Confidential Information will not include personal information relating to operational personnel involved in any gaming or casino operations s.22  
s.22
- (65) **"GMP"** means a guarantee maximum price construction contract executed by the Developer, or the Tenant, as applicable and any other Affiliate of the Indemnifier, with an experienced and reputable general contractor acceptable to PavCo, acting in a commercially-reasonable manner, for the purposes of construction of the Developer's Project;
- (66) **"Governmental Authority"** means any ministry, agency, department, officer, manager, minister or other agent or officer of any federal, provincial, municipal or other local governmental authority having jurisdiction over or in connection with the B.C. Place Lands, including Development Site 10A, pursuant to any Applicable Laws;
- (67) **"GPEB"** means the Gaming Policy Enforcement Branch of the British Columbia Ministry of Public Safety and Solicitor-General, or any other successor Governmental Authority having jurisdiction over substantively similar or additional activities pursuant to any Applicable Laws;

- (68) **"Grand Public Opening"** means the opening to the general public of the Substantially Completed and fully fixtured, furnished and equipped Developer's Project as to all components thereof including, in particular, gaming operations contemplated and required under any applicable COSA, together with Hotel, Retail, Conference, Restaurant, Lounge, Night Club and Spa and Fitness Facilities components thereof permitted pursuant to the Rezoning Bylaw;
- (69) **"Ground Lease"** means a lease to be granted by PavCo, as Landlord, to the Developer (or any permitted transferee or assignee of the Developer), as Tenant, with respect to those portions of Development Site 10A required for the purposes of the Developer's Project, which Ground Lease will be prepared, executed, delivered and become effective as set out in Sections 5.1 and 5.2 hereof;
- (70) **"Ground Lease Preconditions"** means those conditions precedent to the granting or effectiveness of the Ground Lease set out in Section 5.2;
- (71) **"GST"** means goods and services taxes or, as applicable, harmonized sales taxes, payable under the *Excise Tax Act* (Canada, R.S., 1985, C.E-15), as may be amended from time to time;
- (72) **"Incremental Environmental Remediation Costs"** means any costs:
  - (a) incurred or payable by PavCo pursuant to Section 7.1 of this Agreement relating to the investigation, analysis, excavation, handling, storage and removal from the B.C. Place Lands of any soils which are determined, pursuant to the B.C. Place Environmental Standards, to require environmental remediation, removal, storage or disposal; and
  - (b) incremental to costs which would otherwise have been incurred by the Developer in excavating, handling, storing and disposing of soils upon Development Site 10A (which are not determined, pursuant to the B.C. Place Environmental Standards, to be environmentally contaminated) as part of the Developer's Project;
- (73) **"Indemnified Parties"** means PavCo, the members of its Board of Directors, the Ministers of the Province having responsibility for PavCo and for the B.C. Place Environmental Standards, and the respective officers, employees, agents, successors and assigns of PavCo and such Ministries;
- (74) **"Infrastructure Works"** means any and all offsite works in the nature of infrastructure required by the City to service the B.C. Place Lands, including, in particular, Development Site 10A, as a condition of the Rezoning Bylaw, the Rezoning Obligations or any Acceptable Subdivision or under any Applicable Laws in connection with the Developer's Project;
- (75) **"Land Title Office"** means the Lower Mainland Land Title Office, or any other office or authority in which or through which title to Development Site 10A may be registered from time to time;

- (76) **"Landlord"** means the "Landlord" named in the Ground Lease, being the registered owner of Development Site 10A as of the Commencement Date;
- (77) **"Leasehold Mortgage"** means a first registered mortgage (and related security) contemplated to be granted and (subject to Section 15.3 of the Ground Lease) to charge the Tenant's interests under the Ground Lease, and executed by the Tenant in favour of any Canadian bank, trust company or other reputable mortgage lender (approved by PavCo, acting in a commercially-reasonable manner), as security for the advance of funds required to be borrowed by the Developer and/or the Tenant for the purposes of the design, development, construction and operation of the Developer's Project;
- (78) **"Leasehold Mortgagee"** means any mortgagee named under any Leasehold Mortgage;
- (79) **"Occupancy Permit"** means an occupancy permit issued by the City permitting the occupation and use of the entirety of the Developer's
- (80) **"Operating Term"** means that portion of the Term of the Ground Lease commencing upon expiry of the Construction Term;
- (81) **"Original MDA"** means that agreement titled "Master Development Agreement B.C. Place Development Site 10A", having an Execution Date of February 15, 2010 and made between PavCo, the Developer and the Indemnifier, as amended pursuant to "Deferral Agreement" dated November 23, 2011 and made between PavCo, the Developer, and the Indemnifier as amended from time to time;
- (82) **"Paragon"** means Paragon Gaming Inc., a Nevada corporation, having its chief business office at 6650 Via Austi Parkway, Suite 150, Las Vegas, Nevada, USA 89119;
- (83) **"Parkade"** means, together, the Site 10A Parkade and the Smithe Street Parkade;
- (84) **"Parkade Construction Costs"** means all costs incurred in connection with the design, construction, installation and commissioning of the Parkade pursuant to a budget (and related change orders) approved by BCLC;

(85) s.17

(86) s.17

- (87) **"PavCo Default"** means any default by PavCo in the timely performance of any of its obligations under this Agreement and under any Applicable Laws following the Effective Date;
- (88) **"PavCo's Knowledge"** means the actual knowledge of any current or former officer, director, employee or consultant of PavCo from whom the Developer has received written information or data (including, but not limited to, the Project Documents) in connection with or material to the subject matter of this Agreement;
- (89) **"PavCo's Solicitors"** means Bull, Housser & Tupper LLP, or such other solicitor or firm of solicitors as may be appointed by PavCo from time to time to provide advice and counsel to PavCo in connection with the subject matter of this Agreement;
- (90) **"Performance Bond"** means a bond issued by a reputable and credit-worthy bonding company or other financial entity (licensed to carry on such business in the Province of British Columbia) for the benefit of PavCo effectively assuring to PavCo the full and punctual performance of all obligations of the Developer and the Indemnifier with respect to the Substantial Completion of the Developer's Project pursuant to this Agreement and pursuant to the Ground Lease, all upon terms and conditions acceptable to PavCo, acting in a commercially-reasonable manner;
- (91) **"Permitted Encumbrances"** means:
  - (a) reservations and exceptions contained in any original Crown grant or implied by statute, as applicable to Development Site 10A;
  - (b) those charges or encumbrances registered against title to Development Site 10A and listed in Schedule D;
  - (c) the remaining obligations under the Rezoning Obligations allocated to the Developer for performance pursuant to Schedule C of this Agreement;
  - (d) the remaining obligations under the Upgrade Commitment Agreement allocated to the Developer for performance pursuant to Schedule N of this Agreement;
  - (e) any charges or encumbrances required by any Governmental Authority to obtain the Acceptable Subdivision and approved by both the Developer and PavCo as contemplated in Section 3.12 of this Agreement;
  - (f) any Public Access SRW's;
  - (g) the B.C. Place Construction and Maintenance Easement;
  - (h) the B.C. Place Access Easement;

- (i) the B.C. Place Parking Space Easement; and
  - (j) any other charges or encumbrances granted by the Developer or by the Tenant or claimed against the interests of the Developer or the Tenant in Development Site 10A as of the Commencement Date;
- (92) **"Phase I Project Costs"** means all costs actually and reasonably estimated by the Developer to be required to be expended by the Developer following the Effective Date for:
- (a) all design and architectural services relating to the Developer's Project prior to Construction Commencement;
  - (b) all architectural and other Consultant services relating to obtaining approval of any Acceptable Subdivision which are the responsibility of the Developer to obtain or pay for;
  - (c) preparation of all architectural and other drawings, including working drawings in connection with the Developer's Project sufficient to select a general contractor/construction firm to provide the Developer with a GMP in connection with the Developer's Project;
  - (d) finalization, in coordination with PavCo, of the Project Schedule and the list of Project Milestones;
  - (e) applications for and issuance of any required Development Permit and/or Building Permit for the Developer's Project; and
  - (f) application for, negotiation of and receipt of necessary commitments as to Project Financing,

which, as of the Effective Date, have been estimated by the Developer, acting in a commercially-reasonable manner, and inclusive of the DCC Payment Balance, to aggregate approximately s.17,s.21

- (93) **"Phase II Letter of Credit"** means an irrevocable and unconditional letter of credit issued by a major Canadian chartered bank and delivered by the Developer to PavCo pursuant and subject to Section 2.7 of this Agreement to provide security to PavCo for payment of a total of s.17,s.21
- (94) **"Post-Completion Surviving Obligations"** means those obligations of PavCo and/or the Developer, as applicable, which are intended to survive and continue following Substantial Completion of the Developer's Project and which are set out in Sections 3.9, 6.1, 6.2, 6.3, 7.1, 12.2, 13.7 and 13.8 of this Agreement;
- (95) **"Prime Rate"** means the prime lending rate established from time to time by the Royal Bank of Canada for loans made in Canada and in Canadian dollars to its most creditworthy customers;

- (96) **"Project Documents"** means all those plans, studies and other materials (relevant to Development Site 10A) which had been delivered by PavCo to the Developer pursuant to the Original MDA (including those expressly listed in Schedule C to the Original MDA), together with any other plans, studies or other materials delivered to the Developer (relevant to the Developer's Project and/or Development Site 10A) up to the Effective Date, as the same may be amended or supplemented by deliveries between PavCo and the Developer from time to time;
- (97) **"Project Financing"** means financing provided by established and reputable commercial lenders, dealing at Arm's Length with the Developer, the Indemnifier and the Tenant, in connection with payment of Total Project Costs;
- (98) **"Project Funding"** means the deposit (into a restricted cash account maintained or supervised by the lead agent lender relating to Project Financing) of funds sufficient to pay the then-estimated Total Project Costs as specified in the GMP (which estimate will include, without duplication and without limitation, a <sup>s.17</sup>   or such other contingency as may reasonably be specified by <sup>s.17</sup>   PavCo or such greater contingency as may be specified by the lenders providing Project Financing), together with such sums as BCLC may determine to be required to achieve Grand Public Opening;
- (99) **"Project Milestones"** mean those events or action items listed in the pro forma itemization attached as Schedule H to this Agreement, as may be amended from time to time as contemplated in Sections 3.3 and 3.4 hereof;
- (100) **"Project Schedule"** means the Project Schedule as established between the Developer and PavCo from time to time including, without limitation, the items contemplated in the pro forma Project Schedule attached as Schedule G to this Agreement, as may be amended from time to time as contemplated in Sections 3.3 and 3.4 hereof;
- (101) **"Property Taxes"** will have the meaning ascribed thereto in the Ground Lease;
- (102) **"Property Transfer Tax"** means "tax" as defined in the *Property Transfer Tax Act*, R.S.B.C. 1996, ch.378, as amended from time to time;
- (103) **"Province"** means Her Majesty the Queen in Right of the Province of British Columbia;
- (104) **"Provincial Emanation"** means any ministry, agency, authority, Crown corporation or other entity emanating from or owned or controlled by the Province;
- (105) **"Public Access SRW's"** means any statutory rights-of-way required by the City to be granted to the City (as contemplated in the UCA) as conditions of any Acceptable Subdivision, or otherwise, for the purposes of providing public pedestrian and disabled access upon or across Development Site 10A, including

Land Title Office registration numbers BB1356823, BB1356824, BB1356825, BB1356826, BB1356827, BB1356828, BB1356830 and BB1356831, for the purposes of providing public pedestrian and disabled access upon or across portions of the Premises;

- (106) **"Public Consultations"** means all public consultations and information sessions as may be required by the City or any other Governmental Authorities in connection with applications made for an Acceptable Subdivision;
- (107) **"Receiving Party"** has the meaning attributed in Section 10.1;
- (108) **"Referable Matter"** means any dispute which might arise between the parties hereto and relating to:
  - (a) the satisfaction of the Ground Lease Preconditions;
  - (b) the design, development, servicing and construction of the Developer's Project; and
  - (c) the value of any adjustments to any DCC Payment of the assumption by the Developer of any of PavCo's obligations under this Agreement which are agreed by both PavCo and the Developer to be performed by the Developer as a credit against the DCC Payment;
  - (d) the integration or coordination of the respective designs, construction and operations of the upgraded B.C. Place Stadium and the Developer's Project;
  - (e) Development Process Costs;
  - (f) the terms and conditions upon which any Acceptable Subdivision may be obtained;
  - (g) the interpretation of this Agreement or any Schedules hereto; or
  - (h) any other action, decision or matter affecting the implementation or advancement of the Developer's Project, materially and adversely affecting:
    - (i) the continuing operations of B.C. Place; or
    - (ii) any other development or use of Development Site 10C or any other portion of the B.C. Place Remainder;

PROVIDED ALWAYS THAT Referable Matters will not include (and the Expedited Resolution Procedures will not apply to) any determinations by any applicable Governmental Authorities as to compliance with:

- (i) relevant Applicable Laws, including City of Vancouver bylaws;

- (j) any building or fire codes applicable to access to or exiting from B.C. Place Stadium; nor
- (k) any Standard City Services required to be installed to or in connection with the B.C. Place Lands, nor Development Site 10A;
- (109) **"Referee"** means any person selected from the list of Approved Referees for the purposes of resolution of any Referable Matter as contemplated in Article 10 of this Agreement;
- (110) **"Reserved Easements"** means, collectively:
  - (a) the B.C. Place Construction and Maintenance Easement;
  - (b) the B.C. Place Access Easement; and
  - (c) the B.C. Place Parking Space Easement,
 as the same affect Development Site 10A and/or the Developer's Project;
- (111) **"Rezoning Bylaw"** means Bylaw 10403, enacted by Vancouver City Council on November 29, 2011;
- (112) **"Rezoning Obligations"** means those obligations imposed by the City as conditions of enactment of the Rezoning Bylaw, to be performed by PavCo or by owners or occupants of all or portions of the B.C. Place Lands as listed (and respectively allocated to the Developer or PavCo for performance) in Schedule C to this Agreement;
- (113) **"RFP"** means the Request for Proposals dated April 20, 2009 and issued by PavCo in respect of the "Real Estate Development Opportunity adjacent to B.C. Place Stadium-Development Site 10A";
- (114) **"Schedule"** means any respective Schedule attached to this Agreement;
- (115) **"Services Agreement"** means that agreement registered against title to the BC Place Lands at the Land Title Office under Numbers BB1356834, BB1356835, and BB1356836;
- (116) **"Short Form of Lease"** will have the meaning ascribed thereto in the Ground Lease;
- (117) **"Site 10A Parkade"** means the vehicle parking facility and all related fixtures and equipment constructed upon Development Site 10A as a component of the Developer's Project;
- (118) **"Sketch Plan"** means the unsurveyed sketch plan attached hereto as Schedule A;

- (119) **"Smithe Street"** means those lands shown on the plan attached as Schedule B to this Agreement, dedicated as City Street pursuant to Plan BCP49659 and remaining dedicated as Street City as of the Effective Date;
- (120) **"Smithe Street Parkade"** means the vehicle parking facility and all related fixtures and equipment constructed within Smithe Street, (adjacent to Development Site 10A) as a component of the Developer's Project, all as permitted pursuant to the Smithe Street Sub-grade Lease;
- (121) **"Smithe Street Sub-grade Lease"** means that lease agreed by the City to be granted to PavCo, as Tenant thereunder, in respect of the construction of vehicular parking and other related facilities within Smithe Street;
- (122) **"Smithe Street Works"** means all works or improvements required to be made to Smithe Street by the City pursuant to the Services Agreement;
- (123) **"Standard City Services"** means the following services required by the City to be installed and paid at the expense of PavCo to service Development Site 10A for the purposes of the Developer's Project:
  - (a) the Smithe Street Works, including any curbs and gutters thereof (but not including sidewalks or street trees or furniture along the frontage of Smithe Street with Development Site 10A nor the pedestrian plaza above and surrounding the Smithe Street Parkade entrance as required under the Services Agreement, all of which will, for greater certainty and in any event, be the responsibility of the Developer to provide);
  - (b) water mains;
  - (c) sanitary sewers; and
  - (d) storm sewers within the Smithe Street;
- (124) **"Subdivision Plan"** means a plan of subdivision prepared by PavCo and approved by the Developer, each acting in a commercially-reasonable manner, and complying with Target Subdivision Requirements to create Development Site 10A as a separate legal (volumetric) parcel from the B.C. Place Remainder Lands;
- (125) **"Substantially Completed"** means, with respect to the Developer's Project, or any relevant portion thereof, that such improvements are substantially complete in all material respects in a proper and workmanlike manner and are ready for occupancy, as evidenced by the issuance by the City of an Occupancy Permit therefor; and **"Substantial Completion"** will have a corresponding meaning;
- (126) **"Surviving Obligations"** means those obligations of the Developer and, as applicable, the Indemnifier which are intended to survive the termination of this

Agreement, and set out in Sections 2.2, 2.3, 2.4, 3.15, 3.16, 4.2, 4.5, 4.6, 4.8, 4.9, 4.10, 5.3, 9.2, 11.2, 13.7 and 13.8 of this Agreement;

- (127) **"Target Achievement Date"** means the respective date set out in Schedule H to this Agreement by which each respective Project Milestone is anticipated to be achievable;
- (128) **"Target Subdivision Requirements"** means, with respect to any proposed subdivision of Development Site 10A, all of the criteria set out in Schedule F to this Agreement;
- (129) **"Tenant"** means the tenant named under the Ground Lease, being the party entitled to hold and exercise all rights and benefits of the Developer pursuant to the Ground Lease as of the Commencement Date;
- (130) **"Term"** will have the meaning ascribed thereto in the Ground Lease;
- (131) **"Termination Delivery Materials"** means, without limitation:
  - (a) any studies, reports, plans, analyses, commitments or other agreements, including, without limitation, any and all geotechnical, environmental, engineering reports, studies and proposals and all architectural or other consultants' designs, renderings, proposals, plans, reports, studies and work-in-progress prepared by or at the request of, or otherwise available to the Developer (or any Affiliate of the Developer) relating to the Developer's Project and/or Development Site 10A; and
  - (b) transfers, assignments and confirmations, as reasonably required by PavCo in respect of any and all applications to and permits, consents, approvals or other forms of authorizations or commitments issued by any Governmental Authorities in connection with the Development Permit or any Building Permit relating to the Developer's Project and/or Development Site 10A (together with any and all applications, approvals or authorizations directly related to such Development Permit and/or Building Permit),

which are contemplated to be delivered by the Developer to PavCo upon termination of this Agreement;

- (132) **"Total Project Costs"** means all costs of commencement, conduct and completion of the Developer's Project from Construction Commencement through to Substantial Completion and the Grand Public Opening;
- (133) **"Tripartite Agreement"** means an agreement which may be entered into among PavCo, as the owner of Development Site 10A, the Tenant and any Leasehold Mortgagee, if so requested by the Developer and any such Leasehold Mortgagee, which Tripartite Agreement will be substantively in the form attached

as Schedule M to this Agreement, or as otherwise expressly agreed among the parties to such Agreement;

- (134) **"Ultimate Achievement Date"** means the final date by which each relevant Project Milestone must be achieved as set out in Schedule H to this Agreement;
- (135) **"Upgrade Commitment Agreement"** means the "Upgrade Commitment Agreement" dated for reference the 14<sup>th</sup> day of October, 2008, a copy of which was attached as Exhibit C to the RFP;
- (136) **"Upgrade Project"** means the design, construction and completion of the upgrading of B.C. Place Stadium as contemplated in and defined in the Upgrade Commitment Agreement;
- (137) **"Upgraded Stadium"** means the B.C. Place Stadium as refurbished through the Upgrade Project and in accordance with the Upgrade Commitment Agreement;
- (138) **"Vancouver City Council"** means the Council of the City of Vancouver, as duly constituted from time to time; and
- (139) **"Zoning and Development Bylaw"** means the Zoning and Development Bylaw of the City of Vancouver, as amended from time to time, including by the Rezoning Bylaw.

## 1.2 Extended Meanings

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

## 1.3 Applicable Law

This Agreement will be interpreted in accordance with the laws of British Columbia and the laws of Canada applicable therein.

## 1.4 Headings

The division of this Agreement into sections and clauses and the insertion of headings are for convenience of interpretation of this Agreement.

## 1.5 Entire Agreement

This Agreement, together with:

- (a) the Schedules hereto (and any agreements to be granted as contemplated therein);
- (b) any Project Documents;
- (c) the Ground Lease;

- (d) as applicable, the Short Form of Lease; and
- (e) a Collateral Agreement which may be executed and delivered by s.22 s.22 concurrently with execution of this Agreement,

constitute the entire agreement between the parties with respect to the subject matter hereof and, except as herein stated and in the instruments and documents to be executed and delivered pursuant hereto, contains all of the representations, undertakings and agreements of the respective parties and will supersede and render null and void the RFP and the Developer's Proposal.

There are no representations, undertakings or agreements of any kind between the parties except those contained herein; and this Agreement supersedes all previous negotiations, information and material provided to the Developer, whether oral or written, by PavCo.

## 1.6 Schedules

The following Schedules attached to this Agreement will be considered to constitute an integral part of this Agreement:

Schedule A	Sketch Plan showing current boundaries of the B.C. Place Lands and the (currently-anticipated) locations of Development Site 10C, Development Site 10A, and the B.C. Place Remainder following completion of the Acceptable Subdivision
Schedule B	Smithe Street Road Dedication Plan
Schedule C	Allocation of Responsibilities under Rezoning Obligations
Schedule D	List of Permitted Encumbrances
Schedule E	Description of Developer's Project
Schedule F	Target Subdivision Requirements
Schedule G	Current Project Schedule
Schedule H	Current Project Milestones
Schedule I	(Revised) Approved Form of B.C. Place Construction and Maintenance Easement
Schedule J	(Revised) Approved Form of B.C. Place Access Easement
Schedule K	(Revised) Approved Form of B.C. Place Parking Easement
Schedule L	(Revised) Approved Form of Ground Lease
Schedule M	(Revised) Approved Form of Tripartite Agreement
Schedule N	Allocation of Responsibilities under Upgrade Commitment Agreement
Schedule O	Allocation of Responsibilities Relating to Relocations or Replacements of B.C. Place Exiting Requirements

## 2. PURPOSES AND DEPOSIT

### 2.1 Purposes of this Agreement

PavCo, the Developer and the Indemnifier acknowledge and agree that the purposes of this Agreement shall, within the context of the Rezoning Bylaw:

- (a) express and confirm the continuing common intention of both PavCo and the Developer to continue to endeavour to obtain the Acceptable Subdivision to permit the Developer's Project to proceed;
- (b) establish acceptable conditions and an effective cooperative methodology to endeavour to obtain the Acceptable Subdivision, together with the Development Permit, Building Permit and Occupancy Permit for the Developer's Project;
- (c) allocate the respective responsibilities of PavCo and the Developer in respect of the Rezoning Obligations and in endeavouring to obtain the Acceptable Subdivision and the Development Permit, Building Permit and Occupancy Permit required for the Developer's Project pursuant to Applicable Laws;
- (d) establish a practical and achievable Project Schedule, including relevant Project Milestones, in connection with endeavouring to obtain the Acceptable Subdivision, a Development Permit, a Building Permit and an Occupancy Permit, all in connection with the commencement, implementation and completion of the construction and opening of the Developer's Project; and
- (e) establish the respective rights, obligations, liabilities and remedies of the parties to this Agreement with respect to endeavouring to obtain all requisite approvals and permits and with respect to the planning, design, construction, commissioning and opening of the Developer's Project within the context of the Upgrade Project, the continued operation of B.C. Place Stadium and the future development of the B.C. Place Remainder, including, without limitation, Development Site 10C.

## 2.2 Acknowledgements

PavCo, the Developer and the Indemnifier acknowledge and agree as follows:

- (a) this Agreement is intended to update, supersede and replace the Original MDA with effect as of the Effective Date;
- (b) this Agreement is intended to give effect to the modifications to the Developer's Project (which was contemplated in the RFP), the Developer's Proposal and the Original MDA, which modifications were necessitated through the differences in the terms and conditions of the Rezoning Bylaw from those contemplated as "Target Rezoning Requirements" under the Original MDA;
- (c) as of the Effective Date, there are no unremedied Developer's Defaults or PavCo Defaults under the Original MDA; and

- (d) the Deposit and all payments made to PavCo by or on behalf of the Developer under the Original MDA up to the Effective Date of this Agreement have been validly and irrevocably paid by the Developer and may be retained by PavCo, although (subject to payment by the Developer of the sum of s.17,s.21 as contemplated in Section 2.3 below) the sum of s.17,s.21 is acknowledged by PavCo to have been paid by or on behalf of the Developer as a credit against the DCC Payment contemplated under the Original MDA, resulting in the DCC Payment Balance stipulated to be payable under this Agreement as of the Effective Date.

### 2.3 DCC Payment Balance

On or before the Execution Date, the Developer will pay to PavCo the sum of s.17,s.21 as a credit against the DCC Payment.

The DCC Payment Balance:

- (a) will be due and payable by the Developer to PavCo:
- (i) in instalments and within 22 Business Days following delivery by PavCo of written request and substantiation therefor in amounts equal to any sums expended from time to time by PavCo with respect to the cost items described in Section 2.3(b) hereof; and
  - (ii) (to the extent not already paid to PavCo through instalments as contemplated in Section 2.3(a)(i) above), the DCC Payment Balance will be paid in full not later than the first day of the Operating Term,

and unless the Developer and PavCo otherwise agree and arrange for payment of the DCC Payment, whenever due in whole or in part, by bank draft, certified cheque or wire transfer to the satisfaction of PavCo, acting in a commercially-reasonable manner, PavCo may draw upon and cash any DCC Payment LC then in the possession of PavCo and retain the proceeds thereof in payment of any portion of the DCC Payment as and when due;

- (b) is intended to constitute payment by the Developer to PavCo of a contribution to PavCo's expenses in providing the following services or benefits to or for Development Site 10A:
- (i) preparing all requisite applications for the Acceptable Subdivision and discussing, negotiating and settling with the City and all other requisite Governmental Authorities the terms and conditions of approval of the Rezoning Bylaw and the Acceptable Subdivision;

- (ii) negotiating, settling and granting all charges and other agreements required by the City and any other relevant Government Authority in connection with obtaining the Acceptable Subdivision;
  - (iii) designing, constructing and installing Standard City Services;
  - (iv) undertaking all such works, obligations and liabilities relating to the Smithe Street Works (which are not otherwise components of the Developer's Infrastructure Works);
  - (v) undertaking all such works, obligations and liabilities relating to the Rezoning Obligations which are expressly allocated to be undertaken and/or paid by PavCo as set out in Schedule C;
  - (vi) undertaking all such works, obligations and liabilities relating to the Upgrade Project which are set out in the Upgrade Commitment Agreement and expressly allocated to be undertaken and/or paid by PavCo as set out in Schedule O;
  - (vii) coordinating with the Developer the design of any improvements upon or appurtenant to Development Site 10A for, usage or benefit to the B.C. Place Remainder, including, without limitation, the B.C. Place Parking Spaces; and
  - (viii) coordinating with the Developer the review and approval of the Approved Plans and Specification;
- (c) is acknowledged by the Developer to be non-refundable by PavCo to the Developer following the Effective Date, except if:
- (i) PavCo commits a PavCo Default in connection with its obligations under Sections 2.3(b)(i) through (b)(iv) hereof, and PavCo either fails to commence to remedy such PavCo Default within fifteen Business Days (15) following the date of receipt by PavCo of written notice from the Developer of such alleged PavCo Default or, having commenced such remedying, fails to diligently and continuously complete the remedying of such PavCo Default within a commercially-reasonable period following such commencement; or
  - (ii) following satisfaction of the Ground Lease Preconditions, PavCo fails to execute and deliver the Ground Lease to the Developer (or to an Approved Developer Assignee) as required pursuant to this Agreement,

and, in respect of which events, upon demand by the Developer, PavCo will refund to the Developer any portions of the DCC Payment Balance

which have not been then expended by PavCo in accordance with the terms of this Agreement.

## **2.4 DCC Payment LC**

The Developer agrees to deliver to PavCo, not later than 5 Business Days following the date upon which the Acceptable Subdivision has been registered at the Land Title Office, the DCC Payment LC in the amount of s.17.s.21 (less the amount of any further payments made by the Developer against the DCC Payment Balance following the Effective Date), to secure payment to PavCo of the DCC Payment Balance; PROVIDED THAT if and to the extent that the Developer and PavCo agree that the Developer will assume and perform any works which would otherwise be the responsibility of PavCo under this Agreement, the Developer and PavCo may agree to a related reduction or deferral of all or any portion of such DCC Payment or the DCC Payment LC.

The Developer will ensure that any DCC Payment LC is issued by a major Canadian chartered bank for a term of not less than one (1) year from its date of issuance and will be renewed or replaced not later than 11 Business Days prior to each scheduled Expiry Date thereof, failing which PavCo may cash any DCC Payment LC in its entirety and retain the proceeds thereof to be applied to pay any DCC Payment as and when due pursuant to Section 2.3 hereof.

## **2.5 Evidence of Financial Capability**

For the purposes of PavCo determining and establishing its satisfaction with the Financial Capability of the Developer and the Indemnifier, the following provisions will apply:

- (a) effective as of the Effective Date, the Developer and/or the Indemnifier will have delivered to PavCo evidence satisfactory to PavCo, acting in a commercially-reasonable manner, that the Developer and/or the Tenant has and will, through the completion of the Developer's Project have appropriate experience and managerial expertise in connection with the development and financing of projects similar in usage and scale to the Developer's Project sufficient to undertake and fully complete the Developer's Project (through to the Grand Public Opening);
- (b) the Indemnifier will provide financial information satisfactory to PavCo, acting in a commercially-reasonable manner, including the following items in connection with the Indemnifier and/or any Affiliate intended to provide substantiation of the Financial Capability of the Indemnifier:
  - (i) each such entity's financial statements;
  - (ii) each such entity's balance sheet;
  - (iii) a corporate organization chart showing the current (and from time to time any changing) effective inter-relationships, ownership and Control of all such entities;

- (iv) currently-relevant bank or lender references; and
  - (v) any applications, financial reports or other financial information, together with any reports or background or personal information in s.22 submitted by any such entities or persons to GPEB or BCLC, as applicable, in connection with gaming operations proposed in connection with the Developer's Project;
- (c) PavCo, acting in a commercially-reasonable manner, must be satisfied prior to the satisfaction of all other Ground Lease Preconditions, that when required for the purposes of Construction Commencement, through to the Grand Public Opening, the Developer, the Tenant, the Indemnifier (or any Affiliate of one or any more of them) will have:
- (i) (subject to satisfaction of any precondition established by GPEB and/or BCLC for the purposes of issuance of a COSA upon Grand Public Opening) the availability of requisite approvals from GPEB and BCLC to establish and conduct feasible gaming operations as a component of the Developer's Project;
  - (ii) s.17
  - (iii) s.17
- (d) for the purposes of Section 2.5(c) of this Agreement, not later than 22 Business Days prior to the Developer's projected date of Construction Commencement and as a condition of satisfaction of all other Ground Lease Preconditions, PavCo must be satisfied, acting in a commercially-reasonable manner (from a review of balance sheets and other financial information and disclosures) that the Developer, the Tenant, other parties Affiliated with Paragon or otherwise involved as participants, investors or sponsors in the provision of Budgeted Project Equity have available financial resources (including through anticipated advances or binding and enforceable commitments as to provision of, without duplication,

Budgeted Project Equity, Project Financing and Parkade Financing Servicing Payments) sufficient to pay the amounts projected to be required to Substantially Complete the Developer's Project, as specified in the GMP, together with a s.17,s.21 (or such other contingency as may reasonably be specified by PavCo or as may be specified by the Developer's Project lenders), together with such sums as BCLC may determine to be required from any such parties to achieve Grand Public Opening;

- (e) for the purposes of determining the Budgeted Project Equity, not later than 5 Business Days following the date upon which the Acceptable Subdivision has been registered at the Land Title Office, the Developer and/or the Indemnifier will deliver to PavCo the following items of information:
  - (i) the latest available budget of Total Project Costs;
  - (ii) the latest available Project Schedule;
  - (iii) the latest available estimated costs to the Developer of a GMP; and
  - (iv) the latest available proposed (or committed) terms of any Project Financing;
- (f) the Indemnifier represents and warrants that all such information and materials provided by the Indemnifier or any Affiliate of the Indemnifier to provide evidence of the Financial Capability of any such party will be complete and accurate as of the date of any such delivery;
- (g) prior to the Effective Date and on an ongoing basis thereafter whenever any such information is required by and submitted to BCLC and/or GPEB and AGLC, the Developer and/or the Indemnifier will deliver or cause to be delivered to PavCo or, if acceptable to PavCo, to make available for personal examination (either directly or, at the option of PavCo, authorization for the release to PavCo by BCLC and/or GPEB and/or AGLC, as the case may be) true and complete copies of all information, including periodic financial and background reports and disclosures provided to BCLC and/or GPEB and/or AGLC as to Paragon, Edgewater, s.22 as filed or required to be filed by any such parties to BCLC and/or GPEB and/or to AGLC in connection with any existing or proposed gaming activities of any such parties or any Affiliates of any such parties; and

(h) for greater certainty, in connection with the delivery of Gaming Operations Confidential Information as contemplated in Section 2.5(g) above:

- (i) as the personal disclosure cycle for information required from s.22 by GPEB is five years and will not be required to be resubmitted until May 2016, the Developer and/or the Indemnifier will, within 10 Business Days following the Effective Date, deliver to PavCo (or, if acceptable to PavCo, make available for personal examination by PavCo) the personal

s.22

- (ii) not later than 10 Business Days following the Effective Date, the Developer and/or the Indemnifier will submit to PavCo the most recent

s.22

PROVIDED THAT all such Gaming Operations Confidential Information will be held in confidence in accordance with the provisions of Section 13.8 of this Agreement.

## 2.6 Acknowledgements as to Gaming Operations Approval

Prior to the Effective Date, the Developer, the Indemnifier (or Paragon or Edgewater or any other Affiliate of the Indemnifier) will provide evidence to PavCo that the Indemnifier (or any other such Affiliates of the Indemnifier) has notified GPEB that an application is pending for the development of a destination casino project in Vancouver and will diligently continue with the regulatory and compliance process with BCLC and GPEB in connection with any required licensing approvals and the COSA required for proposed gaming operations as a component of the Developer's Project on Development Site 10A.

The Indemnifier represents and warrants to PavCo that Paragon's annual and Edgewater's annual and monthly financial and background reports and disclosures to GPEB are extensive

s.22

Each of the Developer, the Indemnifier and PavCo acknowledge that an Affiliate of Paragon is intended to be the service provider to BCLC in connection with any casino operations proposed to be developed as a component of the Developer's Project and neither the Developer, the Tenant, the Indemnifier nor any Affiliate of Paragon may dictate or unilaterally control the time frames within which GPEB and BCLC will conduct regulatory reviews of the Developer's Project nor any proposed gaming operation as a component thereof.

Based on representations given by Paragon, the Developer and the Indemnifier, PavCo acknowledges that the issuance of a COSA for casino operations as a component of the Developer's Project will not occur until after the casino component thereof has opened following the Grand Public Opening and the service provider has demonstrated to the satisfaction of BCLC compliance of all of BCLC's then-applicable Casino Terms and Conditions.

Notwithstanding the foregoing provisions of this Section 2.6, the Developer and the Indemnifier will employ their best efforts, with the support of Paragon and any Affiliate of the Developer, the Tenant, the Indemnifier and/or Edgewater to secure, on or before that date which is 44 Business Days following the Grand Public Opening, approval from GPEB and BCLC for the use of Development Site 10A and the Developer's Project for gaming operations.

## **2.7 Phase II Letters of Credit**

Unless GPEB and/or BCLC has then rejected any application made by the Developer, Paragon, Edgewater, the Indemnifier, the Tenant or any party Affiliated with any of them, in connection with proposed gaming operations as a component of the Developer's Project, the Developer agrees to deliver to PavCo (as security for the ultimate contribution by the Developer, the Tenant or the Indemnifier, or any Affiliate of any of them, of the Budgeted Project Equity as a component of Project Financing and as may be required as a condition of the advance of Project Financing) Phase II Letters of Credit at the following times and in the following amounts:

- (a) on or before May 22, 2013 (or, if PavCo and the Developer hereafter agree, on or before such date which is 2 Business Days following the date upon which PavCo shall have approved of the "Revised Program and Scope of Development" as contemplated in Project Milestone 6 shown in Schedule H), a Phase II Letter of Credit in the amount of s.17,s.21 and
- (b) on or before July 8, 2013 (or, if PavCo and the Developer hereafter agree, on or before 2 Business Days following the date upon which PavCo shall have approved of the "Revised Schematic Design" as contemplated in Project Milestone 10 shown in Schedule H) a replacement or amended Phase II Letter of Credit, confirming to the satisfaction of PavCo the increase in the amount of the Phase II Letter of Credit (if previously delivered pursuant to Section 2.7(a) above) secured thereby to s.17,s.21

The Developer will ensure that any Phase II Letter of Credit is issued by a major Canadian chartered bank for a term of not less than one year from its date of issuance and will be renewed or replaced not later than 11 Business Days prior to each scheduled expiry date thereof, failing which, PavCo may cash any Phase II Letter of Credit in its entirety and retain the proceeds thereof as security for the ultimate contribution of the Budgeted Project Equity, when required by the lead lender for Project Financing.

PavCo agrees that it shall, acting in a commercially-reasonable manner, release the Phase II Letter of Credit:

- (c) concurrently with the contribution of Budgeted Project Equity to Project Funding as and when Project Financing is advanced by any relevant lenders as contemplated in Section 2.8 of this Agreement; or
- (d) (following delivery of the Termination Delivery Materials and performance of any of the then-applicable Surviving Obligations) if any of the Ground Lease Preconditions are not satisfied and the Developer's Project does not proceed.

The Developer acknowledges and agrees that the Phase II Letter of Credit may be drawn upon and used by PavCo to pay any and all monies as may be required to obtain the delivery to PavCo of the Termination Delivery Materials as and when required pursuant to Section 3.16 of this Agreement.

## **2.8 Return of Phase II Letter of Credit**

For greater certainty, as contemplated in Section 2.7(c) of this Agreement, PavCo will release the Phase II Letter of Credit to or to the order of the Developer, the Indemnifier or the lead agent lender in respect of any Project Financing concurrently with or in anticipation of delivery to PavCo of evidence of the following:

- (a) an executed GMP;
- (b) the advance into a segregated "lock-box" account administered by the lead lender in connection with Project Financing of all proceeds of Project Financing and all additional required equity to comprise Project Funding (on commercially-reasonable terms, assuring payment of Total Project Costs, when due, and acknowledging commitments for the provision of any Parkade Financing Servicing Payments);
- (c) the engagement of a qualified independent third party construction consultant engaged by the lead lender in connection with Project Financing to monitor and to verify to the lenders in connection with Project Financing (in respect of which the Developer expressly covenants to provide to PavCo, within 5 Business Days following receipt of any such certificates by the Project Financing lenders and the Developer, true and complete copies of) periodic reports on construction progress, Total Project Costs and projected costs to fully complete the Developer's Project;
- (d) (as applicable) a Performance Bond; and
- (e) satisfaction of all other Ground Lease Preconditions.

### **3. COORDINATION OF DEVELOPMENT APPROVAL PROCESSES**

#### **3.1 Approval of Developer's Project**

PavCo and the Developer acknowledge and agree that, effective as of the Effective Date:

- (a) the Rezoning Bylaw has been enacted and, together with the Rezoning Obligations (as allocated between the Developer and PavCo as to performance as set out in Schedule C to this Agreement) is satisfactory for the purposes of permitting the development, construction and operation of the Developer's Project;
- (b) the description of the Developer's Project shown in Schedule E to this Agreement is acceptable to PavCo and the Developer and will form the basis for applications to be made to the City and any other relevant Governmental Authorities for the Acceptable Subdivision, together with any relevant:
  - (i) Development Permit
  - (ii) Building Permit; and
  - (iii) Occupancy Permit; and
- (c) the Target Subdivision Requirements included in Schedule F to this Agreement will satisfy all requirements of the Developer in connection with the Developer's Project.

#### **3.2 Modification of Descriptions of Developer's Project**

If at any time following the Effective Date, either the Developer or PavCo determines that any material revisions to this description of the Developer's Project from that shown in Schedule E to this Agreement is required, such party may, by delivery of written notice to the other, request the approval of the other party to any such proposed modification; PROVIDED THAT:

- (a) either party to whom any such request for consent to a modification of a description of the Developer's Project is sent will act in a commercially-reasonable manner to consider and approve of any such requested modification;
- (b) PavCo acknowledges that PavCo's approval will not be required in respect of any value engineering relating to the Developer's Project which does not materially alter or affect any Acceptable Subdivision for which applications have then been filed or which have then been obtained, nor any of the issues described in Section 3.2(c); and
- (c) the Developer acknowledges and agrees that it will not be unreasonable for PavCo to refuse to approve of such proposed modification if and to the

extent that any such modification is anticipated by PavCo to materially and adversely affect:

- (i) the anticipated availability of the Acceptable Subdivision;
- (ii) all or any portion of the B.C. Place Remainder;
- (iii) the continued viability and efficient operation of the Upgraded Stadium; or
- (iv) any other existing interests or operations of PavCo relating to the BC Place Stadium.

If and to the extent that any modification of the Developer's Project is proposed by either PavCo or the Developer and approved by the other party, both PavCo and the Developer will take all such action as may reasonably be required to give effect to such modification, including through modifications of any applications relating to issuance of approvals relating to the Acceptable Subdivision, any Development Permit, any Building Permit and any Occupancy Permit.

### **3.3 Advancement of Development Approval Processes**

PavCo will, diligently and continuously, employ commercially-reasonable efforts to make all such applications to the City and to all other relevant Governmental Authorities as may be required to endeavour to obtain the Acceptable Subdivision on or before the date respectively established therefor in the list of Project Milestones.

In connection therewith:

- (a) PavCo and the Developer will, promptly following the Effective Date, appoint respective representatives to meet and expeditiously (but not in any event later than the date by which the Phase II Letter of Credit is required to be increased as contemplated in Section 2.7(b) above:
  - (i) the date by which any revisions will be approved by both the Developer and PavCo to the Developer's Project;
  - (ii) the date by which any revisions will be approved by both the Developer and PavCo to the Target Subdivision Requirements;
  - (iii) the date by which any revisions will be approved by both the Developer and PavCo to the Infrastructure Works;
  - (iv) the date by which any revisions will be approved by both the Developer and PavCo to any requisite soils remediation protocols;
  - (v) the date by which any revisions will be approved by both the Developer and PavCo to the Project Schedule;

- (vi) the date by which any revisions will be approved by both the Developer and PavCo to the Project Milestones;
- (vii) the date by which the Approved Plans and Specifications will be approved by both the Developer and PavCo; and
- (viii) all relevant dates for the purposes of submitting applications to and discussing with City all staff processes, schedules and terms relevant to endeavouring to obtain approval of the Acceptable Subdivision;

and as each such date or dates may be established as contemplated in this Section 3.3(a) above, the Developer and PavCo will revise the Project Schedule and the Project Milestones accordingly;

- (b) PavCo may, in consultation with the Developer (both acting in a commercially-reasonable manner) make applications to and advance discussions and negotiations with the City and all other relevant Governmental Authorities in connection with endeavouring to obtain approval of the Acceptable Subdivision in such manner as may reasonably be required to achieve all relevant Project Milestones in accordance with the Project Schedule;
- (c) the Developer will have no authority to make commitments binding upon PavCo nor upon any other owner of Development Site 10C nor the B.C. Place Remainder, or any portion thereof unless approved in advance by PavCo, acting in a commercially-reasonable manner;
- (d) PavCo and the Developer will retain such Consultants as may reasonably be required from time to time to expeditiously apply for and endeavour to obtain the Acceptable Subdivision;
- (e) PavCo will submit all applications as may be required to endeavour to obtain the Acceptable Subdivision;
- (f) the Developer will, in consultation with PavCo (both acting in a commercially-reasonable manner) make applications to and advance discussions and negotiations with the City and all other relevant Governmental Authorities, including BCLC, in connection with any Development Permit, Building Permit and Occupancy Permit required in connection with the Developer's Project;
- (g) the Developer will retain such Consultants as may reasonably be required from time to time to expeditiously apply for and obtain any required Development Permit, Building Permit and Occupancy Permit in connection with the Developer's Project; and

- (h) PavCo and the Developer will, acting in a commercially-reasonable manner coordinate and support applications and presentations to the City and any other relevant Governmental Authorities required to endeavour to obtain the Acceptable Subdivision, together with any required Development Permit, Building Permit and Occupancy Permit in connection with the Developer's Project.

### **3.4 Project Schedule**

The Developer and PavCo acknowledge and agree:

- (a) that, as of the Effective Date, the Project Schedule and the list of Project Milestones respectively attached hereto as Schedules G and H represent reasonable estimates of dates by which all Project Milestones described therein may be achieved;
- (b) to co-operate with one another, each acting in a commercially-reasonable manner, to achieve all Project Milestones on or before the dates respectively set out in Schedule H;
- (c) to employ all commercial-reasonable efforts to perform their respective obligations under this Agreement up to the Commencement Date in compliance with the Project Schedule;
- (d) to advise one another if and to the extent that either of them foresees any deviations or delays arising and affecting the Project Schedule and, in particular any Project Milestones; and
- (e) in any such event, to co-operate with one another to endeavour to mitigate the effects of any such deviations or delays, all with a view to ensuring that all Project Milestones are achieved by the respective dates set out in Schedule H or any revised dates approved by both PavCo and the Developer from time to time.

### **3.5 Periodic Reports and Consultation**

Each of the Developer and PavCo agrees to provide to the other ongoing periodic reports (not less frequently than monthly) as to activities respectively conducted by PavCo or the Developer and as to the status of endeavouring to obtain the Acceptable Subdivision and satisfaction of all Ground Lease Preconditions.

PavCo and the Developer acknowledge and agree that each of the parties may from time to time request more frequent and timely status reports as significant events or Project Milestones arise.

In addition, each of the parties hereto agrees to act in a commercially-reasonable manner to respond to requests, questions and suggestions from the other in connection with the

Acceptable Subdivision, satisfaction of Ground Lease Preconditions and impacts upon the Developer's Project and the Upgrade Project.

### **3.6 Developer Support and Assistance**

The Developer agrees to provide, promptly as and when requested by PavCo, acting in a commercially-reasonable manner, such information, comments, advice, plans, designs, specifications and support as PavCo may reasonably require from time to time in connection with endeavouring to obtain the Acceptable Subdivision and in connection with the intended use and development of Development Site 10A and the Developer's Project.

The Developer will bear all costs incurred by the Developer in fulfilment of such obligations, including any Consultant Costs in connection therewith, and for greater certainty, the Developer will pay all Consultant Costs in connection with the following scope of work:

- (a) support and coordination of processes relating to issuance of a Development Permit, including general meetings with City Planning Staff and with City Urban Design Panel, attendance at public Open Houses, general attendance and input as to any approvals and permits required in connection with the Acceptable Subdivision and/or any permits required in connection with the Developer's Project; and
- (b) development of Urban Design Panel Rationale and development of alternatives.

### **3.7 Co-Ordination of Public Consultations**

PavCo and the Developer will each, acting in a commercially-reasonable manner, co-operate with the other in connection with the scheduling and conduct of any Public Consultations, as may be required by the City or any other Governmental Authority in connection with endeavouring to obtain the Acceptable Subdivision and satisfaction of all other Ground Lease Preconditions.

In no event will either PavCo or the Developer make announcements, public statements or commitments which could reasonably be interpreted to materially and adversely affect the interests of the other party in connection with all or any portion of Development Site 10A or the B.C. Place Remainder.

### **3.8 Infrastructure Works Obligations and Payments**

PavCo will, as an integral component of seeking Acceptable Subdivision (and in consultation with the Developer), undertake the design and settlement with the City and any other relevant Governmental Authority, of any Infrastructure Works required to be constructed, installed or upgraded or modified to serve the B.C. Place Lands and Development Site 10A and to comply with any relevant Rezoning Obligations.

In connection therewith, PavCo and the Developer will, each acting in a commercially-reasonable manner, determine any components of the Infrastructure Works which will constitute Developer's Infrastructure Works.

The costs of design, construction, installation and completion (through to acceptance by the City thereof) of all Infrastructure Works will be paid on the following bases:

- (a) PavCo will (subject to Section 3.8(b) below) pay all such costs of Standard City Services required to service the B.C. Place Lands, inclusive of Development Site 10A, as required by the City pursuant to any of the Rezoning Obligations and as conditions of any Acceptable Subdivision up to the common boundary of Development Site 10A with any adjoining City streets; and
- (b) the Developer will be obligated to pay for all Developer's Infrastructure Works, together with the costs of any connections to any such off-site Infrastructure Works and the costs of any services and utilities required to be constructed or installed within the boundaries of Development Site 10A in connection with the Developer's Project (and such payments will not comprise credits against DCC Payment Balance).

### **3.9 Community Amenity Contributions and Development Cost Levies**

PavCo and the Developer acknowledge and agree that the UCA provides that no Community Amenity Contributions or Development Cost Levies will be charged nor payable in connection with any developments upon the B.C. Place Lands and, in connection therewith, PavCo and the Developer acknowledge the provisions of Sections 3.9 and 3.10 of the UCA if Vancouver City Council should, at any time in the future, endeavour to impose Community Amenity Contributions or Development Cost Levies as terms and conditions of any Rezoning Bylaw or any Acceptable Subdivision.

If and to the extent that the City should endeavour to so impose any such Community Amenity Contributions or Development Cost Levies, PavCo and the Developer will cooperate in a commercially-reasonable manner to endeavour to prevent the imposition of any such Community Amenity Contributions or Development Cost Levies or to seek and obtain repayment thereof by the City as contemplated in Sections 3.9 and 3.10 of the UCA.

To the extent that any monies are so recovered by PavCo or the Developer from the City as contemplated in Sections 3.9 and 3.10 of the UCA, PavCo and the Developer will account and equitably adjust between PavCo and the Developer any such receipts so that any party having been obligated to pay any such Community Amenity Contributions or Development Cost Levies will be reimbursed from funds received from the City.

Notwithstanding the foregoing provisions of this Section 3.9, if and to the extent that Community Amenity Contributions and/or Development Cost Levies are required or imposed by the City by reason of an increase in the Allowable Development Density beyond Development Density contemplated in the ODP Amendment, the Developer will be obligated to pay any such

Community Amenity Contributions and/or Development Cost Levies as and when required pursuant to the Rezoning Bylaw.

### **3.10 Allocation of Responsibilities re Rezoning Obligations**

PavCo and the Developer acknowledge and agree that their respective obligations to undertake or pay for any works, obligations or liabilities set out in the Rezoning Obligations will be allocated, performed and paid by them respectively as set out in Schedule C to this Agreement.

### **3.11 Upgrade Commitment Agreement Responsibilities**

PavCo and the Developer acknowledge and agree that their respective obligations to undertake or pay for any works, obligations or liabilities set out in the Upgrade Commitment Agreement (and remaining to be performed as of the Effective Date) will be allocated, performed and paid by them respectively as set out in Schedule N to this Agreement.

### **3.12 Allocation of Responsibilities Re: B.C. Place Exiting Requirements**

PavCo and the Developer acknowledge and agree that their respective obligations to undertake or pay for the construction, alteration or replacement of any structures or other facilities providing safe and effective pedestrian and disabled access to and egress from the B.C. Place Stadium (to the extent that any such construction, alteration or replacement may arise through or as a result of the Developer's Project) will be allocated, performed and paid by them respectively as set out in Schedule O to this Agreement.

### **3.13 Co-Operation Re: Acceptable Subdivision**

Both PavCo and the Developer agree to act in a commercially-reasonable manner in connection with the approval of any commitments and as to the execution of any agreement, including encumbrances required by the City or any other Governmental Authority to be registered against title to Development Site 10A or the B.C. Place Remainder or any portion thereof, in connection with endeavouring to obtain the Acceptable Subdivision, any Development Approval, any requisite Development Permit, Building Permit or Occupancy Permit; PROVIDED THAT:

- (a) any encumbrances so required by the City or any other relevant Governmental Authority shall, for the purposes of this Agreement and the Ground Lease, constitute Permitted Encumbrances;
- (b) if and whenever PavCo or the Developer becomes aware of the requirement for the granting of any such encumbrances as contemplated in Section 3.13(a), each such party will provide written notice thereof, together with any relevant materials in substantiation therefor to the other party;
- (c) neither PavCo nor the Developer will have authority to make commitments as to the granting of any such proposed encumbrances without the prior written consent of the other party, acting in a commercially-reasonable manner; PROVIDED THAT:

- (i) not later than 22 Business Days following the Effective Date, the Developer and PavCo will, acting diligently and in a commercially-reasonable manner, establish protocols for communication and negotiation between the City and any other relevant Government Authorities and the Developer and PavCo, respectively, in connection with proposals, meetings, negotiations and other communications required in connection with the Acceptable Subdivision and the Developer's Project; and
- (ii) the Developer acknowledges and agrees that in no event will the Developer be entitled to meet with the City in connection with the Acceptable Subdivision without a representative of PavCo being present or unless PavCo otherwise expressly agrees, or as otherwise permitted pursuant to the protocols established under Section 3.13(c)(i) above; and
- (d) if any such encumbrances are contemplated to be granted as conditions of obtaining any Development Permit, Building Permit or Occupancy Permit, PavCo and the Developer will endeavour to ensure that any such charges comprise encumbrances only against the interests of the Tenant under the Ground Lease and not as encumbrances against the fee simple interest of PavCo in Development Site 10A nor the B.C. Place Lands.

### **3.14 Approved Plans and Specifications**

The Developer will be solely responsible to prepare concept drawings relating to the Developer's Project as required from time to time in support of applications to be made by PavCo in respect of the Acceptable Subdivision and by the Developer in respect of the Development Permit required for the Developer's Project.

In addition, the Developer will be solely responsible to engage any and all Consultants required in connection with the design and development for the Developer's Project.

Not later than 22 Business Days following the Effective Date, the Developer and PavCo will, each acting diligently and in a commercially-reasonable manner, establish and approve specific responsibilities of the Developer and PavCo with respect to preparation and delivery, presentation, commentary, counter-proposals and revisions to any and all plans, drawings or applications required in connection with endeavouring to obtain the Acceptable Subdivision and development of designs relating to the Developer's Project and applications for and obtaining of any relevant Development Permit or Building Permit for the Developer's Project. Such protocols will include establishment of specific dates for key components of any such matters, and the inclusion thereof in the Project Schedule and the list of Project Milestones.

PavCo agrees to act promptly and in a commercially-reasonable manner in connection with any proposed concept drawings, revised drawings and plans and specifications relating to the Developer's Project; PROVIDED THAT:

- (a) PavCo may object to or require revisions in connection with any proposed plans and specifications for the Developer's Project to the extent that any such proposals might reasonably be anticipated to materially and adversely affect the issues described in Section 3.2(c); and
- (b) when any such proposed plans and specifications have been approved by PavCo, they shall, for the purposes of this Agreement and the Ground Lease, constitute the **"Approved Plans and Specifications"**.

### 3.15 Access and Documents

Following the Effective Date:

- (a) the Developer and its advisers and other authorized representatives will be entitled to reasonable access to Development Site 10A at all reasonable times, upon delivery of advance written request to PavCo, and will also be entitled to have access to (and PavCo will make available to the Developer, upon the Developer's request) and to make or request and obtain copies of, all Project Documents within the possession or control of PavCo and any consultants engaged by PavCo;
- (b) the Developer will have the right to enter upon Development Site 10A to conduct surveys, examinations and tests of Development Site 10A as the Developer may reasonably deem necessary or appropriate, subject always to such conditions as PavCo may reasonably impose in connection therewith and subject to the rights of any parties under any relevant Permitted Encumbrances;

PROVIDED ALWAYS THAT:

- (c) the Developer will make good any damage (including any environmental damage) caused thereby and will indemnify and save harmless PavCo from and against any and all costs, expenses, liabilities, claims (including environmental claims), suits or damages howsoever caused by or in connection with the Developer's activities upon Development Site 10A; and
- (d) this covenant of indemnity will survive any termination of this Agreement and the effective grant of the Ground Lease as of the Commencement Date.

### **3.16 Deliveries upon Termination**

The Developer acknowledges and agrees that if:

- (a) the Ground Lease does not become effective; or
- (b) this Agreement is terminated,

at any time prior to Construction Commencement (for any reason other than the unremedied breach by PavCo of its obligations to grant the Ground Lease to the Developer as contemplated in this Agreement or otherwise as a result of any unremedied PavCo Default), the Developer will, promptly upon receipt of written request from PavCo and without cost to or liability on the part of PavCo, deliver true and complete copies of all Termination Delivery Materials on the terms and conditions set out in this Section 3.16.

Such Termination Delivery Materials will be provided both in original copies and (where reasonably available) in digital form.

Without limiting any other obligations of the Developer under this Agreement, the Developer covenants and agrees to use its commercially-reasonable efforts to obtain (and to provide to PavCo, on a periodic basis as requested by PavCo, acting in a commercially-reasonable manner, evidence of) agreements from all Consultants and any other persons or entities involved in connection with Termination Delivery Materials (other than Governmental Authorities to the extent beyond the reasonable control of the Developer), that all such parties agree, for the benefit of PavCo, that all such Termination Delivery Materials will be delivered to PavCo, without cost or liability to PavCo, and without any conditions as to the ownership or use of the Termination Delivery Materials for such purposes as PavCo may determine to be desirable.

## **4. CONSTRUCTION TERM OBLIGATIONS**

### **4.1 Coordinated Construction Activities**

PavCo and the Developer will, to the extent that all or any portion of the Upgrade Project is not fully completed prior to the Commencement Date, coordinate their respective activities in connection with the completion by PavCo of the Upgrade Project and the construction of the Developer's Project by the Developer with the express objective of avoiding interference with or delays of each other's respective activity.

The Developer acknowledges and agrees that PavCo will be entitled to reserve and exercise all rights over Development Site 10A and the Developer's Project as contemplated in the B.C. Place Construction and Maintenance Easement; PROVIDED THAT with respect to the completion by PavCo of the Upgrade Project:

- (a) PavCo will ensure that its agents, contractors, subcontractors and licensees engaged in connection with the Upgrade Project and employing any such reserved rights will exercise such rights in a safe manner and in compliance with all Applicable Laws and construction work site practices;

- (b) communicate with the Developer (and its designated construction site managers on Development Site 10A) if and to the extent that PavCo will conduct any activities pursuant to such reserved rights necessitating additional safety precautions by the Developer on Development Site 10A; and
- (c) PavCo will employ all commercially-reasonable efforts to minimize any interference with or disruption of the development and construction of the Developer's Project.

#### **4.2 Compliance with Applicable Laws and Other Requirements**

The Developer will be solely responsible to ensure that the development and construction of the Developer's Project is conducted in strict compliance with:

- (a) all Applicable Laws, including, without limitation, all Applicable Laws relating to construction site safety;
- (b) the Rezoning Bylaw;
- (c) all Permitted Encumbrances;
- (d) the Development Permit; and
- (e) any Building Permit.

#### **4.3 Compliance with Project Schedule and Project Milestones**

The Developer will be solely responsible to ensure that the Developer's Project is developed and constructed in compliance with the Project Schedule and all Project Milestones (to the extent that any such matters are ascribed as the responsibility of the Developer and within the control of the Developer) subject always to any delays or prevention of performance arising through Events of Force Majeure.

Each of the Developer and PavCo will, to the extent that any such matters are ascribed as the responsibility of the Developer or PavCo, respectively, endeavour to achieve all Project Milestones on or before the respective Target Achievement Dates set out in the list of Project Milestones, as developed and amended from time to time as contemplated in Sections 3.3 and 3.4, but in any event on or before the Ultimate Achievement Dates respectively set out in such list of Project Milestones.

The Developer will deliver to PavCo, promptly and whenever available, the reports of any independent quantity surveyor or other reputable independent third party construction consultant retained by any lender or lenders in connection with the provision of financing for the Developer's Project, which reports shall certify the progress of construction and the then-estimated costs to fully complete the Developer's Project through to the Grand Public Opening.

#### 4.4 Compliance with and Changes to Approved Plans and Specifications

The Developer will be solely responsible to ensure that the Developer's Project is developed and constructed in strict compliance with the Approved Plans and Specifications. If and to the extent that the Developer proposes any changes to the Approved Plans and Specification, the Developer will:

- (a) as soon as practicably possible, advise PavCo of any such proposed changes and provide reasonable substantiation therefor;
- (b) establish representatives or Consultants of the Developer to meet with representatives or Consultants of PavCo to discuss any such proposed changes;
- (c) obtain any requisite permits, consents or approvals required from any relevant Governmental Authority, including, without limitation, the City, as to any such proposed changes to the Approved Plans and Specifications;
- (d) accept and comply with any decision by PavCo, acting in a commercially-reasonable manner, as to the acceptance, rejection or acceptance of conditions of any such proposed changes to the Approved Plans and Specifications;
- (e) acknowledge that it will be commercially-reasonable for PavCo to reject or accept on terms and conditions any proposed changes to the Approved Plans and Specifications which would materially and adversely affect the issues described in Section 3.2(c); and
- (f) bear all costs (including PavCo's out of pocket costs) and risks relating to any such changes to the Approved Plans and Specifications which may be approved by PavCo as herein contemplated.

#### 4.5 Builder's Liens

Without limiting any other obligations of the Tenant under the Ground Lease, it is agreed that PavCo shall not be responsible for claims of builders liens filed by persons claiming through the Developer or persons for whom the Developer is in law responsible. The Developer acknowledges and agrees that the improvements to be made to Development Site 10A will be made at the Developer's request solely for the benefit of the Developer and those for whom the Developer is in law responsible.

PavCo has filed a Notice of Interest in the Land Title Office pursuant to Section 3.2(b) of the *Builders Lien Act* stating that PavCo is giving notice that it will not be responsible for any improvements made to Development Site 10A or other improvements thereon, unless the improvements are undertaken at the express request of PavCo.

The Developer shall, throughout the Construction Term, at its own cost and expense, cause any and all builders' liens and other liens for labour, services or materials alleged to have been

furnished with respect to Development Site 10A or the Developer's Project, which may be registered against or otherwise affect Development Site 10A or the Developer's Project, to be paid, satisfied, released (including, without limitation, the release of all such liens from the interest of PavCo in Development Site 10A), or vacated within 29 Business Days after PavCo shall send to the Developer written notice by registered mail of any claim for any such lien. PROVIDED HOWEVER, that in the event of a bona fide dispute by the Developer of the validity or correctness of any claim for any such lien, the Developer shall not be bound by the foregoing, but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into court the amount claimed or sufficient security therefor, and such costs as the court may direct, or the Developer may provide, as security in respect of such claim, an irrevocable letter of credit, lodged with PavCo, s.17 [redacted] s.17 [redacted] the amount of which letter of credit shall be increased every six months to include interest on the claimed amount at the Prime Rate, calculated semi-annually not in advance from the date any such claim is registered against or otherwise affects Development Site 10A or the Developer's Project, continuing so long as the aforesaid proceedings shall continue and which letter of credit shall be on terms sufficient to protect PavCo's interest in Development Site 10A and the Developer's Project and in a form reasonably satisfactory to PavCo and shall be issued by one of the chartered banks of Canada; and, upon being entitled to do so, the Developer shall register all such documents as may be necessary to cancel such lien from Development Site 10A and the Developer's Project.

#### 4.6 Payment of Property Taxes

The Developer acknowledges that the Ground Lease requires that the Tenant pay, during the portion of the Construction Term following the first anniversary of the Commencement Date, in each case prior to the respective due date for payment thereof to relevant Governmental Authorities:

- (a) [redacted] s.17,s.21 [redacted] allocated as among Development Site 10A and the B.C. Place Remainder);
- (b) all charges or gas, electricity, light, heat, power, telephone, water, sanitary sewers, storm sewers, cable and other utilities and services used in or supplied to Development Site 10A and the Developer's Project throughout the portion of the Construction Term from and including the first anniversary of the Commencement Date,
- (c) PavCo will employ its commercially-reasonable efforts to obtain the agreement of British Columbia Assessment Authority not to assess the B.C. Place Lands, nor Development Site 10A, nor any improvements comprising the Developer's Project during any portion of the Construction Term; and
- (d) the Developer will indemnify and keep indemnified PavCo and all Indemnified Parties from and against payment of all losses, costs,

charges and expenses, occasioned by or arising from any and all such Property Taxes and any other charges, penalties, interests or other expenses which relate to the foregoing charges.

#### **4.7 Continuation of B.C. Place Operations**

The Developer acknowledges and agrees that in the conduct of the Developer's construction activities in connection with the Developer's Project upon Development Site 10A, the Developer will not, without the express prior written consent of PavCo (which may be granted, withheld or withheld upon conditions by PavCo, acting in a commercially-reasonable manner) endanger or create any nuisance which would prevent or materially interfere with the continued safe and effective operation of B.C. Place Stadium as a public assembly facility.

PavCo acknowledges that during construction of the Developer's Project, Development Site 10A will be an active construction work site, including at relevant times, excavation and security fencing and hoarding and then until the relevant date or dates specified in the Project Schedule and the Project Milestones, the westerly grade level of BC Place Stadium will not allow access or egress through such west portal between BC Place Stadium and Development Site 10A.

The Developer acknowledges and agrees, and will cause any successor entitled to the interest of the Tenant under the Ground Lease and any Leasehold Mortgagee to acknowledge and agree (including, as PavCo may from time to time require, by way of registration of applicable easements for the benefit of the B.C. Place Remainder charging the interest of the Tenant under the Ground Lease) to acknowledge that the operation of B.C. Place Stadium as a public assembly facility will not constitute a private nuisance to any owner or occupier of Development Site 10A.

#### **4.8 Construction of B.C. Place Parking Spaces**

Without in any way modifying or releasing any of the other obligations of the Developer under this Agreement, the Developer covenants and agrees to ensure that the B.C. Place Parking Spaces are constructed and Substantially Completed in accordance with the applicable portions of the Approved Plans and Specifications and made available for occupancy and use, for the parking of motor vehicles in accordance with the B.C. Place Parking Easement, on or before the respective dates specified in the list of Project Milestones.

In connection therewith:

- (a) the provision of such B.C. Place Parking Spaces pursuant to the B.C. Place Parking Easement shall be in addition to and not in substitution for the provision by the Developer of any parking spaces required upon Development Site 10A by the City in connection with parking requirements relating to Lot 157 and
- (b) PavCo will support any application made by the Developer to the City to permit the construction and use of parking spaces, in addition to those contemplated in this Section 4.8 above, as the Developer may wish in connection with the Developer's Project.

#### **4.9 Restoration of B.C. Place Access Routes**

Without in any way modifying or releasing any of the other obligations of the Developer under this Agreement, the Developer covenants and agrees to ensure that the B.C. Place Access Routes are constructed and Substantially Completed in accordance with the applicable portions of the Approved Plans and Specifications and made available for occupancy and use for the purposes of pedestrian access to and egress from B.C. Place Stadium and for the purposes of vehicular egress from B.C. Place Stadium in accordance with the B.C. Place Access Easement, on or before the respective dates specified in the B.C. Place Access Easement and in the list of Project Milestones.

#### **4.10 Workers' Compensation Coverage**

At all times during the Construction Term, the Developer [or as applicable, the Tenant] shall at its own expense procure and carry or cause to be procured and carried and paid for full workers' compensation coverage in respect of all workmen, employees, servants and others engaged in or upon any work, the non-payment of which would create a lien on Development Site 10A or the Developer's Project.

Without limiting any of the obligations of the Tenant under the Ground Lease, the Developer shall immediately notify PavCo of any dispute involving third parties which may arise in connection with the obtaining and maintenance of workers' compensation coverage required hereby if such dispute results in the requisite coverage not being in place, and the Developer shall take all reasonable steps to ensure the resolution of such dispute forthwith.

Without limiting any of the obligations of the Tenant under the Ground Lease, at all times the Developer shall defend, indemnify and save harmless the Indemnified Parties from and against all damages, costs, expenses (including, without limitation, legal expenses on a solicitor and own client basis), claims, suits, judgments and demands which the Indemnified Parties may incur or suffer as a result of any default by the Developer of its obligation under this Section 4.10 to ensure the said full workers' compensation coverage is maintained. The Developer shall further ensure that no amount of the said Workers' Compensation coverage is left unpaid so as to create a lien on Development Site 10A or the Developer's Project. If the workers' compensation coverage required by this Section 4.10 is not in place within 44 Business Days of the date of the notice to PavCo hereinbefore mentioned, PavCo shall be entitled to have recourse to the remedies of PavCo specified in this Agreement and to the remedies of the Landlord specified in the Ground Lease, in each case, or at law or in equity.

#### **4.11 Post-Completion Surviving Obligations**

PavCo and the Developer acknowledge and agree that the Post-Completion Surviving Obligations will survive Substantial Completion of the Developer's Project.

## **5. GROUND LEASE AND RESERVED EASEMENTS**

### **5.1 Agreement to Grant Ground Lease**

PavCo and the Developer agree to execute and deliver (or to cause to be executed and delivered) the Ground Lease by PavCo, as Landlord, and by the Developer (or any Approved Developer Assignee), as Tenant and, as appropriate, by the Indemnifier in the form attached hereto as Schedule L, or as otherwise agreed by both parties to substantively reflect the changes to the Ground Lease necessitated by the requirements of the Rezoning Bylaw, the Acceptable Subdivision, amendments to Approved Plans and Specifications, Project Schedule, Project Milestones, the designer construction of Smithe Street (among other matters) approved by both the Developer and PavCo, and in accordance with the following provisions:

- (a) notwithstanding anything to the contrary contained in this Agreement, neither PavCo nor the Developer will have any obligations to the other in connection with the execution, delivery or effectiveness of the Ground Lease unless and until all Ground Lease Preconditions are satisfied as set out in this Agreement;
- (b) not later than 20 Business Days prior to the scheduled Commencement Date, PavCo, as Landlord, will prepare the form of the Ground Lease for execution by all parties thereto;
- (c) in preparing copies of the Ground Lease for execution by all parties thereto, the Landlord will:
  - (i) insert the appropriate legal description of the legal parcel intended to comprise the Premises for the purposes of the Ground Lease, as created or designated pursuant to an Acceptable Subdivision;
  - (ii) the Landlord will insert, as the "Commencement Date" under the Ground Lease the date determined by the Landlord to be the date upon which vacant possession of Development Site 10A will be delivered by PavCo to the Developer for the purposes of commencement of development and construction of the Developer's Project;
  - (iii) the Landlord will prepare and attach to the Ground Lease appropriate copies of such plans as may be required to fully identified the Premises, together with any rights of access by easements, statutory rights-of-way, restrictive covenants or otherwise for the benefit of PavCo, as the registered owner of the B.C. Place Remainder or for the benefit of the City as may be required as conditions of the Rezoning Bylaw and/or the Acceptable Subdivision;
- (d) not later than 15 Business Days prior to the scheduled Commencement Date, the Landlord will deliver to the Tenant not fewer than four complete

copies of the Lease together with all relevant plans, schedules and supporting material;

- (e) not later than 10 Business Days prior to the scheduled Commencement Date, the Tenant and, as applicable, the Indemnifier will execute and return not fewer than two copies of the Ground Lease to PavCo;
- (f) not later than 10 Business Days prior to the scheduled Commencement Date, the Tenant will pay to PavCo the Construction Term Contribution;
- (g) notwithstanding execution and delivery of the Ground Lease by PavCo, as Landlord, and any parties comprising the Tenant and, as applicable, the Indemnifier, the Ground Lease will not become effective nor shall the Commencement Date be deemed to have occurred until and unless all Ground Lease Preconditions have been satisfied as contemplated in Section 5.2 of this Agreement;
- (h) notwithstanding execution and delivery of the Ground Lease by the parties thereto, neither the Tenant nor the Indemnifier nor any party acting on behalf of either of such party shall register or attempt to register the Ground Lease against title to the B.C. Place Lands, nor Development Site 10A, nor the Premises described in the Ground Lease as may be created pursuant to the Acceptable Subdivision until and unless all Ground Lease Preconditions have been satisfied as contemplated in this Agreement.

## **5.2 Ground Lease Preconditions**

Notwithstanding anything to the contrary contained in this Agreement and despite the execution and delivery by the Landlord and the Tenant of the Ground Lease, all obligations of both PavCo, as Landlord, and the Developer, as Tenant, under the Ground Lease and the effectiveness of the Ground Lease shall be subject to satisfaction of each and all of the following conditions precedent:

- (a) occurrence of the Acceptable Subdivision on or before the respective Ultimate Milestone Achievement Date set out in the Project Milestones;
- (b) issuance of the Development Permit on or before the respective Ultimate Milestone Achievement Date set out in the Project Milestones;
- (c) issuance of a Building Permit for the construction of the entirety of the Developer's Project (PROVIDED THAT, if PavCo so agrees, authorizes or directs, the Parkade may be constructed pursuant to a separate Building Permit from the balance of the Developer's Project) on or before the respective Ultimate Milestone Achievement Date set out in the Project Milestones;

- (d) delivery by the Developer (or the Indemnifier, as applicable) to PavCo, not later than 5 Business Days following the date of registration at the Land Title Office of an Acceptable Subdivision, of the then-current Project Budget, together with reasonable assurances that Project Equity required in connection with the Project Financing will not exceed, one-third of the Total Project Costs;
- (e) delivery by the Developer (or the Indemnifier, as applicable) to PavCo, not later than 10 Business Days prior to the anticipated Commencement Date of the all of the items of information or other materials then required as set out in Sections 2.5, 2.7 and 2.8 of this Agreement; and
- (f) both PavCo and the Developer have fully and punctually performed all of their respective obligations under this Agreement up to the date of satisfaction of all other Ground Lease Preconditions.

### **5.3 Non-Satisfaction of Ground Lease Preconditions**

If any of the Ground Lease Preconditions is not satisfied as contemplated in Section 5.2 of this Agreement, then the following provisions shall apply:

- (a) if any of such Ground Lease Preconditions has not been satisfied by reason of an unremedied PavCo Default, the provisions of Section 2.3(c) shall apply;
- (b) if any of the Ground Lease Preconditions has not been satisfied by reason of an unremedied Developer Default, then in addition to any other rights or remedies of PavCo in connection therewith, PavCo may cash the DCC Payment LC, or, if the DCC Payment Balance has already been paid to PavCo, PavCo may retain the DCC Payment Balance without any obligations for repayment or accounting to the Developer;
- (c) if the Developer's Project does not proceed and if any of the Ground Lease Preconditions has not been satisfied for any reason other than an unremedied PavCo Default, and PavCo elects to terminate this Agreement, then:
  - (i) the sole right and remedy available to the Developer under and in respect of this Agreement shall be a claim for damages suffered by the Developer, as applicable and merited in connection with any such termination of this Agreement by PavCo;
  - (ii) for greater certainty, the Developer shall have no right, at law or in equity, to seek or recover possession of Development Site 10A or to otherwise reinstate this Agreement and take possession of Development Site 10A under this Agreement, under the Lease, or otherwise; and

- (iii) the Developer expressly acknowledges and agrees that it has obtained the benefit of legal advice and other counsel to the Developer's satisfaction in connection with the acknowledgements of the Developer set out in this Section 5.3(c);
- (d) if any of the Ground Lease Preconditions has not been satisfied and neither a Developer's Default nor a PavCo Default has occurred, then subject to Section 5.3(c) above and to any further agreements between PavCo and the Developer, the Ground Lease will be deemed to be null and void and none of the parties thereto shall have any obligations to the other thereunder, and PavCo may cash and retain the proceeds of any DCC Payment LC then in the possession of PavCo for PavCo's use and purposes, including to pay any expenses then incurred by PavCo in connection with its obligations under this Agreement, and thereafter, subject only to the Surviving Obligations, this Agreement shall be null and void and have no further force or effect;
- (e) if any of the Ground Lease Preconditions has not been satisfied by reason of the occurrence of Events of Force Majeure then, unless the Developer and PavCo otherwise agree, PavCo will return to the Developer any portions of the DCC Payment which have not then been expended by PavCo or in respect of which PavCo has not then incurred binding and irrevocable commitments as to expenditure, and thereafter, subject only to the Surviving Obligations, this Agreement shall be null and void and have no further force or effect.

If any of the Ground Lease Preconditions is not satisfied and if the Project does not proceed for any reason, then, unless PavCo and the Developer otherwise agree and subject only to Section 5.3(a) and any relevant Surviving Obligation, any and all rights or interests of the Developer (and the Indemnifier, the Tenant or any Affiliate of any of them) in Development Site 10A shall be at an end and PavCo shall have no liabilities or obligations to any of them, except as expressly comprising any Surviving Obligation. For greater certainty, the Developer (and the Indemnifier, the Tenant and any Affiliate of any of them) shall, promptly upon receipt of request from PavCo, deliver any and all releases and confirmations of the termination of this Agreement and of any rights or interests of any such party in such Development Site 10A following the date of such termination of this Agreement as PavCo may require from time to time.

#### **5.4 Land Title Office Fees and Property Transfer Taxes**

The Developer will pay, or cause the Developer's Approved Assignees to pay all Property Transfer Tax and Land Title Office registration fees in connection with the registration of the Ground Lease (or, as applicable, the Short Form of Lease) at the Land Title Office.

### **5.5 Execution and Delivery of Reserved Easements**

PavCo and the Developer agree to execute and deliver (or to cause to be executed and delivered) each of the Reserved Easements by PavCo, as Landlord, and by the Developer (or any Approved Developer Assignee), as Tenant, in the forms respectively attached hereto as Schedules I, J and K, accompanied by relevant Explanatory Plans of Easement to accompany the B.C. Place Access Easement and the B.C. Place Parking Easement as agreed between the Landlord and the Tenant in accordance with the respective dates established therefor in the list of the Project Milestones.

PavCo will be entitled and responsible to coordinate registration of each of the Reserved Easements in the Land Title Office immediately subsequent to the submission for registration of the Ground Lease (or, as applicable, the Short Form of Lease) by the Tenant and immediately prior to the registration of any Leasehold Mortgage or other security proposed or intended to be registered at the Land Title Office in connection with any interest of the Developer or any Tenant under the Ground Lease or otherwise in connection with Development Site 10A.

### **5.6 Assumption and Indemnities Re: Permitted Encumbrances**

If and to the extent required by the City (or any other relevant Governmental Authority), the Developer will cause the Tenant to execute and deliver to the City (or to any other relevant Governmental Authority) agreements providing for the assumption by the Tenant of obligations under any existing Permitted Encumbrances (including as to any Rezoning Obligations allocated to the Developer or the Tenant for performance pursuant to Schedule C) or for the granting by the Tenant or by the Indemnifier of any indemnities as may be required in connection with the rights and obligations of the Tenant and the Indemnifier under the Ground Lease or otherwise in connection with Development Site 10A, including, without limitation, as to the Public Access SRW's.

### **5.7 PavCo Authority to Seek ODP Amendments**

The Developer and Indemnifier acknowledge and agree that PavCo shall be entitled, in PavCo's sole and unfettered discretion, to apply for and seek to obtain amendments to the Vancouver City North-East False Creek Official Development Plan to approve additional Development Density for residential purposes upon the BC Place Lands, upon such terms and conditions as PavCo may determine: PROVIDED THAT no such application or terms of approval of any such amendment of the applicable Official Development Plan shall materially and adversely affect the ability of the Developer to proceed with the Developer's Project, inclusive of the use of the Allowable Density in respect of Development Site 10A.

### **5.8 Execution and Delivery of Short Form of Lease**

At the request of either the Developer (or the Tenant, as applicable) or PavCo, both the Tenant and PavCo, as Landlord, shall execute a Short Form of Lease for the purposes of registration at the Land Title Office in substitution for registration of the Ground Lease.

If, as contemplated in this Section 5.8, a Short Form of Lease will be executed by both the Tenant and the Landlord:

- (a) both parties will concurrently with execution of the Short Form of Lease, execute and deliver the Ground Lease;
- (b) all obligations of the Landlord and the Tenant with respect to the execution and delivery of the Ground lease will apply to execution and delivery of the Short Form of Lease, *mutatis mutandis*, except that only the Short Form of Lease will be submitted for registration at the Land Title Office; and
- (c) the provisions of Section 26.1 of the Ground Lease will apply in respect of the interpretation and application of the Short Form of Lease and the Ground Lease.

### 5.9 Future Modification of Ground Lease

PavCo and the Developer acknowledge and agree that unless the Acceptable Subdivision is effected by a Subdivision Plan creating a volumetric legal parcel from the B.C. Place Lands incorporating all and only those areas of the B.C. Place Lands required to accommodate the entirety of the Developer's Project in accordance with the Approved Plans and Specifications, then:

- (a) following Substantial Completion of the entirety of the Developer's Project, either the Landlord or the Tenant may request the preparation of a volumetric survey by a British Columbia Land Surveyor of the as-built exterior limits of the entirety of the improvements comprising the Developer's Project;
- (b) if (and to the extent that) the as-built exterior limits of the Developer's Project do not occupy the entirety of the legal parcel comprising the Premises demised under the Ground Lease along the common boundary of the Premises with the B.C. Place Remainder, then, at the request of the Landlord, the Tenant will execute and deliver to the Landlord a registrable modification and partial surrender of the Ground Lease so that the volumetric boundaries of the Premises will, for all purposes of this Agreement and the Ground Lease, thereafter be defined by the as-built exterior limits of the Developer's Project; and
- (c) if (and to the extent that) any portions of as-built exterior limits of the Developer's Project (constructed in accordance with the Approved Plans and Specifications) extend beyond the common boundary of the legal parcel containing the Premises with the B.C. Place Remainder and encroach upon the B.C. Place Remainder, then the Landlord will grant to the Tenant (at the Landlord's option) either a lease or easements permitted the existence and use of any such encroachments onto the B.C. Place Remainder by the Developer's Project, and no additional

Annual Basic Rent will be payable by the Tenant to the Landlord in respect of the grant of any such lease or easements; PROVIDED ALWAYS THAT all other terms and conditions of the Ground Lease applicable to the Premises shall also apply to any such additional premises located upon the B.C. Place Remainder and leased or made the subject of any such easement or easements to authorize the existence and use of such encroachments by any portions of the Developer's Project.

## **6. REPRESENTATIONS AND WARRANTIES**

### **6.1 Representations and Warranties of PavCo**

PavCo hereby represents and warrants to the Developer as follows:

- (a) PavCo is the registered and beneficial owner of the B.C. Place Lands;
- (b) as of the Effective Date, the Project Documents comprise all information in the possession or control of PavCo and (to PavCo's Knowledge) currently-relevant to the ownership, condition and development status and prospects for Development Site 10A;
- (c) the Environmental Reports (delivered as a part of the Project Documents) comprise all environmental reports in the possession or control which are, to PavCo's Knowledge, currently-relevant with respect to the environmental condition of Development Site 10A; and
- (d) subject to the performance by the Developer of all of its obligations under this Agreement, effective as of the Commencement Date, PavCo, as Landlord, will grant a lease of Development Site 10A to the Developer pursuant to the Ground Lease, free and clear of all charges, tenancies or encumbrances, except the Permitted Encumbrances.

Such representations and warranties will survive the execution and delivery of the Ground Lease.

### **6.2 Representations and Warranties of the Developer**

The Developer hereby represents and warrants to PavCo as follows:

- (a) the Developer has the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby, all of which will, by the Commencement Date, have been duly and validly authorized by all requisite proceedings;
- (b) there are no actions, suits or proceedings in existence or, to the knowledge of the Developer, threatened against or affecting the

Developer in law or in equity which, if decided adversely, could materially affect the ability of the Developer to perform its obligations hereunder;

- (c) all of the information provided by the Developer to PavCo under and in connection with the RFP was and remains complete and accurate as of the Effective Date, other than changes to the conceptual designs of the Developer's Project which have occurred subsequent to the delivery of the Developer's Proposal pursuant to the RFP;
- (d) (unless such obligations are to be performed by the Indemnifier as contemplated in Section 11.1 of this Agreement) the Developer has retained and will retain all managerial expertise as may be required to observe and fully perform all of the obligations of the Developer under this Agreement;
- (e) (unless such obligations are to be performed by the Indemnifier as contemplated in Section 11.1 of this Agreement) the Developer has maintained and will maintain available sufficient financial resources to fully observe and fully perform all of the obligations of the Developer under this Agreement as and when required and as and when due hereunder; and
- (f) the Developer is, directly or indirectly, Controlled by the Indemnifier and will, (along with any proposed Developer's Affiliated Assignee), remain Controlled by the Indemnifier up to and including the commencement of the Operating Term.

Such representations and warranties will survive the execution and delivery of the Ground Lease.

### **6.3 Representations and Warranties of the Indemnifier**

The Indemnifier hereby represents and warrants to PavCo as follows:

- (a) the Indemnifier has the power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated hereby, all of which will, by the Commencement Date, have been duly and validly authorized by all requisite proceedings;
- (b) there are no actions, suits or proceedings in existence or, to the knowledge of the Indemnifier, threatened against or affecting the Indemnifier in law or in equity which, if decided adversely, could materially affect the ability of the Indemnifier to perform its obligations hereunder;
- (c) (unless such obligations are to be performed by the Indemnifier as contemplated in Section 6.3 of this Agreement) the Indemnifier has retained and will retain all managerial expertise as may be required to

observe and fully perform all of the obligations of the Indemnifier under this Agreement;

- (d) the Indemnifier will be Financially Capable of fully observing and fully performing all of the obligations of the Indemnifier under this Agreement as and when required and as and when due hereunder; and
- (e) the Indemnifier, directly or indirectly, Controls the Developer (along with any proposed Developer's Affiliated Assignee) and will retain such Control up to and including the Grand Public Opening.

Such representations and warranties will survive the execution and delivery of the Ground Lease.

## **7. ENVIRONMENTAL MATTERS**

### **7.1 Environmental Responsibilities**

PavCo and the Developer acknowledge and agree that prior to the Effective Date, PavCo has delivered to the Developer true copies of the environmental reports listed in the Project Documents with respect to the environmental condition of Development Site 10A (and, as appropriate, the B.C. Place Lands and other properties in the vicinity thereof) which remain currently-relevant to Development Site 10A. If and to the extent that further environmental reports with respect to the environmental condition of Development Site 10A are commissioned by or become available to PavCo, PavCo will promptly deliver true and complete copies thereof to the Developer as additional "Project Documents".

The Developer will be entitled, at its sole expense:

- (a) to review all environmental tests, soil management plans and remediation plans relating to Development Site 10A and of the balance of Development Site 10A;
- (b) through the Developer's environmental consultants, to discuss with PavCo's environmental consultants, at the expense of the Developer, all reasonable matters relating to the environmental condition of Development Site 10A and of the B.C. Place Remainder.

In furtherance thereof:

- (c) PavCo will be solely responsible to determine, negotiate and settle with any relevant Governmental Authority (or other third parties):
  - (i) any applicable B.C. Place Environmental Standards; and
  - (ii) relevant remediation plans and work protocols,
  - (iii) relating to the environmental remediation of Development Site 10A (or any other relevant portions of the B.C. Place Lands

and Smithe Street to give effect to the B.C. Place Environmental Standards;

- (d) PavCo may, at its option, conduct any examinations, analyses, excavations, storage and disposal of any soils upon or from Development Site 10A to give effect to the obligations of PavCo under this Section 7.1;
- (e) PavCo may arrange with the Developer (both acting in a commercially-reasonable manner) to implement its obligations under this Section 7.1 as to the environmental remediation of Development Site 10A in accordance with the B.C. Place Environmental Standards prior to or concurrently with the conduct by the Developer of its excavation and disposal processes in connection with the Developer's Project;
- (f) PavCo will be solely responsible to pay all Incremental Environmental Remediation Costs and to obtain and deliver to the Developer (as well as to the City, as applicable) any confirmation of the completion of the obligations of PavCo as to the remediation of Development Site 10A contemplated in this Section 7.1, in accordance with any relevant agreements, remediation programs or work protocols agreed or imposed by any relevant Governmental Authorities as contemplated in Section 7.1(c) of this Agreement;
- (g) for greater certainty, the Developer will cooperate with PavCo, each acting in a commercially-reasonable manner, to effect the environmental remediation of Development Site 10A not later than the period of excavation and disposal of other soils and other excavation materials from Development Site 10A in connection with the Developer's Project;
- (h) for greater certainty, other than the Incremental Environmental Remediation Costs payable by PavCo, the Developer will be responsible to pay all other costs of excavation and disposal of soils and other excavation materials from Development Site 10A required in connection with the Developer's Project, and PavCo will not be obligated to excavate, remediate or dispose of wood waste unless such wood waste is otherwise determined to comprise environmental contamination under the B.C. Place Environmental Standards;
- (i) for greater certainty, PavCo will be responsible to receive, treat or (as applicable and as required by the B.C. Place Environmental Standards) dispose of ground water located on Development Site 10A and requiring remediation and/or treatment and/or disposal pursuant to the B.C. Place Environmental Standards, other than in respect of any environmental contamination created or otherwise generated by the Developer and/or the Developer's Project;

- (j) the Developer will ensure that any soils excavation or related bids or contracts proposed in connection with the Developer's Project will include such provisions as PavCo may require in respect of agreements or requirements of the Province relating to the environmental remediation of soils upon Development Site 10A in accordance with the BC Place Standards; and
- (k) the Developer waives the requirement for delivery by PavCo of a Site Profile in connection with Development Site 10A as contemplated in the *Environmental Management Act* (British Columbia).

## **8. DEVELOPER'S EQUITY AND FINANCING**

### **8.1 Confirmation of Available Developer Financing**

The Developer will be solely responsible to obtain and to demonstrate to the commercially-reasonable satisfaction of PavCo from time to time as set out in Section 2.5 of this Agreement, that the Developer (or the Tenant, with the support of the Indemnifier, as applicable) will be Financially Capable, including through the provision of available sufficient equity (whether from or through the Developer, the Tenant, any Developer's Approved Assignee or the Indemnifier) or available Project Financing on commercially-reasonable terms

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to Substantially Complete the Developer's Project through to the Grand Public Opening in accordance with the terms of this Agreement and the Ground Lease.

### **8.2 Leasehold Mortgage Financing**

PavCo agrees that the Developer (or the Tenant, as applicable) may require financing to be secured by a Leasehold Mortgage and PavCo agrees to observe and perform the obligations of the Landlord under the Ground Lease with respect to any such proposed Leasehold Mortgage (and related security).

### **8.3 Tripartite Agreement**

If so requested by any Leasehold Mortgagee, PavCo, as Landlord, the Developer (or any Developer's Approved Assignee), as Tenant, and the Indemnifier and Leasehold Mortgagee will discuss, settle and execute a Tripartite Agreement as contemplated in Article 15 of the Ground Lease, but substantially in the form attached hereto as Schedule M, subject to any revisions as may be agreed among the parties thereto, each acting in a commercially-reasonable manner.

## 9. DEFAULT AND REMEDIES

### 9.1 Developer's Defaults

For the purposes of this Article 9, any of the following occurrences will constitute a Developer's Default under this Agreement:

- (a) if the Developer should be in default in the payment of any moneys required to be paid by the Developer hereunder (including, without limitation, any Development Process Costs payable by the Developer, any Property Taxes payable during the Construction Term and the DCC Payment) and such default will continue for a period of 20 Business Days after written notice thereof has been given by PavCo to the Developer; or
- (b) if the Developer shall be in default under any of the provisions of this Agreement (other than provisions requiring the payment of moneys) unless caused by or as a result of an Event of Force Majeure and the Developer is proceeding with all due diligence to remedy the same, and such default will continue for a period of 20 Business Days after written notice thereof has been given by PavCo to the Developer, or such longer period as may reasonably be required to cure any such default; PROVIDED THAT reasonable steps to cure such default are taken and diligently pursued by the Developer; or
- (c) if a change of Control of the Developer or any assignment of the interests of the Developer other than to a Developer's Affiliated Assignee occurs without prior notice to and (as required) the approval of PavCo; or
- (d) if the Developer will be an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or commit or threaten to commit any act of bankruptcy; or
- (e) if any proceeding is commenced or if any step by or against the Developer is taken for the dissolution, liquidation or winding-up of the Developer or for any relief under the laws of any jurisdiction relating to bankruptcy, insolvency, reorganization, arrangement, compromise or winding-up, or for the appointment of one or more of a trustee, receiver, receiver-Manager, custodian, liquidator or any other person with similar powers with respect to the Developer or the Developer's interests under this Agreement; or
- (f) if an encumbrancer or creditor takes possession of the Developer's interests under this Agreement or in respect of Development Site 10A or the Developer's Project, or if a distress or execution or any similar process is levied or enforced upon or against such interest of the Developer under this Agreement or in respect of Development Site 10A or the Developer's Project; PROVIDED THAT such process will not give rise to an Developer's Default if:

- (i) it is being diligently disputed in good faith by the Developer and any such breach or alleged breach giving rise to such actions by an encumbrancer or a creditor is rectified within a commercially-reasonable period of time;
- (ii) non-payment will not in the reasonable opinion of PavCo adversely affect the ability of the Developer to perform of its obligations under this Agreement; and
- (iii) if the Developer will desire to contest the same, the Developer will also give security which, in the reasonable opinion of PavCo, will be deemed sufficient to pay in full the amount claimed if it will be held to be a valid claim.

In the event of the occurrence of more than one of the circumstances set forth in Sections 9.1(a) through (f) inclusive, each such circumstance will be deemed to be a separate Developer's Default.

## **9.2 Remedies Available to PavCo**

If any Developer's Default will have occurred, until such Developer's Default has been fully remedied, PavCo will have the right to do any of the following:

- (a) (prior to any election by PavCo to exercise its termination rights under Section 9.2(e) of this Agreement) bring any proceedings in the nature of specific performance, injunction, or other equitable remedy, it being acknowledged by the parties hereto that damages at law may be an inadequate remedy for a default or breach of this Agreement; or
- (b) remedy such Developer's Default and any other default of the Developer under this Agreement or under any other agreements entered into by or on behalf of the Developer, in which case PavCo will be entitled upon demand to be reimbursed by the Developer for any moneys expended to remedy any such Developer's Default and any other reasonable expenses incurred by PavCo, together with interest at a rate per annum equal to the Prime Rate<sup>s.17</sup> from the time moneys are expended until reimbursed; or
- (c) retain the DCC Payment Balance (if then paid) or cash and utilize the proceeds of the DCC Payment LC, as applicable, to remedy any such Developer's Default and to prevent the occurrence of any further Developer's Default; or
- (d) bring any action at law as may be necessary or advisable in order to recover damages and costs; or
- (e) if any such Developer's Default continues for a period of 20 Business Days after the occurrence thereof, to deliver written notice to the

Developer of the termination of this Agreement, whereupon, without any obligation to pay any moneys or other compensation or consideration to the Developer, PavCo may, at its option and without limiting any other rights or remedies available to PavCo at law or in equity:

- (i) retain any DCC Payment Balance (if then paid) or cash and retain the proceeds of the DCC Payment LC;
- (ii) retain any Phase II Letter of Credit or cash and retain the proceeds of the Phase II Letter of Credit;
- (iii) terminate the Ground Lease; and
- (iv) demand delivery to PavCo of all Termination Delivery Materials upon the terms and conditions provided in Section 3.16.

## **10. EXPEDITED RESOLUTION PROCEDURES**

### **10.1 Resolution by Approved Referee**

If any dispute arises between the Developer and PavCo in respect of any Referable Matter prior to the Commencement Date and such dispute is not resolved within a time-frame which either of the parties hereto determines is reasonably required to ensure the timely satisfaction of the Ground Lease Preconditions and the timely advancement of the Developer's Project and the Upgrade Project, either PavCo or the Developer may, by delivery of written notice (which notice will include a reasonably-detailed description of any Referable Matter in dispute) to the other (the "**Receiving Party**"), require that the Referable Matter in dispute be resolved by reference to an Approved Referee.

### **10.2 Appointment of Approved Referee**

Any Receiving Party will, within 5 Business Days following receipt of any notice described in Section 10.1, select from the then-current list of Approved Referees (by delivery of written notice - an "**Appointing Notice**" to the other party and to all then-listed Approved Referees), and based upon the expertise of such party and the subject matter of the Referable Matter, to determine the Referable Matter in dispute.

If the Receiving Party does not, within such period of 5 Business Days, deliver an Appointing Notice, the other party will be entitled to deliver an Appointing Notice and thereby appoint the Approved Referee to resolve the Referable Matter in dispute.

### **10.3 Conduct of Approved Referee**

As soon as practically possible following receipt of an Appointing Notice, but not later than 5 Business Days following receipt thereof, the Approved Referee so appointed will convene a meeting among the parties to such dispute to receive each other's written and oral presentations as to the Referable Matter in dispute and each party's respective proposal for resolution of the Referable Matter. The Approved Referee will be entitled to question all parties

in connection with the Referable Matter and their respective proposals with respect thereto and to require the delivery, as soon as practicably possible, further materials, submissions or evidence in connection therewith, all with a view to rendering a final determination in respect of the Referable Matter in dispute within 10 Business Days following delivery of any Appointing Notice (provided that if the Approved Referee determines that he or she will be unable to render a final determination within such period, then the final determination will be delivered as soon as practically available from the Approved Referee).

The Approved Referee will be instructed, upon engagement, to select the proposal of either one of the parties as to the Referable Matter in dispute in preference to the other and the proposal so selected will, for all purposes relating to the Referable Matter, be implemented in connection therewith as soon as practicably possible following such determination by the Approved Referee.

#### **10.4 Effect of Determination of Approved Referee**

Except as to questions of law or mixed law and fact, the parties hereto acknowledge and agree that any determination by any Approved Referee of any Referable Matter in dispute will be final and binding upon the parties hereto and any related parties and other parties holding interests pursuant to this Agreement.

Promptly following issuance by the Approved Referee of his/her determination of the Referable Matter in dispute, the parties hereto will implement such determination for all purposes of this Agreement and for the purposes of seeking satisfaction of the Ground Lease Preconditions and advancement of the Developer's Project and the Upgrade Project.

#### **10.5 Costs of Determination by Approved Referee**

Unless the Approved Referee otherwise determines in connection with issuance of his/her determination of the Referable Matter in dispute, each party to the proceedings conducted by the Approved Referee will bear their own costs and share equally all fees and costs involved in the engagement of the Approved Referee in such determination.

#### **10.6 Maintenance of List of Approved Referees**

If and to the extent that any person included within the list of Approved Referees in the definition thereof in Section 1.1(12) of this Agreement is, from time to time, unavailable, unable, unwilling or not qualified to act as an Approved Referee, the parties hereto will, acting in a commercially-reasonable manner, endeavour to agree upon replacements of any such person, with the intention that there will, at all times material to this Agreement, be not fewer than four (4) architects, four (4) engineers and four (4) solicitors, qualified as required under Section 1.1(12) of this Agreement, available and acceptable to both of the parties hereto to act as an Approved Referee.

If at any time material to this Agreement:

- (a) any of the (then-current) Approved Referees advises either PavCo or the Developer that such Approved Referee is no longer willing or qualified to act as an Approved Referee; or
- (b) either PavCo or the Developer (acting in a commercially-reasonable manner) determines that any (then-current) Approved Referee should no longer be considered acceptable for such purposes,

then the Developer and PavCo will communicate any relevant facts to the other and both parties will follow the procedures set out in this Section 10.6 above to propose, consider and endeavour to agree upon replacement Approved Referees for any former Approved Referees who are no longer willing, able, qualified or acceptable to PavCo and the Developer to act in that capacity.

If the parties hereto do not approve of all twelve (12 ) Approved Referees, either party may apply to the Supreme Court of British Columbia to approve the designation of any party as an Approved Referee for the purposes of this Agreement.

#### **10.7 Effects of Events of Force Majeure**

If, by reason of the occurrence of any Event of Force Majeure and notwithstanding the application of reasonable efforts or foresight by any party to this Agreement, such party is, in good faith and without default or neglect on its part, prevented or delayed in the performance and achievement of its respective covenants or obligations under this Agreement (which, under the terms of this Agreement, such party is required to do by a specified date or within a specified time, or if not specified, within a reasonable time), the date or period of time within which the obligation or work was to have been completed shall be extended by a reasonable period of time at least equal to that of such delay or prevention and such respective party shall not be deemed to be in default if it performs and completes the respective obligation or work in the manner required by the terms of this Agreement within such extended period of time or within such further extended period of time as may be agreed upon from time to time between PavCo and the Developer. If PavCo and the Developer cannot agree as to whether or not there is a prevention or delay within the meaning of this Section 10.7 or if they cannot agree as to the length of such prevention or delay, then such matters shall be determined by reference to Expedited Resolution Procedures.

Any party so hindered or delayed shall act diligently and shall take all reasonable steps to remove the cause or mitigate the effects of any such Event of Force Majeure in the achievement of any of its respective obligations under this Agreement.

## 11. COVENANTS OF INDEMNIFIER

### 11.1 Covenants of Indemnifier

The Indemnifier covenants and agrees with PavCo as follows:

- (a) the Indemnifier will take all such action within the power of the Indemnifier to cause the Developer to fully and punctually perform all of its obligations under this Agreement;
- (b) the Indemnifier will indemnify and save harmless PavCo and all Indemnified Parties from and against any and all damages, costs, expenses, liabilities or obligations of any nature, howsoever arising, by reason of any breach by the Developer or any Affiliate of the Developer, including the Indemnifier of its or their respective obligations under this Agreement;
- (c) the Indemnifier will maintain Control of the Developer from and including the Effective Date up to and including the Grand Public Opening unless PavCo first and expressly otherwise agrees in PavCo's sole and unfettered discretion;
- (d) the Indemnifier will maintain sufficient financial resources available to fully observe and perform all of the obligations of the Indemnifier under this Agreement as and when required and as and when due hereunder; and
- (e) if at any time prior to the date of the Grand Public Opening, GPEB or AGLC require or permit any parties (in addition to or in substitution for those in respect of which Gaming Operations Confidential Information has been provided to PavCo as contemplated in this Agreement) to become involved as principals or controlling entities for the purposes of approvals relating to gaming operations proposed to be permitted upon Development Site 10A and to be conducted by Paragon, Edgewater, the Indemnifier, the Tenant<sup>5.22</sup> or any of them, or any Affiliate of any of them, then the Indemnifier will, as a fundamental condition of this Agreement, promptly deliver to PavCo notice of any such determinations or permissions from GPEB and/or AGLC, as applicable, and promptly and concurrently deliver to such information as to reputation, background and financial capability as PavCo may reasonably require to be satisfied as to the continuing Financial Capability of the Developer, the Indemnifier and/or the Tenant, for all purposes of this Agreement relating to completion of the Developer's Project up to and including the Grand Public Opening.

### 11.2 Acknowledgement of Indemnifier

The Indemnifier hereby acknowledges and agrees with PavCo that as of the Effective Date, the Developer has and will up to and including the Commencement Date, have full authority to

communicate with and commit to PavCo, the City and all other Governmental Authorities with respect to all matters contemplated in this Agreement and in connection with the Developer's Project without any requirement for further notice to or authorizations or consents from the Indemnifier, all of which will bind the Indemnifier without any requirement for any further action or consent by the Indemnifier.

### **11.3 Provision of Performance Bond**

PavCo acknowledges and agrees that if and to the extent that a Performance Bond is delivered to PavCo in a form and upon terms satisfactory to PavCo, acting in a commercially-reasonable manner, without in any way modifying any of the obligations of the Developer under this Agreement, PavCo will employ its commercially-reasonable efforts to enforce the obligations of the issuer of the Performance Bond prior to making demands or advancing claims against the Indemnifier in respect of the obligations of the Indemnifier under this Agreement.

## **12. ASSIGNMENTS AND TRANSFERS**

### **12.1 Assignments by Developer**

The Developer will have no right to assign any of its interests under this Agreement or under the Ground Lease except to:

- (a) any Developer's Affiliated Assignee; PROVIDED THAT:
  - (i) if the Developer intends to require PavCo to grant the Ground Lease to any Developer's Affiliated Assignee, the Developer will provide written notice thereof to PavCo not later than 15 Business Days prior to the Commencement Date;
  - (ii) any such entity is (at the effective date of such assignment and remains) at all material times up to and including the Commencement Date, an Affiliate of the Developer, unless the prior written consent of PavCo (which may be withheld or given in the sole and absolute discretion of PavCo) is obtained;
  - (iii) in no event will any assignment of the interests of the Developer, whether to an Affiliate or otherwise, be permitted unless any such proposed assignee enters into an agreement in a form satisfactory to PavCo, acting reasonably, to assume all of the obligations and covenants of the Developer under this Agreement; and
  - (iv) notwithstanding any such assignment by the Developer, the Developer and the Indemnifier named on page 1 of this Agreement will remain liable for the performance of the respective obligations of the Developer and the Indemnifier under this Agreement until and unless expressly released at the option of PavCo; or

- (b) any other party or parties not comprising a Developer's Affiliated Assignee; PROVIDED THAT:
- (i) the Developer will provide written notice to PavCo as soon as reasonably practicable requesting the consent of PavCo to any such proposed assignment (including any other form of disposition of the interests of the Developer under this Agreement, in connection with the Ground Lease or in connection with Development Site 10A or the Developer's Project), but in any event not later than 15 Business Days prior to the Commencement Date;
  - (ii) concurrently with delivery of any notice by the Developer to PavCo of any request for consent to any such assignment (or any form of disposition), the Developer will provide PavCo with reasonable supporting material relating to the identity, ownership, control, managerial expertise and financial capabilities of any such proposed assignee;
  - (iii) PavCo may determine, acting in a commercially-reasonable manner, whether to approve, accept, reject or accept on conditions any such proposed assignment;
  - (iv) in no event will any assignment of the interests of the Developer be permitted unless such proposed assignee enters into an agreement in a form satisfactory to PavCo, acting reasonably, to assume all of the obligations and covenants that the Developer under this Agreement proposed to be assigned to and assumed by such assignee; and
  - (v) notwithstanding any such assignment by the Developer, the Developer and the Indemnifier named on page 1 of this Agreement will remain liable for the performance of the respective obligations of the Developer and the Indemnifier under this Agreement until and unless expressly released at the option of PavCo.

For greater certainty, PavCo acknowledges and agrees that any proposed assignment of any of the interests of the Developer to any Developer's Affiliated Assignee will not require the approval of PavCo PROVIDED THAT all other conditions set out in Section 12.1(a) have been satisfied.

## **12.2 Assignment by PavCo**

PavCo will be entitled, at any time and from time to time, to transfer, sell or assign all or any interest of PavCo in all or any portion of the B.C. Place Lands, including without limitation, in Development Site 10A, and/or under this Agreement and/or under the Ground Lease:

- (a) to any Affiliate or Affiliates of PavCo or to any other Provincial Emanations; PROVIDED THAT any such Affiliate or Affiliates of PavCo or any such other Provincial Emanation will enter into an agreement in a form satisfactory to the Developer, acting reasonably, to assume all of the obligations and covenants of PavCo under this Agreement so transferred, sold or assigned;
- (b) to any party or entity which is not an Affiliate of PavCo and/or not a Provincial Emanation on such terms as PavCo may, in its sole and unfettered discretion, determine to be desirable; PROVIDED THAT:
  - (i) PavCo agrees with the Developer not to complete the transfer, sale or assignment of any interest of PavCo in Development Site 10A or under the Ground Lease to any party or entity which is not a Provincial Emanation for a period of two years following the commencement of the Operating Term;
  - (ii) any such transferee, purchaser or assignee from PavCo will enter into an agreement, for the benefit of the Developer, to assume all or any of the obligations and covenants of PavCo under this Agreement so transferred, sold or assigned to any such purchaser, transferee or assignee;
  - (iii) to the extent that any such obligations or covenants of PavCo under this Agreement are not so assumed by the Developer, PavCo shall remain obligated to any such transferee, purchaser or assignee for the fulfillment thereof; and
  - (iv) (if PavCo transfers, sells or assigns all or any interest of PavCo in all or any portion of the B.C. Place Lands, including without limitation, in Development Site 10A, and/or under this Agreement and/or under the Ground Lease to any party which is not a Provincial Emanation) none of the obligations of the Developer and/or the Indemnifier as to delivery or disclosure of information under Sections 2.5(g) and 2.5(h) of this Agreement may be assigned by PavCo to, nor enforced by any such party which is not a Provincial Emanation.

### **13. MISCELLANEOUS**

#### **13.1 Time of the Essence**

Time will be the essence of this Agreement and the transactions contemplated herein.

#### **13.2 Tender**

Any tender of documents or money may be made upon the party being tendered or upon its solicitors and money may be tendered by certified cheque or banker's draft.

### 13.3 Relationship of the Parties

Nothing herein will be construed so as to make the Developer and owner of Development Site 10A nor a tenant thereof for any purpose until all Ground Lease Preconditions have been satisfied and the Ground Lease has become effective as of the Commencement Date.

Nothing in this Agreement will be construed to create between the Developer and PavCo a partnership or joint venture.

### 13.4 Notices

Any notice required or permitted to be given hereunder will be sufficiently given if personally delivered, addressed as follows:

- (a) If to PavCo:

**B.C. PAVILION CORPORATION**

850 – 999 West Hastings Street  
Vancouver, British Columbia  
V6C 2W2

Attention: Chief Executive Officer

Facsimile No.: (604) 484-5154

with a concurrent copy to PavCo's Solicitors (which may be delivered by courier or by fax) at:

**BULL, HOUSSEY & TUPPER LLP**

3000 - 1055 West Georgia Street  
Vancouver, British Columbia  
V6E 3R3

Attention: Larry R. Sandrin

Facsimile No.: (604) 641-4949; and

- (b) if to the Developer, addressed as follows:

**PARAGON DEVELOPMENT LTD.,**

6650 Via Austi Parkway  
Suite 150  
Las Vegas, Nevada, USA 89119

Attention: President

Facsimile: (702) 631-9820

with a concurrent copy to the Developer's Solicitors, which may be given by courier or by fax, at:

**BOUGHTON LAW CORPORATION**

700 – 595 Burrard Street  
Vancouver, British Columbia  
V7X 1S8

Attention: George Cadman, Q.C.

Facsimile: (604) 683-5317; and

(c) if to the Indemnifier, addressed as follows:

**PARAGON HOLDINGS (SMITHE STREET) ULC**

c/o 700 – 595 Burrard Street  
Vancouver, British Columbia  
V7X 1S8

Attention: George Cadman, Q.C.

Facsimile: (604) 683-5317

with a copy to:

**PARAGON HOLDINGS (SMITHE STREET) ULC**

6650 Via Austi Parkway  
Suite 150  
Las Vegas, Nevada, USA 89119

Attention: President

Facsimile: (702) 631-9820,

or at such other address or addresses as any of the parties hereto may designate by notice in writing to the other parties hereto.

### **13.5 Commissions/Costs**

PavCo and the Developer each represent and warrant to the other that neither of them has engaged the services of any realtor in connection with the offering, development or lease of Development Site 10A contemplated under this Agreement and the RFP; PROVIDED THAT if and to the extent that any payment is due to or any claim is made by any realtor or other agent in connection with the offering, development or lease of Development Site 10A, the party which has engaged the services of any such realtor or other such consultant will be responsible to pay any such commissions or fees properly due and payable to any such agent or consultant and will indemnify and save harmless the other party hereto from and against any and all such claims and related liabilities.

PavCo and the Developer will pay their own respective legal fees and all other fees incurred by such parties to any other party in connection with the transactions herein contemplated, except as may otherwise be specifically set forth in this Agreement.

### **13.6 Further Assurances**

Each of the parties will execute and deliver all such further documents and do such other things as the other party may reasonably request to give full effect to this Agreement.

### **13.7 Confidentiality**

PavCo and the Developer and the Indemnifier will maintain in strict confidence the terms of this Agreement and all confidential information received from the other party relating to Development Site 10A, the Developer's Project and will only disclose the same to their respective employees, directors, officers, bankers, partners or co-owners, lawyers and consultants on a "need to know" basis and on the basis of strict confidentiality; PROVIDED THAT PavCo may, in its sole and absolute discretion, disclose the existence of this Agreement and its terms for all purposes required to obtain provide reports and recommendations to and to seek approvals and directions from the management and membership of PavCo and/or from any Provincial Emanation or other Governmental Authority and to obtain the advice and counsel of any of PavCo's consultants and advisors.

For the purposes of this Agreement, "confidential information" will include:

- (a) any information expressly identified by the party disclosing such information as "confidential";
- (b) any information which, by its nature, and if disclosed, would reasonably be expected to offer advantages to competitors of the disclosing party; and
- (c) any information of a proprietary or confidential nature relating to the business or the assets of either party or any of their Affiliates.

Notwithstanding anything to the contrary contained in this Section 13.7, both the Developer and PavCo acknowledge and agree that each of them may be subject to procedures, obligations or orders under Applicable Laws relating to disclosure of information (including without limitation, The *British Columbia Freedom of Information Act* or *Privacy Act* (RSBC 1996 c.165, as amended) relating to this Agreement, the Ground Lease and/or the Developer's Project and the subject matter of this Agreement. Both parties hereto will be entitled and obligated to comply with all valid requirements for disclosure of information through operation of any such Applicable Laws.

### **13.8 Gaming Operations Confidential Information**

In addition to the obligations contained in Section 13.7 above, PavCo will maintain all Gaming Operations Confidential Information in strict confidence and subject to release to any parties other than officers or directors of PavCo, whether orally or in writing, only on a need-to-know

basis and then only with the consent of the Developer, the Indemnifier, <sup>s.22</sup> (as the case may be as to the subject or subjects of such Gaming Operations Confidential Information). Any disclosure by operation of law without the consent of the Developer, the Indemnifier, <sup>s.22</sup> (as the case may be) must afford to such parties all protections, statutory or otherwise, which such parties are entitled to rely upon with respect to delivery of that information to GPEB or AGLC (as the case may be) in the first instance and must not be made until at least 22 Business Days after notice to the Developer, the Indemnifier, <sup>s.22</sup> (as the case may be as to the subject or subjects of such Gaming Operations Confidential Information) as to the nature and extent of the information which PavCo intends or is otherwise required to disclose.

### **13.9 Press Releases**

Prior to the Commencement Date, neither PavCo nor the Developer nor the Indemnifier will, without the prior written approval, concurrence or joint or co-ordinated actions of the other parties, grant any interviews nor issue or release any public acknowledgements or announcements, including press releases, or knowingly participate in or generate any publicity concerning the subject matter of this Agreement.

In addition, both PavCo and the Developer acknowledge that no public announcements or other forms of announcements, including press releases, relating to gaming or casino operations will be issued without the prior notice to, consultation with and approval of BCLC.

### **13.10 Successors**

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

**13.11 Counterpart Execution**

This Agreement may be executed in counterparts by PavCo and the Developer and the Indemnifier and their respective authorized signatories, which counterparts may be executed and delivered in person or by facsimile transmission and which shall, together and when delivered, constitute one agreement.

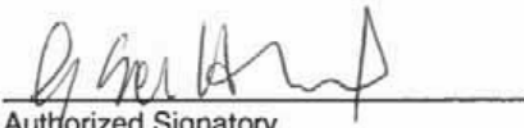
IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all with effect as of the Effective Date.

**B.C. PAVILION CORPORATION**Per: 

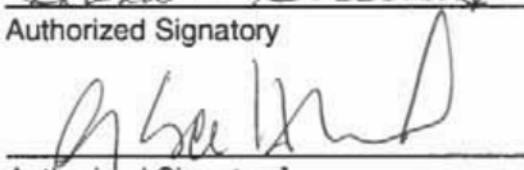
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory**PARAGON DEVELOPMENT LTD.**Per: 

Authorized Signatory

  
Authorized Signatory**PARAGON HOLDINGS (SMITHE STREET) ULC**Per: 

Authorized Signatory

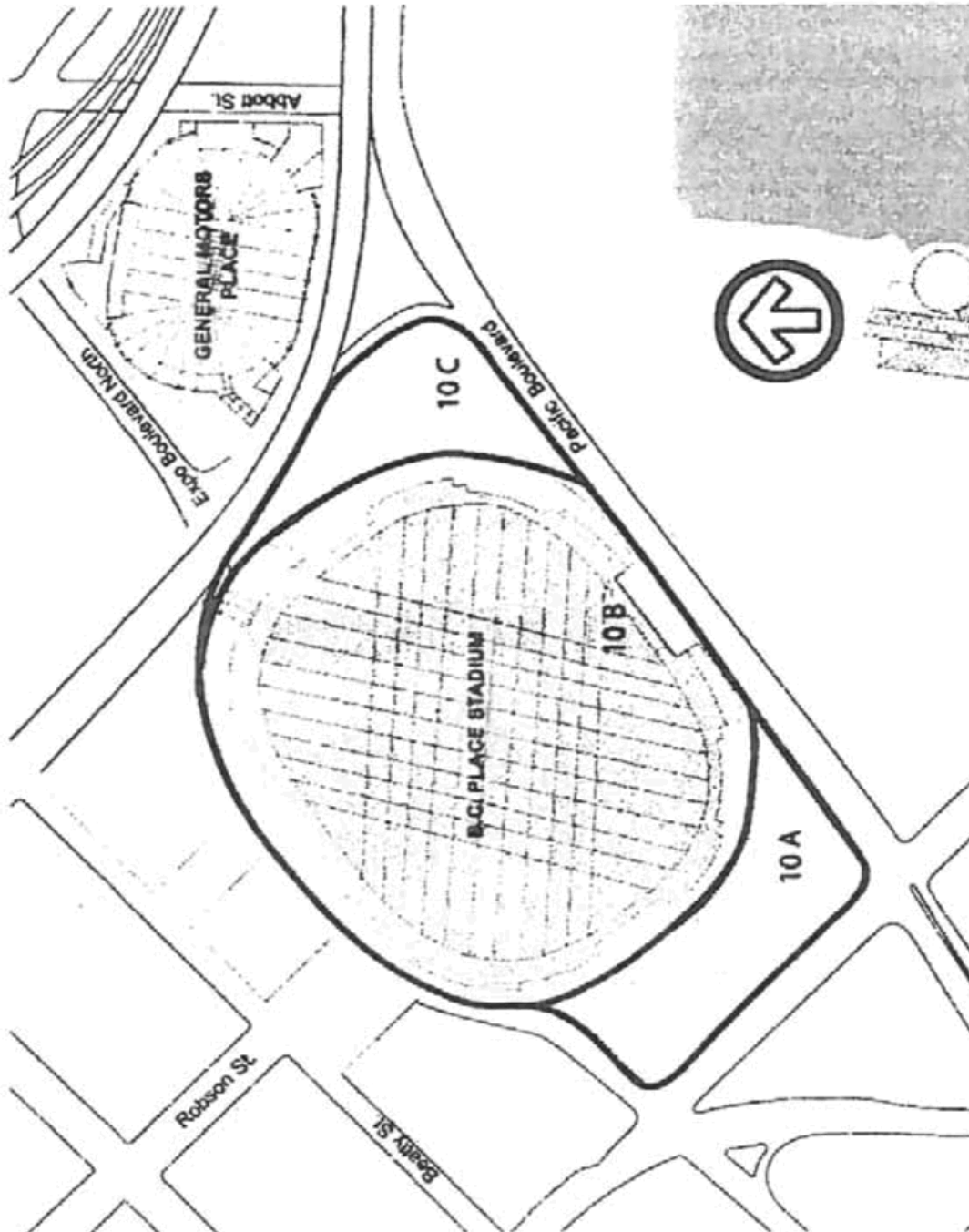
  
Authorized Signatory]

## ATTACHMENTS:

Schedule A	Sketch Plan showing current boundaries of the B.C. Place Lands and the (currently-anticipated) locations of Development Site 10C, Development Site 10A, and the B.C. Place Remainder following completion of the Acceptable Subdivision
Schedule B	Smithe Street Road Dedication Plan
Schedule C	Allocation of Responsibilities under Rezoning Obligations
Schedule D	List of Permitted Encumbrances
Schedule E	Description of Developer's Project
Schedule F	Target Subdivision Requirements
Schedule G	Current Project Schedule
Schedule H	Current Project Milestones
Schedule I	(Revised) Approved Form of B.C. Place Construction and Maintenance Easement
Schedule J	(Revised) Approved Form of B.C. Place Access Easement
Schedule K	(Revised) Approved Form of B.C. Place Parking Easement
Schedule L	(Revised) Approved Form of Ground Lease
Schedule M	(Revised) Approved Form of Tripartite Agreement
Schedule N	Allocation of Responsibilities under Upgrade Commitment Agreement
Schedule O	Allocation of Responsibilities Relating to Relocations or Replacements of B.C. Place Exiting Requirements

SCHEDULE A

SKETCH PLAN SHOWING CURRENT BOUNDARIES OF THE B.C. PLACE LANDS AND  
THE (CURRENTLY-ANTICIPATED) LOCATIONS OF DEVELOPMENT SITE 10C,  
DEVELOPMENT SITE 10A, AND THE B.C. PLACE REMAINDER FOLLOWING  
COMPLETION OF THE ACCEPTABLE SUBDIVISION



## SCHEDULE B

PLAN BCP

100% of the total is the  
of the company, etc.

[illegible]

PHOTOGRAPH SUPPLY AND SALES CO. (INCORPORATED)  
NORTH (1958)

**1122002**

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ED50 of 0.125 and 0.125

Author	Year	Country	Sample Size	Study Design	Findings
Wang et al.	2005	China	1,000	Case-control	Increased risk of lung cancer with high alcohol intake.
Li et al.	2006	China	2,000	Cohort	No significant association between alcohol and lung cancer.
Zhang et al.	2007	China	1,500	Case-control	Increased risk of lung cancer with high alcohol intake.
Wang et al.	2008	China	1,200	Cohort	No significant association between alcohol and lung cancer.
Li et al.	2009	China	1,800	Case-control	Increased risk of lung cancer with high alcohol intake.
Zhang et al.	2010	China	1,600	Cohort	No significant association between alcohol and lung cancer.
Wang et al.	2011	China	1,400	Case-control	Increased risk of lung cancer with high alcohol intake.
Li et al.	2012	China	1,700	Cohort	No significant association between alcohol and lung cancer.
Zhang et al.	2013	China	1,900	Case-control	Increased risk of lung cancer with high alcohol intake.
Wang et al.	2014	China	1,300	Cohort	No significant association between alcohol and lung cancer.
Li et al.	2015	China	1,600	Case-control	Increased risk of lung cancer with high alcohol intake.
Zhang et al.	2016	China	1,800	Cohort	No significant association between alcohol and lung cancer.
Wang et al.	2017	China	1,500	Case-control	Increased risk of lung cancer with high alcohol intake.
Li et al.	2018	China	1,700	Cohort	No significant association between alcohol and lung cancer.
Zhang et al.	2019	China	1,900	Case-control	Increased risk of lung cancer with high alcohol intake.
Wang et al.	2020	China	1,400	Cohort	No significant association between alcohol and lung cancer.
Li et al.	2021	China	1,600	Case-control	Increased risk of lung cancer with high alcohol intake.
Zhang et al.	2022	China	1,800	Cohort	No significant association between alcohol and lung cancer.
Wang et al.	2023	China	1,500	Case-control	Increased risk of lung cancer with high alcohol intake.
Li et al.	2024	China	1,700	Cohort	No significant association between alcohol and lung cancer.
Zhang et al.	2025	China	1,900	Case-control	Increased risk of lung cancer with high alcohol intake.

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[illegible]

BOOK OF REFERENCE	
LEGAL DESCRIPTION	AREA
part 1000 BLOCK 13 of New York	6.16 of
part 1000 BLOCK 14 of New York	2.500 of
part 1000 BLOCK 15 of New York	2.500 of
TOTAL	11.160 of

THIS PLAN LETS MEET THE CAPITAL MARKET'S DEMAND

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Company  
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## SCHEDULE C

### ALLOCATION OF RESPONSIBILITIES RE REZONING OBLIGATIONS

OBLIGATION/DOCUMENT		PAVCO OBLIGATIONS	DEVELOPER OBLIGATIONS
1.	(Temporary Road/Utilities) Statutory Right of Way and Section 219 Covenant registered under Nos. BB1356821 and BB1356822	s.17.s.21	
2.	(Cul-de-Sac/Sidewalk) Statutory Right of Way and Section 219 Covenant registered under Nos. BB1356823 and BB1356824		
3.	(Temporary Public Access) Statutory Right of Way and Section 219 Covenant registered under Nos. BB1356825 and BB1356826		
4.	(Permanent Public Access Concourse Connection Agreement) Section 219 Covenant and Statutory Right of Way registered under Nos. BB1356827 and BB1356828		
5.	(Future Street Car) Section 219 Covenant and Statutory Right of Way registered under Nos. BB1356830 and BB1356831		

OBLIGATION/DOCUMENT		PAVCO OBLIGATIONS	DEVELOPER OBLIGATIONS
6.	(Stadium Parking Agreement) Section 219 Covenant and Statutory Right of Way registered under Nos. BB1356832 and BB1356833	s.17,s.21	
7.	(Lot 305 Services Agreement) Statutory Right of Way and Section 219 Covenants registered under Nos. BB1356834, BB1356835 and BB1356836		
8.	(Flood Plain Covenant) Section 219 Covenant registered under No. BB1356837		
9.	(Renewable Energy System) Section 219 Covenant registered under No. BB1356838		
10.	Area 10A Soils Remediation Agreement		

OBLIGATION/DOCUMENT		PAVCO OBLIGATIONS	DEVELOPER OBLIGATIONS
		s.17,s.21	
11.	Area 10A Utility Design Agreement		
12.	(Soils Agreement – Occupancy Restriction) Section 219 Covenant registered under No. BB1356839		
13.	(Social Responsibility Fund Agreement) Section 219 Covenant registered under No. BB1356840		
14.	(No Development Covenant – Inner City Local Employment and		

OBLIGATION/DOCUMENT		PAVCO OBLIGATIONS	DEVELOPER OBLIGATIONS
	Procurement) Section 219 Covenant registered under No. BB1356841	s.17,s.21	
15.	(Public Art) Section 219 Covenant registered under No. BB1356842		
16.	(Pedestrian Overpass) Easement and Indemnity Agreement and Statutory Right of Way registered under Nos. BB1356843 and BB1356844		
17.	Modification (Utility Duct Bank) of Easement and Indemnity Agreement No. R92193) registered under No. BB1356845		

## **SCHEDULE D**

### **LIST OF PERMITTED ENCUMBRANCES**

**(IF AND TO THE EXTENT APPLICABLE TO DEVELOPMENT SITE 10A)**

#### **A. LEGAL NOTATIONS:**

1. Hereto is annexed Easement BR170417 over Lot 287 Plan LMP50460;
2. Hereto is annexed Restrictive Covenant BT395785 over Lot 157 Except: Portions on Plan LMP50458 and LMP50459, Plan 21735;
3. Hereto is annexed Easement BT395786 over Lot 157 Except: Portions on Plan LMP50458 and LMP50459, Plan 21735;
4. Hereto is annexed Easement R129648 over portions of Lot 155, Plan 21425 in Explanatory Plan 18834;
5. Hereto is annexed Easement GB48624 over part of Lot 156, Plan 21458 in Explanatory Plan 18966; and
6. Hereto is annexed Easement GB48625 over part of Lot 156, Plan 21458 in Explanatory Plan 18967.

#### **B. CHARGES, LIENS AND INTERESTS**

1. Statutory Right of Way R92170 (extended by R103838 and BB1217918 and modified by BT408244 and BW281516) in favour of City of Vancouver;
2. Statutory Right of Way R92171 (extended by R103839 and BB1217920 and modified by BT408245 and BW281517) in favour of City of Vancouver;
3. Statutory Right of Way R92172 (extended by R103840 and BB1217922 and modified by BT408246 and BW281518) in favour of City of Vancouver;
4. Statutory Right of Way R92173 (extended by R103841 and BB1217924 and modified by BT408247 and BW281519) in favour of City of Vancouver;
5. Right to Acquire Equitable Charge R92173A (extended by R103842) in favour of City of Vancouver;
6. Statutory Right of Way R92182 in favour of City of Vancouver;
7. Statutory Right of Way R92183 in favour of City of Vancouver;
8. Statutory Right of Way R92184 in favour of City of Vancouver;
9. Statutory Right of Way R92190 in favour of City of Vancouver;
10. Easement and Indemnity Agreement R92192 in favour of City of Vancouver;
11. Easement and Indemnity Agreement R92193 in favour of City of Vancouver;
12. Easement and Indemnity Agreement R92199 in favour of City of Vancouver;

13. Statutory Right of Way R102469 in favour of City of Vancouver;
14. Covenant R102470 in favour of City of Vancouver;
15. Equitable Charge R102471 in favour of City of Vancouver;
16. Statutory Right of Way R102474 in favour of City of Vancouver;
17. Covenant R102476 in favour of City of Vancouver;
18. Equitable Charge R102477 in favour of City of Vancouver;
19. Easement and Indemnity Agreement R103403 (extended by BR150917 and BW147856) in favour of City of Vancouver;
20. Easement BG375412;
21. Restrictive Covenant BG375413 (modified by BJ367461);
22. Statutory Right of Way BG375414 in favour of City of Vancouver;
23. Covenant BG375417 (modified by BJ367463) in favour of City of Vancouver;
24. Easement BJ367460;
25. Statutory Right of Way BJ367462 in favour of City of Vancouver;
26. Priority Agreement BJ367464 granting BJ367462 priority over BJ367460, BG375411 and BG375412;
27. Easement and Indemnity Agreement BB1739777 in favour of City of Vancouver;
28. Statutory Right of Way BB1739778 in favour of City of Vancouver;
29. Equitable Charge BB1356813 in favour of City of Vancouver (extension of R92173A);
30. Covenant BB1356814 in favour of City of Vancouver (extension of R102470);
31. Equitable Charge BB1356815 in favour of City of Vancouver (extension of R102471);
32. Covenant BB1356816 in favour of City of Vancouver (extension of R102476);
33. Equitable Charge BB1356817 in favour of City of Vancouver (extension of R102477);
34. Statutory Right of Way BB1356821 in favour of City of Vancouver;
35. Covenant BB1356822 in favour of City of Vancouver;
36. Statutory Right of Way BB1356823 in favour of City of Vancouver;
37. Covenant BB1356824 in favour of City of Vancouver;
38. Statutory Right of Way BB1356825 in favour of City of Vancouver;
39. Covenant BB1356826 in favour of City of Vancouver;
40. Covenant BB1356827 in favour of City of Vancouver;

41. Statutory Right of Way BB1356828 in favour of City of Vancouver;
42. Covenant BB1356830 in favour of City of Vancouver;
43. Statutory Right of Way BB1356831 in favour of City of Vancouver;
44. Covenant BB1356832 in favour of City of Vancouver;
45. Statutory Right of Way BB1356833 in favour of City of Vancouver;
46. Statutory Right of Way BB1356834 in favour of City of Vancouver;
47. Covenant BB1356835 in favour of City of Vancouver;
48. Covenant BB1356836 in favour of City of Vancouver;
49. Covenant BB1356837 in favour of City of Vancouver;
50. Covenant 1356838 in favour of City of Vancouver;
51. Covenant BB1356839 in favour of City of Vancouver;
52. Covenant BB1356840 in favour of City of Vancouver;
53. Covenant BB1356841 in favour of City of Vancouver;
54. Covenant BB1356842 in favour of City of Vancouver;
55. Easement and Indemnity Agreement BB1356843 in favour of City of Vancouver;
56. Statutory Right of Way BB1356844 in favour of City of Vancouver; and
57. Modification BB1356845 in favour of City of Vancouver (Modification of R92193).

Page 341 to/à Page 382

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s.17

## **SCHEDULE F**

### **TARGET SUBDIVISION REQUIREMENTS**

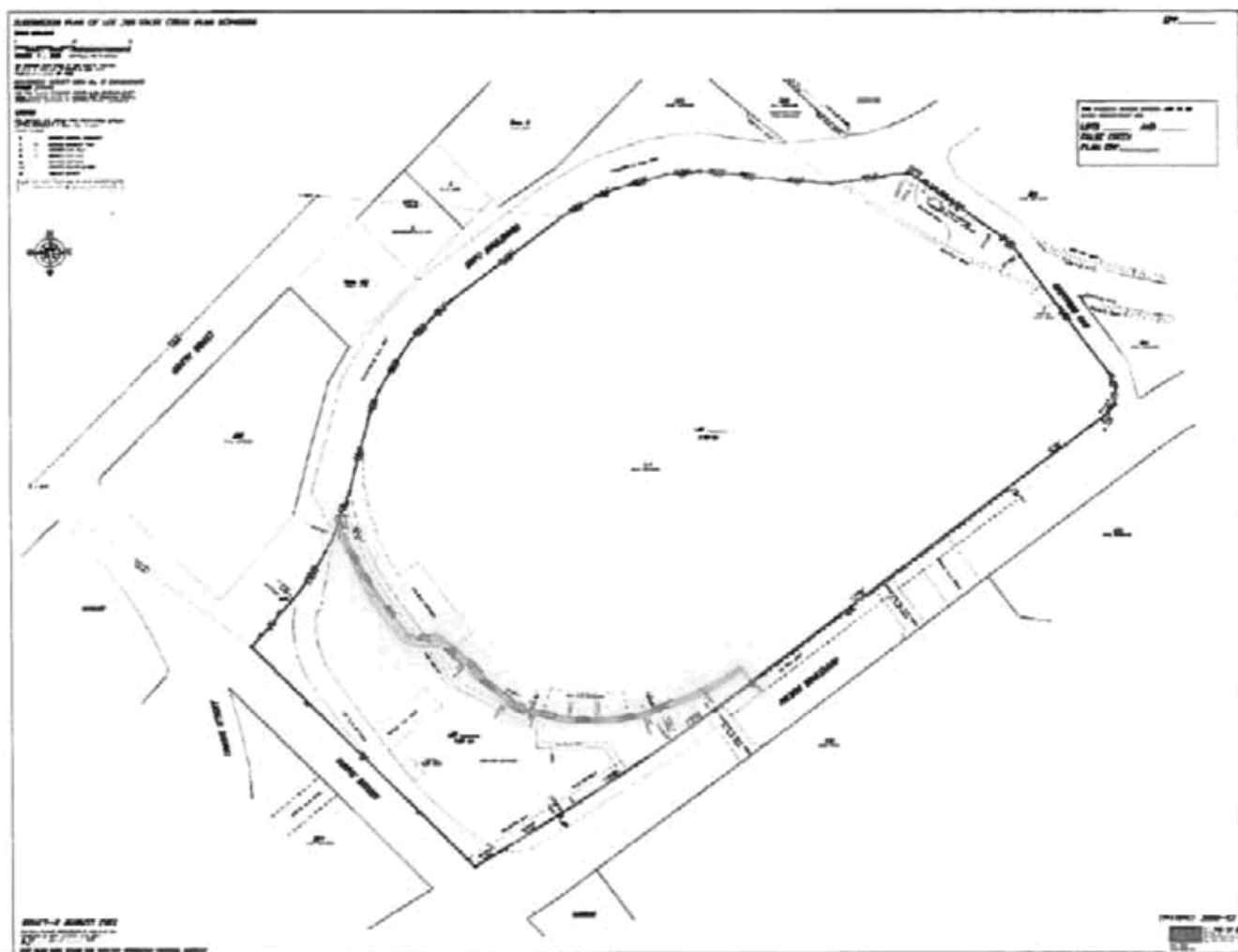
#### **1. MINIMUM PARCEL SIZE AND DIMENSIONS OR VOLUME**

A new legal parcel will be created through the subdivision of the B.C. Place Lands to accommodate the entirety the Developer's Project, with the:

- (a) easterly boundary being the boundary of Lot 305 with Smithe Street;
- (b) the northerly boundary being the boundary of Lot 305 with Expo Boulevard;
- (c) the southerly boundary being the boundary of Lot 305 with Pacific Boulevard;  
and
- (d) the easterly boundary being the existing B.C. Place Stadium Improvements, generally as shown on the plan attached as page F-2, or, if the Approving Officer or any other official of the Province will so approved, providing for the inclusion of volumetric encroachments below, within or above the B.C. Place Stadium Improvements as PavCo and the Developer may approve based upon the Approved Plans and Specifications.

#### **2. ANTICIPATED AND MINIMUM CAPACITIES FOR SERVICES (WATER, SEWER, STORM SEWER, NATURAL GAS, TELECOMMUNICATIONS, ETC.)**

- (a) ELECTRICAL: 3000 kVA
- (b) TELECOMMUNICATIONS:
  - Telephone: 2 - 600 pair connections
  - Fibre Optic: 2 connections
- (c) STORM: minimum 380mm (15") diameter
- (d) SANITARY: minimum 300mm (12") diameter
- (e) WATER: minimum 200mm (8") diameter water service plus minimum 200mm (8") diameter fire main
- (f) STEAM (IF USED): 8,000 lbs. / hr.
- (g) NATURAL GAS: 5,000 CFH (with steam), 13,000 CFH (without steam)



## UMDA Project Schedule G

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1. Sign MDA subject to Letter Agreement
2. PavCo Submit Subdivision Application
3. Secure Material Agreement With Proposed Partner
4. COV Registration of Subdivision
5. Partners Finalize Development Program and Scope of Development
6. PavCo Approval of Revised Program and Scope of Development
7. Paragon Releases Design Team
8. Completion of Revised Schematic Design
9. PavCo Approval of Revised Schematic Design
10. Development Permit Application Commences
11. Submittal of Development Permit Application
12. Urban Design Panel
13. Development Permit Board Meeting
14. PavCo Approval of Construction Documents
15. GMP Tendering
16. Completion of City Legal Agreements
17. Development Permit Issued
18. Building Permit Application Submitted
19. GMP Awarded
20. Building Permit Issued
21. Ground Lease Signed
22. Construction Commences
23. Construction Completed
24. Grand Opening

s.17,s.21

## SCHEDULE H

### CURRENT PROJECT MILESTONES

PROJECT MILESTONE	TARGET MILESTONE ACHIEVEMENT DATE	ULTIMATE MILESTONE ACHIEVEMENT DATE	RESPONSIBLE PARTY
1. Paragon pays PavCo outstanding DCC balance	s.17, s.21		s.17
2. PavCo Submit Subdivision Application			
3. COV Registration of Subdivision			
4. Paragon pays PavCo balance of DCC LC on Subdivision Registration			
5. Partners Finalize Development Program and Scope of Development			
6. PavCo Approval of Revised Program and Scope of Development			
7. Paragon pays PavCo \$1.5 million of Phase II LC			
8. Paragon Releases Design Team			
9. Completion of Revised Schematic Design			
10. PavCo Approval of Revised Schematic Design			
11. Paragon pays \$8.5 million balance of Phase II LOC			
12. Development Permit Application Commences			
13. Submittal of Development Permit Application			
14. Urban Design Panel			
15. Development Permit Board Meeting			
16. Completion of City DP Legal Agreements			
17. Development Permit Issued			
18. PavCo Approval of Construction Documents			
19. GMP Tendering			
20. Building Permit Application Submitted			
21. GMP Awarded			
22. Building Permit Issued			
23. Lock-Box Materials Delivered			
24. Ground Lease Signed			
25. Rent Security LOC Delivered			

PROJECT MILESTONE	TARGET MILESTONE ACHIEVEMENT DATE	ULTIMATE MILESTONE ACHIEVEMENT DATE	RESPONSIBLE PARTY
	s.17, s.21		s.17
26. Construction Commences			
27. Construction Completed/OP Issued			
28. Grand Public Opening/COSA Issued			

Page 388 to/à Page 443

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s.21

**SCHEDULE B****LIST OF COMPARABLE AND COMPETITIVE PARKING FACILITIES  
(AS AGREED BETWEEN THE TENANT AND THE LANDLORD AS OF THE COMMENCEMENT  
DATE)**

The following public parking facilities are acknowledged and agreed by the Tenant and the Landlord to comprise the Comparable and Competitive Parking Facilities for the purposes of determination of the Liquidated Damage Amount during the first calendar year of the Parking Term:

1. Imperial Parking Lot # 1610: 858 Beatty Street, – Pivotal Building;
2. Imperial Parking Lot # 586: 773 Beatty Street, – Georgian Court Hotel;
3. Precise Parking Lot located at: 180 W Georgia Street, - Sandman Hotel]
4. Lot #987, Underground GM Place Parkade;
5. Lot #1888, 605 Expo Blvd, - Costco Parkade;
6. Metro Parking Lot #31; 111 Dunsmuir Street, – Amec Building (Stantec Offices);
7. International Village Parking Lot on Abbott Street, between Keefer and Pender Streets; and
8. Easy Park Lot at intersection of Pender and Beatty Streets,

as further identified on the attached Plan within the area bounded by Richards, Pender, Carroll and Nelson Streets, in the City of Vancouver, British Columbia.

Boundaries: Richards, Pender, Carroll and Nelson Streets, in the City of Vancouver

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END OF DOCUMENT

**SCHEDULE L**  
**GROUND LEASE**  
**B.C. PLACE DEVELOPMENT SITE 10A**

s.17,s.21

Page 447 to Page 529

Withheld pursuant to removed as

s.17,s.21

## SCHEDULE N

### ALLOCATION OF RESPONSIBILITIES UNDER THE UPGRADE COMMITMENT AGREEMENT

Section No.	Description of Obligations	Responsible Party (or Parties)
3.1	PavCo undertaking and commitment to the City to substantially complete the Upgrade by no later than December 31, 2012	s.17
3.2	Soils Remediation Procedures	
3.3(a)	Designing, constructing and installing Standard City Services  Designing, constructing and installing sidewalks, street trees, street furniture and street lighting on the NE side of realigned Smithe Street between Expo and Pacific Boulevards	
3.3(b)	Design and Construction of On-Site Site Services	
3.4	Street Use Permits and Repairs	
3.5	Removal of Cambie Bridge Above Grade Connection and Provision of Alternative Pedestrian Passage	

		5.17
3.6	Soils Remediation through Upgrade Project	
3.7	Site Services for Development Sites	
3.9	No DCL's	
3.10	No CAC's	
3.11	CAC's in Lieu, if breach, of Upgrade Project Commitments	
3.12	Georgia Street Link	
4.1	Parallel City Processes re: Stadium Site	
4.2	City Process re: Development Sites	
5.1(f)	Dealings with City and Concord re: Smithe Street Extension	
5.1(g)	Construction of Smithe Street Extension and	

	Acquisition of Triangle Site and Surplus Road Area	5.17
5.2	Reaching Agreements with Concord re: Smithe Street Extension Issues	
5.3	Transfer of Triangle Site and Surplus Road Area	
5.4	Dimension and reconfiguration of Smithe Street	
5.5	City Council Approvals re: Smithe Street Closures and Transfers	
5.6	Temporary Terry Fox SRW pending completion of Smithe Street	
5.7	Consolidation of Surplus Road Area and Triangle Site with Lot 153	
5.8	Soil Remediation re Smithe Street Extension and Triangle Site	
5.9	Payment in Lieu of Transfer	
6.1	Pacific Boulevard Dedications	
6.2	Open Space SRW	
6.3	Smithe Street Turnaround SRW	
6.4	Street Car Route	
6.5	Street Encroachments for Upgrade Project	
6.6	Under Viaduct Dedications	
6.7	Under Viaduct Encroachments	
6.8	Forms of Encroachment Agreements	

6.9	Stadium Parking/End-of-Use Facilities/Loading	s.17
8.1	Transfers and Long-Term Leases	

**SCHEDULE O**

**ALLOCATION OF RESPONSIBILITIES RELATING TO RELOCATIONS  
OR REPLACEMENTS OF B.C. PLACE EXITING REQUIREMENTS**

s.17



s.17

s.17

s.17



APR 11 2013

Ref. 490234

Mr. Michael Graydon  
President and CEO  
BC Lottery Corporation  
2940 Virtual Way  
Vancouver BC V5M 0A6

Dear Mr. Graydon:

I am writing to confirm our understanding of the British Columbia Lottery Corporation's (BCLC) request for funding in support of the Edgewater Casino relocation adjacent to BC Place Stadium. The request indicates a negative impact of \$4.6M for each of the fiscal years of 2012/13, 2013/14 and 2014/15.

I wish to ensure BCLC's commitment that approval to increase the Facility Development Commission (FDC), and bring forward the Accelerated Facility Development Commission (AFDC), will not impact the net income targets to which the corporation has committed. Specifically, approval of this request is contingent on the \$4.6M reduction net to government, which is noted in Appendix A of the submission, being recovered from within BCLC operations.

Sincerely yours,

Rich Coleman  
Minister of Energy, Mines and Natural Gas  
and Deputy Premier

---

Ministry of  
Energy, Mines and Natural Gas  
and Deputy Premier

Office of the Minister

Mailing Address:  
PO Box 9060, Stn Prov Govt  
Victoria, BC V8W 9E2

Telephone: 250 387-5896  
Facsimile: 250 356-2965

# Treasury Board Report

December 19 2013

This confidential document contains Treasury Board advice and proprietary business information.

Page 540 to/à Page 577

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s.12,s.13,s.17

Page 578 to/à Page 589

Withheld pursuant to/removed as

s.13,s.16,s.17

December 31, 2013

Mr. John Mazure  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
PO Box 9311 STN GOVT  
Victoria, BC  
V8W 9N1



Dear Mr. Mazure:

**Re: Directive for Additional Commission Related to the Edgewater Casino  
Redevelopment**

2940 Virtual Way  
Vancouver, BC V5M 0A6

604.215.0649  
604.225.6424

BCLC had previously applied to, and received approval from, the Gaming Policy Enforcement Branch (GPEB) and the Minister responsible for Gaming for a directive to adjust the commission payment schedule to be paid to the service provider, Edgewater Casino ULC as General Partner and on behalf of Edgewater Casino Limited Partnership (Edgewater), specifically in relation to the Edgewater Casino redevelopment, on lands adjacent to BC Place stadium.

BCLC was requested by GPEB to complete two additional steps:

- 1) Discuss with the City of Vancouver the impact the commission would have on the host local government (HLG) calculation.
- 2) Provide an Update on Edgewater's progress to securing an equity investor and the requisite financing for the development.

With respect to the first point, BCLC met with Mr. Chris Tay – Financial Analyst in the Financial Planning and Analysis group in the City of Vancouver Financial Services Department on Thursday October 24, 2013. The discussion focused around the impact the Edgewater redevelopment would have on the HLG calculation both short-term and long-term. Mr. Tay understood that through the construction phase of the development, there is the potential for HLG to not increase at the rate it has been previously, during the construction period. Correspondingly, he also understood that once the new facility opened it was expected that the increased performance of the facility would result in an increase in the HLG received by the City of Vancouver.

With respect to the second point, we provide the following update.

Paragon Gaming, the parent company of Edgewater Casino ULC has secured Dundee Capital as an equity investor both in the current Edgewater operations as well as the entity that will develop the new facility. In January, Paragon and Dundee will be making presentations to secure an additional equity investor. Once this is complete the group will look to secure the financing for the development.

The preliminary design has been completed in compliance with the City of Vancouver zoning by-law and the preliminary application received approval in principle from the City of Vancouver's Development Permit Board on December 16, 2013. Pending receipt of the appropriate permits it is intended to commence construction early in the new-year. The early start of construction is necessary to ensure completion of the new facility prior to the expiry of the existing facility lease in December 2016.

BCLC is pleased with the progress Paragon has made in moving the redevelopment forward and therefore requests issuance of the directive to enable our continued support of the project.

Yours truly,



Jervis Rodrigues  
CFO & VP of Finance & Corporate Services  
BCLC  
(604) 225 - 9449

**bclc**  
playing it right

2940 Virtual Way  
Vancouver, BC V5M 0A6

T 604.215.0649

F 604.225.6424

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

Page 592

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s.13,s.14



# Edgewater Casino Redevelopment

July 24, 2012

# Background

- City of Vancouver has approved the relocation but limiting it to the existing footprint (600 slots, 75 Tables).
- Paragon proposing a \$400 million investment consisting of a Casino, 1,200 staff Parkade, 2 Hotel towers.
- 2 Hotel towers to be developed by a third party.
- Parking is a critical amenity required for the success of the casino.

# Issue

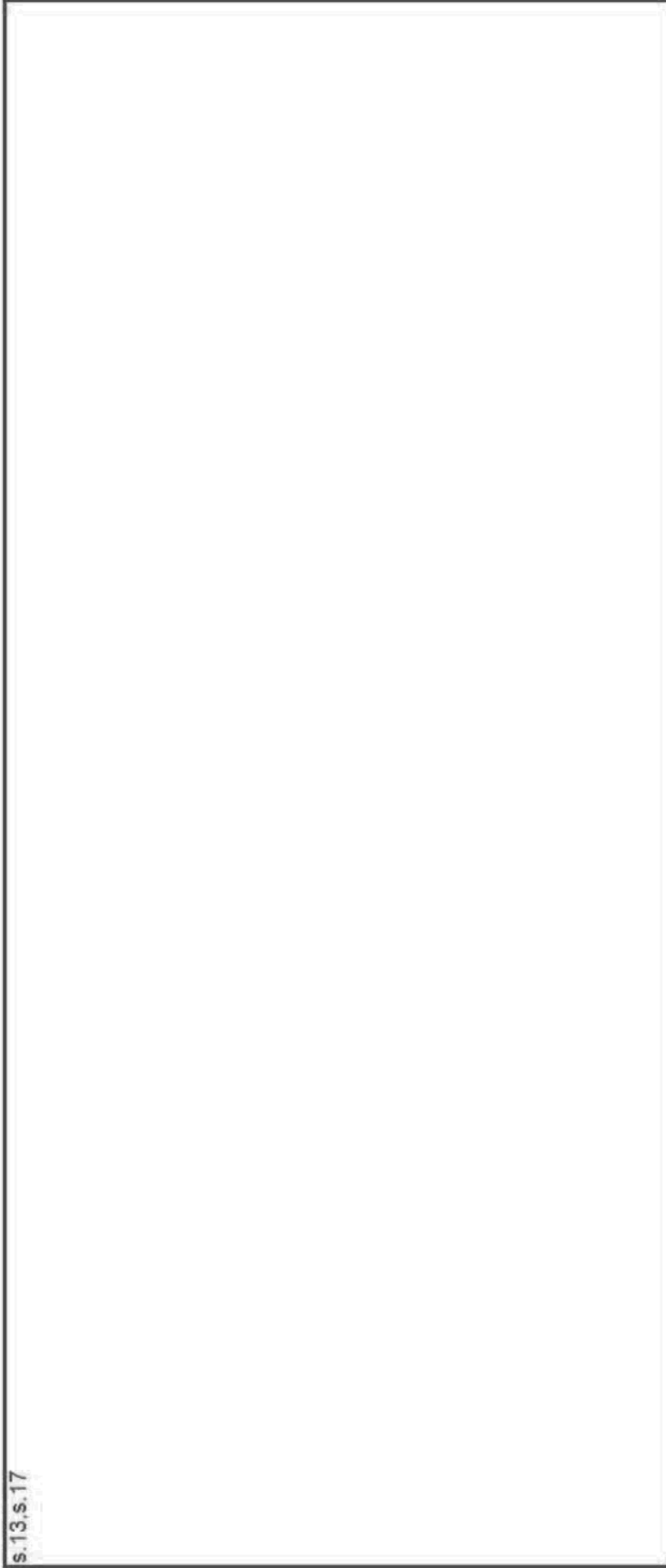
- Development of underground parkade is very expensive (approx. \$70 million).

s.17

-

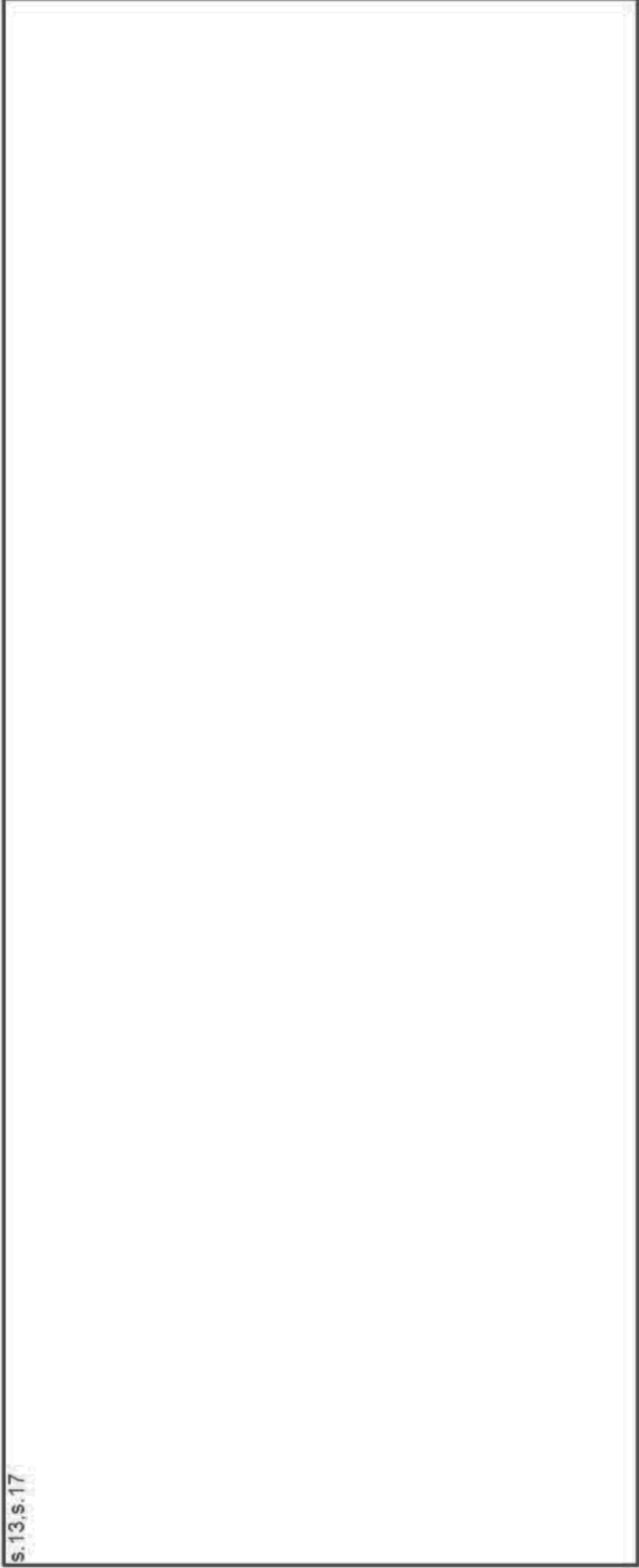
# Options considered

s.13.s.17



# Option Recommended

s.13.s.17



# Financial Impact

	Annual Cost (\$million)	Cost until New Facility Opens (\$millions)
AFDC commencing April 1, 2012		
Accelerated FDC/AFDC 2% Commission for 5 Years commencing April 1, 2012		
Note:		
The FDC/AFDC COSA adjustment results in eligible expenditures being earned over a shorter period of time.		

\$ .17

# Financial Impact (con't)

	Pre Open		Post Open							
	2012/13	2013/14	2014/15	2015/16	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
<b>Proposed For New Facility</b>										
Revenue										
FDC										
AFDC										
Accelerated										
FDC/AFDC										
Commission										
<b>Advanced Cashflow to Paragon</b>										
AFDC										
Incremental Comission										
<b>Total</b>										

\$ .17



# Horse Racing

July 24, 2012

# Background

- The horse racing industry in BC has been identified as important by government.
- The casinos which are co-located at the two race tracks in BC are seen as fundamental to the viability of these race track operations.
- The two key locations for horse racing are not in ideal locations for the casino operations.
- BCLC and GCC are working within the constraints of the existing dated facilities to provide quality venues which ultimately supports an important industry to the Province.

## Issue

- Great Canadian Gaming (GCC) has been required to make significant investment in both Fraser Downs (\$43 million) and Hastings Park (\$45 million) to enable casino gaming to be incorporated into the horse racing facilities.
- The financial metrics for the horse racing industry continue to decline, making it increasingly difficult for GCC to sustain viable operations.
- In a competitive lower mainland casino marketplace with Edgewater being redeveloped and South Surrey being developed, the current compensation structure makes it difficult for GCC to remain competitive.

# Recommendation

s. 13, s. 17

1.

2.

# Recommendation (continued)

s.13,s.17

3.

4.

# Financial Impact

s.13 s.17

# Financial Impact (continued)

s.13,s.17

- 
- 
-

# Financial Impact (continued)

	Current Compensation Based on								
	%	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Great Canadian Combined Fraser Downs & Hastings Commissions									
Impact on Great Canadian from Cannibalization due to South Surrey									
Potential Additional Compensation									
AFDC	2.0%								
Additional Incremental	2.5%								
Potential Net Impact on Great Canadian									

s.17

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s.13,s.14

## ADVICE TO MINISTER

### CONFIDENTIAL ISSUES NOTE

Ministry of Finance  
Date: February 24, 2015  
Updated: Oct. 22, 2015  
Minister Responsible: Hon. Michael de Jong

## Edgewater parking / BCLC commission structure

### RECOMMENDED RESPONSE:

- Facility development commissions are meant to encourage capital improvements, resulting in higher quality facilities that attract a broader player base.
- BC Lottery Corporation and the Province approved an additional 2% commission for the relocation of Edgewater Casino, in recognition of the project's unique costs, notably the City of Vancouver's requirement for underground parking.
- Typically, the existing commission structure entitles casino service providers to a 3% commission for facility development and another one time 2% for "accelerated facility development."
- Paragon Gaming has completed the excavation and remediation work on-site and the parkade substructure is well underway.

### Secondary

- No commissions have been paid, nor will they be paid until a number of conditions have been met, such as providing documentation of expenses and obtaining approvals as set out in the service provider agreement.
- Documentation of completed work and other justifiable expenses is verified by an independent third party.
- The additional commissions provided for the Edgewater project have had no impact on the government revenues from B.C.'s gaming industry.
- B.C. Lottery Corporation has met or exceeded its revenues targets in each of three years since these commissions began accruing.

Comment [BPC1]: New lines, actual figures from BCLC are below in key facts section.

- **BCLC, the Ministry of Finance, and Partnerships BC are conducting a review of service provider commissions, including facility development commissions, as recommended in the Crown review of BCLC.**

#### **KEY FACTS REGARDING THE ISSUE:**

Following the release of the Crown Review of BC Lottery Corporation in December 2014, media reports and the official Opposition questioned the commission structure that BC Lottery Corporation has agreed to for Paragon Gaming's relocation of the existing Edgewater casino to lands owned by BC Pavilion Corporation (Pavco).

The arrangement, which was approved by government, allows Paragon Gaming to earn 7% of the net win from gaming at the existing Edgewater Casino to help pay for capital costs associated with the relocated and expanded Edgewater facility.

Facility development commissions are intended to encourage capital investment that results in higher quality facilities which attract a broader player base. Eligible expenditures include land, building and improvements and project-based expenditures. Developed nearly 20 years ago, BCLC's existing commission structure entitles casino service providers to a three per cent commission for facility development and an additional two per cent for "accelerated facility development" if they submit qualifying expenditures related to BCLC-approved gaming and amenity projects.

During the Edgewater project approval process in 2011, the City of Vancouver imposed specific requirements for underground parking making the cost of providing parking at the new facility more significant than at any other gaming facility. Edgewater is the first development to be granted an extra two per cent based on the project's unique costs. Commissions intended to pay for Edgewater's underground parkade began accruing in April 2012.

Under BCLC's agreement with Paragon (Edgewater), accrued funds for the parking structure are held in a trust account and can only be withdrawn when eligible expenses have been incurred and approved by BCLC. Prior to funds being released, BCLC must receive a report from a professional quantity surveyor. BCLC has also advised that they have a working arrangement with PavCo to coordinate any payment with the controls that PavCo has for the release of funds to Paragon's contractors. No commissions have been paid to date.

A Ministry of Finance Crown review of BCLC released December 18, 2014 found that the corporation has not consistently followed its policy in the administration of project-based commissions. In some cases, BCLC released commissions to service providers on receipt of individual expenses rather than on substantial completion of the whole project and in one case a gaming facility received commissions in advance of earning them. In the case of Edgewater, the gaming facility is being permitted to accrue commissions on a project at an earlier stage than usual to assist in the financing of high construction costs unique to the project.

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FY	Net income target	Actual Net income
FY 12/13	\$1.125 B	\$1.125 B
FY 13/14	\$1.172 B	\$1.175 B
FY 14/15	\$1.193 B	\$1.255 B

The Crown review called upon BCLC and the Ministry of Finance to "conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure." As recommended, BCLC, the Ministry of Finance, and Partnerships BC are currently conducting a review of service provider commissions, including facility development commissions.

### ADDITIONAL BACKGROUND:

Vancouver City Council approved the rezoning for the relocation of the Edgewater Casino in November 2011, including the transfer of 600 slot machines and 75 tables to the new site. The Preliminary Development Application for the Edgewater Urban Resort and Casino project was presented to the City of Vancouver's Development Permit Board in December 2013 and was approved subject to specific conditions; many of which related to responsible gambling. Paragon Gaming responded to the conditions to the satisfaction of the Development Permit Board.

In July 2014, Vancouver's City Council unanimously passed a restrictive covenant to limit the expansion of gambling in the Edgewater Casino with an amendment to include a resolution that Council reaffirms its April 2011 decision to impose a moratorium on any expansion of gaming in the city. City council gave final approval for the development permit for the relocation of the Edgewater Casino on January 20, 2015. Paragon has secured the building permit for the parkade and initial construction below ground began in 2015

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Communications Contact:	Brennan Clarke	
Program Area Contact:		
File Created:		
File Updated:	Sept. 22, 2015	
File Location:		

Program Area	Communications Director	Deputy	Minister's Office
MJS	JE		

## ADVICE TO MINISTER

<p><b>CONFIDENTIAL ISSUES NOTE</b></p> <p>Ministry of Finance Date: February 24, 2015 Minister Responsible: Hon. Michael de Jong</p>	<p><b>Edgewater parking / BCLC commission structure</b></p>
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### RECOMMENDED RESPONSE:

- Facility development commissions are meant to encourage capital improvements, resulting in higher quality facilities that attract a broader player base.
- Facilities may be approved for commissions that help cover the cost of the development of upgrades over time.
- Facility development commissions are earned based on revenue generated at the facility and are capped at the amount of the approved facility costs.
- The existing commission structure entitles casino service providers to a 3% commission for facility development and another 2% for "accelerated facility development."
- BC Lottery Corporation and the Province approved an additional 2% commission for the proposed Edgewater Casino relocation in recognition of the project's unique costs, notably the City of Vancouver's requirement for an underground parkade.
- Paragon Gaming began initial excavation and remediation work for the underground parkade this fall.
- Paragon received final approval for the rest of the development from the City of Vancouver in January 2015.
- As of Feb. 25, 2015, no commissions had been paid, nor will they be paid until a number of conditions have been met, such as providing the required documentation of expenses incurred and obtaining approvals as set out in the service provider agreement.

- **Documentation of completed work and other justifiable expenses is verified by an independent third party.**

**If asked:**

- **The current commission structure was put in place nearly 20 years ago and has never been formally reviewed.**
- **BCLC and the Ministry of Finance will conduct a review of service provider commissions, including facility development commissions, as recommended in the Crown review of BCLC.**

#### **KEY FACTS REGARDING THE ISSUE:**

Following the release of the Crown Review of BC Lottery Corporation in December 2014, media reports and the official Opposition questioned the commission structure that BC Lottery Corporation has agreed to for Paragon Gaming's relocation of the existing Edgewater casino to lands owned by BC Pavilion Corporation (Pavco).

The arrangement, which was endorsed by government, allows Paragon Gaming to earn 7% of the net win from gaming at the existing Edgewater Casino to help pay for capital costs associated with the relocated and expanded Edgewater facility.

Facility development commissions are intended to encourage capital investment that results in higher quality facilities which attract a broader player base. Eligible expenditures include land, building and improvements and project-based expenditures.

Developed nearly 20 years ago, BCLC's existing commission structure entitles casino service providers to a three per cent commission for facility development and an additional two per cent for "accelerated facility development" if they incur and submit qualifying expenditures related to BCLC-approved gaming and amenity projects. Where facility development costs are deemed to be extraordinary, casino service providers may be eligible for an additional two per cent. However, Edgewater is the first development to be granted this kind of arrangement.

During the Edgewater project approval process in 2011, the City of Vancouver imposed specific requirements for underground parking making the cost of providing parking at the new facility more significant than at any other gaming facility.

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Under BCLC's agreement with Paragon (Edgewater), accrued funds for the parking structure are held in a trust account and can only be withdrawn when eligible expenses have been incurred and approved by BCLC. Prior to funds being released, BCLC must receive a report from a professional quantity surveyor. BCLC has also advised that they have a working arrangement with PavCo to coordinate any payment with the controls that PavCo has for the release of funds to Paragon's contractors. No commissions have been paid to date.

A Ministry of Finance Crown review of BCLC released December 18, 2014 found that the corporation has not consistently followed its policy in the administration of these commissions.

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## ADVICE TO MINISTER

In some cases, BCLC released commissions to service providers on receipt of individual expenses rather than on substantial completion of the whole project and in one case a gaming facility received commissions in advance of earning them. In a separate instance, a gaming facility was permitted to accrue commissions on a project at an earlier stage than usual to assist in the financing of high construction costs unique to the project.

The Crown review found that BCLC is unable to clearly demonstrate the effectiveness of its commission structure and called upon BCLC and the Ministry of Finance to "conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure." As recommended, BCLC and the Ministry of Finance plan to conduct a review of service provider commissions, including facility development commissions.

### ADDITIONAL BACKGROUND:

Vancouver City Council approved the rezoning for the relocated Edgewater Casino in November 2011, including the transfer of 600 slot machines and 75 tables to the new site. The Preliminary Development Application for the Edgewater Urban Resort and Casino project was presented to the City of Vancouver's Development Permit Board in December 2013 and was approved subject to specific conditions; many of which related to responsible gambling. Paragon Gaming subsequently responded to the conditions to the satisfaction of the Development Permit Board.

In July 2014, Vancouver's City Council unanimously passed a restrictive covenant to limit the expansion of gambling in the Edgewater Casino with an amendment to include a resolution that Council reaffirms its April 2011 decision to impose a moratorium on any expansion of gaming in the city. In September 2014, Paragon Gaming received its parkade excavation/remediation permit. Initial excavation and remediation work was completed in October. Paragon has received the building permit for the parkade and initial construction below ground has begun.

On December 17, 2014, Parq Holdings Limited Partnership, a joint venture between Dundee Corporation, Paragon Development Ltd. and PBC VUR Limited Partnership, announced the completion of \$415 million (USD) project financing agreement for the project. Paragon Gaming is awaiting approval of its final development permit for the relocated Edgewater Casino. Vancouver city council gave final approval to this development in late January 2015.

BCLC has an existing Casino Operational Services Agreement with Paragon Gaming as the Service Provider for the current operations of the Edgewater Casino. This agreement was reviewed prior to its expiry in December 2015. Paragon's lease of the current facility will expire in December 2016. In fiscal 2014, the Edgewater Casino generated \$138 million in revenues, ranking it third out of BCLC's highest revenue-generating casinos.

**Comment [MJS3]:** What does this mean? The expiry date is in the future and hasn't happened yet so why is the review in past tense?

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Program Area Contact:		
File Created:		
File Updated:	January 28, 2015	
File Location:		

Program Area	Communications Director	Deputy	Minister's Office



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Withheld pursuant to/removed as

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**British Columbia Lottery Corporation**

**Analysis of Host Local Government**

**Quarterly Payments to The City of Vancouver - Edgewater**

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
	Apr. to Jun. 2012	Jul. to Sept. 2012	Oct. to Dec. 2012	Jan. to Mar. 2013	Apr. 01, 2012 to Mar. 31, 2013
<b>Revenue</b>					
Slot Net Win	15,519,883.65	16,003,704.73	15,419,882.28	15,300,927.20	62,244,397.86
Table Net Win	12,085,680.75	12,526,478.75	11,855,281.25	12,626,755.11	49,094,195.86
Poker Net Win	1,446,595.00	1,217,454.26	1,179,584.00	1,108,972.08	4,952,605.34
<b>Total Revenues</b>	<b>29,052,159.40</b>	<b>29,747,637.74</b>	<b>28,454,747.53</b>	<b>29,036,654.39</b>	<b>116,291,199.06</b>
<b>Expenses</b>					
Direct Expenses	10,505,021.85	10,618,620.34	10,295,350.13	15,079,050.78	46,498,043.10
Administrative and Operating Costs	3,614,688.16	3,733,308.93	3,654,719.67	2,589,792.89	13,592,509.66
Q4 Adjustment for FDC/AFDC	-	-	-	(4,646,927.00)	(4,646,927.00)
<b>Total Expenses</b>	<b>14,119,710.01</b>	<b>14,351,929.27</b>	<b>13,950,069.80</b>	<b>13,021,916.67</b>	<b>55,443,625.76</b>
<b>Net Profit</b>	<b>14,932,449.39</b>	<b>15,395,708.47</b>	<b>14,504,677.73</b>	<b>16,014,737.72</b>	<b>60,847,573.30</b>
<b>Revised Host Local Government Share (10%)</b>	<b>1,493,244.94</b>	<b>1,539,570.85</b>	<b>1,450,467.77</b>	<b>1,601,473.77</b>	<b>6,084,757.33</b>
<b>Original Host Local Government Share (10%)</b>	<b>1,493,244.94</b>	<b>1,539,570.85</b>	<b>1,450,467.77</b>	<b>1,136,781.07</b>	<b>5,620,064.63</b>
<b>Variance to be added</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>464,692.70</b>	<b>464,692.70</b>