

**From:** Keirstead, Zoe FIN:EX  
**To:** [MacLean, Shelley FIN:EX](#)  
**Subject:** RE: BCLC Roundtable pre-brief Dec 6 attendees  
**Date:** Thursday, December 1, 2016 2:41:00 PM

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Thanks Shelley!!

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**From:** MacLean, Shelley FIN:EX  
**Sent:** Thursday, December 1, 2016 2:39 PM  
**To:** Keirstead, Zoe FIN:EX  
**Subject:** FW: BCLC Roundtable pre-brief Dec 6 attendees

Looks like we won't need call in details for the briefing – but 7 attendees if you include Athana!

**Ministry staff**

Cheryl Wenezenki-Yolland – in person  
John Mazure – in person  
Steve Klak – in person

**BCLC**

Jim Lightbody – in person  
Amanda Hobson – in person  
Brad Desmaris – in person

**From:** Keirstead, Zoe FIN:EX  
**To:** [MacLean, Shelley FIN:EX](#)  
**Subject:** RE: BCLC Roundtable pre-brief Dec 6 attendees  
**Date:** Thursday, December 1, 2016 3:15:00 PM

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Of course!

Dial in # -  
Participant Conference ID: **s.15**  
MO to be Moderator

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**From:** MacLean, Shelley FIN:EX  
**Sent:** Thursday, December 1, 2016 3:00 PM  
**To:** Keirstead, Zoe FIN:EX  
**Subject:** FW: BCLC Roundtable pre-brief Dec 6 attendees

Just when you think you have it sorted out there's a change! Guess we do need the call in details. Thx

**Ministry staff**

Cheryl Wenezenki-Yolland – in person  
John Mazure – calling in  
Steve Klak – in person

**BCLC**

Jim Lightbody – in person  
Amanda Hobson – in person  
Brad Desmaris – in person

From: Keirstead, Zoe FIN:EX  
To: [MacLean, Shelley FIN:EX](#)  
Subject: Re: BCLC Roundtable pre-brief Dec 6 attendees  
Date: Friday, December 2, 2016 12:31:38 PM

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Just realized I didn't include a dial in # haha

Dial in # - s.15

Participant Conference ID: s.15

Zoe Keirstead  
Executive Assistant to the Minister of Finance

On Dec 1, 2016, at 2:59 PM, MacLean, Shelley FIN:EX <[Shelley.MacLean@gov.bc.ca](mailto:Shelley.MacLean@gov.bc.ca)> wrote:

Just when you think you have it sorted out there's a change! Guess we do need the call in details. Thx

**Ministry staff**

Cheryl Wenezenki-Yolland – in person  
John Mazure – calling in  
Steve Klak – in person

**BCLC**

Jim Lightbody – in person  
Amanda Hobson – in person  
Brad Desmaris – in person

**From:** MacLean, Shelley FIN:EX  
**To:** [Keirstead, Zoe FIN:EX](#)  
**Subject:** 1 more piece for BCLC. thx  
**Date:** Friday, December 2, 2016 4:34:25 PM  
**Attachments:** [Scan\\_20161202.pdf](#)

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

**To:** Honourable Michael de Jong, Q.C.  
Minister of Finance  
**Date Requested:** December 2, 2016  
**Date Required:** December 2, 2016

**Initiated by:** Cheryl Wenezenki-Yolland  
Associate Deputy Minister  
**Date Prepared:** December 2, 2016

**Ministry Contact:** John Mazure  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
**Phone Number:** 250-387-1301  
**Email:** [John.Mazure@gov.bc.ca](mailto:John.Mazure@gov.bc.ca)

**355525**

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**TITLE:** BCLC's New Service Provider Commission and Operating Service Agreement

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**PURPOSE:**

(X) FOR INFORMATION

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

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

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

**DATE PREPARED:** December 2, 2016

**TITLE:** BCLC's New Service Provider Commission and Operating Service Agreement

**ISSUE:**

BCLC is proposing to implement a new Service Provider Commission and Operating Service Agreement in order to incent service providers to invest in B.C. gaming facilities.

**BACKGROUND:**

BCLC enters into Operational Service Agreements (OSAs) with private sector service providers who operate gambling facilities in the province. The OSAs define the service and operating responsibilities as well as the compensation structure.

OSAs are contracts of 20 years, split into two 10-year terms with an optional second 10-year term. Many of the OSAs are approaching the end of their term in 2021, and BCLC notes that service providers are hesitant to invest in gambling facilities without market/term certainty.

BCLC is proposing to implement a new OSA, the terms of which would align with the level of investment committed by the service provider. BCLC's briefing note provides projections for net income if the new commission structure is implemented.

s.13,s.17

s.13,s.17

s.13,s.17

The 2014 Crown Review of BCLC recommended that BCLC and the Ministry of Finance conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure. Three separate reports have reviewed the commission structure used to compensate service providers who operate B.C. gaming facilities:

- March 2015 - BCLC engaged HLT Advisory to conduct a review of the appropriateness and effectiveness of BCLC's commissions.
- June 2015 - Ministry of Finance engaged Partnerships BC (PBC) and Ernst and Young to review the HLT report as well as an assessment of gaming facility procurement.
- July 2015 - Great Canadian Gaming Corporation (GCGC) & Gateway Casinos and Entertainment engaged Grant Thornton to review whether B.C.'s compensation model supports the interests of government, BCLC, the public and service providers.

#### **DISCUSSION:**

The briefing material that BCLC has provided regarding the proposed new service provider commission structure is high level. It does not include details and analysis<sup>s.13</sup> revenue to government or financing of capital investments. In order to evaluate and assess the impact on government's fiscal plan, more detailed information from BCLC would be required.

BCLC's proposed changes to the OSA, including comprehensive annual business planning, financial and performance reporting, and relationship management, add to greater alignment with the market vision of BCLC and the service providers. This is generally consistent with the Crown Review recommendation to review OSAs to facilitate effective operational management of facilities.

s.13,s.17

*Investment in Gambling Facilities and Amenities*

BCLC's proposed changes to the OSAs and commission structure is intended to provide incentive for service providers to invest in gambling facilities and amenities, which in turn would generate incremental gambling revenue.

s.13

While the BCLC briefing note indicates that increases in service provider commissions are required to stay competitive with other gambling jurisdictions and reflect increased labour costs, the rationale for the specific increases in operating commissions is not provided in the note.

*Performance Standards*

BCLC's proposed new structure would result in higher operating commissions and term certainty for service providers in exchange for clear commitments from service providers on performance and investment. The Crown Review recommended that BCLC ensure that agreements with service providers include comprehensive performance standards.

The proposed approach to linking term certainty with investment certainty for service providers meets the general Crown Review recommendation to include performance incentives in the OSA; however,<sup>s.13</sup>

s.13

s.13

*Service Providers*

The Minister is scheduled to meet with private sector service providers on December 15<sup>th</sup> to receive their input on B.C.'s gambling industry and discuss potential business growth under the proposed new operating agreement with BCLC. Ministry of Finance staff are currently reviewing BCLC's proposal in the context of feedback provided by service providers earlier this year.

**From:** Keirstead, Zoe FIN:EX  
**To:** [Menzies, Brian FIN:EX](#)  
**Subject:** BCLC tomorrow 4pm  
**Date:** Monday, December 5, 2016 8:29:00 AM  
**Attachments:** [Scan\\_20161202.pdf](#)

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This is one more thing MMdJ needs for his BCLC meeting tomorrow at 4pm (he already has the other files but I will send them to you so you have them too). Let me know if you want me to send to Virginia to print for you.

Zoe

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

**To:** Honourable Michael de Jong, Q.C.  
Minister of Finance  
**Date Requested:** December 2, 2016  
**Date Required:** December 2, 2016

**Initiated by:** Cheryl Wenezenki-Yolland  
Associate Deputy Minister  
**Date Prepared:** December 2, 2016

**Ministry Contact:** John Mazure  
Assistant Deputy Minister  
Gaming Policy and Enforcement Branch  
**Phone Number:** 250-387-1301  
**Email:** [John.Mazure@gov.bc.ca](mailto:John.Mazure@gov.bc.ca)

**355525**

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

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

**DATE PREPARED:** December 2, 2016

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s.13,s.17

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s.13,s.17



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**From:** Keirstead, Zoe FIN:EX  
**To:** [Menzies, Brian FIN:EX](#)  
**Subject:** FW: BCLC Roundtable Pre-Brief Materials  
**Date:** Monday, December 5, 2016 8:29:00 AM  
**Attachments:** [Scan\\_20161202.pdf](#)

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MMdJ has these and I will upload on the Ipad but this is for the BCLC meeting at 4pm tomorrow.

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**From:** MacLean, Shelley FIN:EX  
**Sent:** Friday, December 2, 2016 11:35 AM  
**To:** Keirstead, Zoe FIN:EX  
**Subject:** BCLC Roundtable Pre-Brief Materials

Hi Zoe. Attached are the materials for the pre-brief on the 6th

## MEETING NOTE

**Issue:** Service Provider Commissions

**Meeting:** BCLC and Ministry of Finance  
Executives

**Date:** December 6, 2016, 4:00-5:00PM

## MEETING NOTE:

### BCLC & Minister of Finance

**Location:** s.15

**Purpose of Meeting:** To provide the Minister of Finance an overview of BCLC's new approach to Operating Service Agreements. This new approach has implications for BCLC's future alignment and growth.

#### Attendees:

- Honourable Michael de Jong, Q.C., Minister of Finance
- B.C. Lottery Corporation Staff:
  - Jim Lightbody, President and CEO
  - Amanda Hobson, Chief Financial Officer and Vice-President, Finance and Corporate Services
  - Brad Desmarais, Vice-President, Casino and Community Gaming
- Ministry of Finance staff:
  - Cheryl Wenezenki-Yolland, Associate Deputy Minister
  - John Mazure, Assistant Deputy Minister, Gaming Policy and Enforcement Branch
  - Steve Klak, Executive Director, Corporate Services Division

#### Agenda

1. Agenda for Service Provider Meeting with Minister (December 15)



Service Provider  
Briefing with Minister

2. New Service Provider Operating Services Agreement framework including commission and performance standards.



BN BCLC SP  
Commission Structure

3. Service provider consultation process including meeting with the Minister.
4. Next steps.

## Proposed Agenda

### Minister of Finance Meeting with B.C. Gaming Facility Servicer Providers

**Date:** December 15, 2016

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

**Attendees:**

- Honourable Michael de Jong, Q.C., Minister of Finance
- Proposed Ministry of Finance staff:
  - Cheryl Wenezenki-Yolland, Associate Deputy Minister
  - John Mazure, Assistant Deputy Minister, Gaming Policy and Enforcement Branch
  - Steve Klak, CFO and Executive Director, Corporate Financial and Facilities Services Branch
  - Michele Jaggi-Smith, Executive Director, Strategic Policy and Projects Division, Gaming Policy and Enforcement Branch
- Proposed B.C. Lottery Corporation Staff:
  - Jim Lightbody, President and CEO
  - Brad Desmarais, VP, Casino and Community Gaming
  - Amanda Hobson, CFO
  - Bud Smith, Board Chair
  - Rob Scarpelli, Principal, HLT Advisory
- Representatives from the following gaming facility service providers:
  - **Great Canadian Gaming Corporation** (owns and operates 11 B.C. gaming facilities including River Rock in Richmond and Hard Rock Casino in Vancouver, as well as gaming casinos in Ontario, Nova Scotia and New Brunswick)
  - **Gateway Casinos and Entertainment Limited** (owns and operates 16 B.C. gaming facilities, including Grant Villa Casino in Burnaby and Lake City Casinos in Vernon, Kelowna and Penticton, as well as 2 casinos in Edmonton Alberta)
  - **Paragon Gaming** (owns and operates Edgewater Casino (parq Development) in Vancouver and has operated casinos in Alberta and Las Vegas)
- Representatives of the B.C. Gaming Industry Association (represents 14 gaming operators who operate 39 B.C. gaming facilities):
  - Ernest Yee, Executive Director
  - Shiera Stuart (Board Chair and Director of Government Relations at Gateway Casinos and Entertainment Limited)

## Agenda

### 1. Review of BC Casino and Community Gaming market (HLT Advisory):

- *Vision and Growth* – vision from government, BCLC and service providers has resulted in significant growth in the gaming industry over the past 20 years
- *FDCs and AFDCs* – facility developments commissions have encouraged significant capital investment resulting in some high quality gaming facilities in B.C.
- *Current market challenges*

### 2. Plan to Gain Alignment on profitable Growth for the Industry (BCLC)

- New Operating Services Agreement framework
- Commission
- Performance standards
- Alignment on Market Growth

### 3. Feedback from Service Provider Representatives

- *Contract Term* - service providers want greater (contract) term certainty
- *Increasing Costs* - cost of labour, regulatory requirements, and marketing is jeopardizing profitability
- *Free Play* - service providers would like to be compensated for free slot play
- *Capital Recovery* – capital recovery timeline is too long
- *Cost downloading* – downloading of costs from BCLC to service providers
- *Marketing* – service provider would like more control over marketing
- *Gaming Equipment* - service providers would like greater control of gaming equipment (e.g. slot machines)
- *Contract Structure* – service providers would like performance based contracts and rolling contracts
- *Concurrent Development Commissions* - service providers would like concurrent streams for FDC / AFDC recovery vs consequential streams
- *Very Very Important Patron (VVIP) Play* – availability of cash alternatives for VVIPs
- *Market Management* – how to manage growth (e.g. new gaming facilities) while cognizant of impact on existing gaming facilities

### 4. Summary of Benefits to Industry and Government (BCLC)

- New OSA framework's ability to address Service Provider feedback

### 5. Next Steps

**BCLC  
BRIEFING DOCUMENT**

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

**Date Prepared:** November 30, 2016

**Prepared by:** Jim Lightbody

**Phone Number:**

s.17

**Contact:** Jim Lightbody  
President and CEO  
BCLC

**Email:** [jdlightbody@bclc.com](mailto:jdlightbody@bclc.com)

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**TITLE:** New Service Provider Commission and Operating Service Agreement

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**PURPOSE:**

(X) FOR INFORMATION

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**DATE PREPARED:** December 1, 2016

**TITLE:** New Service Provider Commission and Operating Service Agreement

## BACKGROUND

Under the Gaming Control Act (B.C.), BCLC is mandated to conduct, manage and operate commercial gaming on behalf of the Government of British Columbia. BCLC enters into Operational Service Agreements (OSAs) with private sector service providers who, under BCLC's oversight, finance, build and operate gambling facilities including casinos, community gaming centres and bingo halls. Historically, OSAs, which define the service and operating responsibilities and overall compensation structure, are typically 10 year contracts with a renewal option for an additional 10 years. There are two major types of commissions that service providers receive from BCLC: operating and facility development, which have been in place since BCLC was given the mandate to oversee and manage casinos in British Columbia in 1997.

Facility Development Commissions (FDC) and Accelerated Facility Development Commissions (AFDC) were effective tools to incent Service Provider (SP) investment. However, given present market conditions, competition for capital, the approaching end of many OSA terms, SPs are increasingly hesitant to invest more without market/term certainty which impacts their ability to generate a reasonable rate of return. Over the past five years, SP have spent \$200 million less in FDC qualifying investments, than in each of the two previous five-year time periods, despite operating in a market that is substantially underserved. The continued success of our market model is contingent upon SP willingness to continue to invest in existing and new facilities and BCLC's relationship with SP must evolve to achieve market view alignment.

In accordance with the Crown Review Recommendations outlined in December 2014, BCLC is developing a new commission structure and a comprehensive set of SP performance standards that includes a stronger OSA intended to align the BCLC and SP market vision. BCLC met with SPs to solicit their feedback and this information has been taken into consideration with the development of the new commission structure and performance standards.

## DISCUSSION

BCLC's strategic market vision requires new and continuous investment in gaming facilities and amenities to sustain and grow revenues. The BC gaming market has matured. Between 2011 and 2016 total market grew by over \$230 million; however, 14 of the 36 facilities (~40%) experienced a decline in revenue. Investments in facilities that are new or have undergone substantial renovation however, have proven to generate incremental revenue.

At the same time, SPs have new opportunities to invest capital outside of British Columbia, particularly in Ontario which is believed to be an underserved market. <sup>s.13</sup>

s.13

s.13

It is important that

BCLC remain competitive in order to incent service provider capital investment in BC facilities to fulfil the market vision and sustain and grow revenue.

The new changes to the commission structure will result in higher operating commissions in exchange for clear commitments from SPs on performance and investments. While this will have short term financial impacts for BCLC, in the long term it is expected to drive incremental revenue from an enhanced facility offering.

### **New OSA Direction:**

BCLC has the opportunity to use a new OSA to achieve better strategic alignment with SPs to drive incremental market growth. The terms of the OSA contract are an effective method to secure SP investment commitments if investment levels are tied to the terms provided.

Currently, OSAs are contracts of 20 years split into two 10-year terms with an optional second 10-year term to the SP. At the point of the second term, SPs are obligated to deliver a facility plan prior to the commencement of that term.

With the new OSA, the terms of contract will be commensurate with the level of investment committed by the SP. At BCLC's discretion, the contract terms would be:

s.17

## **Commissions**

### Facility Commissions

Under the enhanced performance standards, BCLC will transition the existing FDC and AFDC to a new Facility Investment Commission (FIC) program whereby:

- Five per cent of annual Net Win is given to the SP based on its investment plan agreed to at the commencement of the OSA term. This will remain in effect until the end of the OSA. s.13,s.17

s.13,s.17

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s.13,s.17

s.13,s.17

s.13,s.17

The continued success of our market model is contingent upon SP willingness to continue to invest in existing and new facilities and BCLC' relationship with SP must evolve to achieve market view alignment. The new OSA terms are an effective method to secure SP investment commitments, especially in mature market situations.

#### Operating Commissions

Currently operating commissions are as follows:

- 25% on Slot Revenue
- 40% on Table & 75% on Poker Revenue
- 60% / 40% / 25% (tiered) on Bingo Revenue:
  - 60 per cent of bingo sales (after prizes are paid) on the first \$20,000 per week;
  - 40 per cent of bingo sales (after prizes are paid) on the next \$60,000 per week;
  - and, 25 per cent on bingo sales (after prizes are paid) greater than \$80,000 per week.

Under the new structure, slot commissions will remain the same and there will be slightly higher commissions for table game and bingo revenue as follows:

- 25% on Slot Revenue
- 42.5% for Table & 77.5% on Poker Revenue
- s.17

Table games are a priority business segment however, B.C. currently offers the lowest table games commission across Canada. As a result, BCLC has chosen to increase the SP table commission rate by 2.5% in order to retain large SP's focus on the BC market and to remain competitive with other jurisdictions across Canada.

Table game management is the most labour intensive gaming product for SPs and the increase in commission responds to the higher costs of labour required to operate and manage the games, including security considerations and Anti-Money laundering SP responsibilities.

The increase to the bingo commission on the first two Net Win tiers provides greater incentive to smaller SPs s.17

s.17

## Business Planning

In order to support the success of the FIC program, BCLC will strengthen annual business planning requirements in order to ensure SPs and BCLC are aligned on the market opportunity and SPs are committed to the investment plan.

In addition, currently BCLC only has escalation rights to take over an operation if there are issues and concerns with an OSA two months into the term and again at two years. The new OSA will incorporate an escalation mechanism that provides BCLC the ability to take over the operations temporarily and purchase or lease the land and building for fair market value.

Stronger business plan requirements, investment commitments and enhanced escalation mechanisms and provisions make the new OSAs stronger and help align SP views with BCLC's strategic view of market.

## Early Transition Incentives

Many OSAs are approaching the end of their term in 2021, while some are in need of revision as they relocate and complete major renovations of their facilities.

BCLC is encouraging SPs to transition early to the new OSA to ensure continuous investment and assistance in managing the risk of competing SP priorities in other provinces.

To incent SPs to transition early to the new OSA, BCLC proposes:

s.17

BCLC has taken SP feedback into consideration in developing these new standards, and believes new performance standards offer the balance required for the long term sustainability of the market.

s.13,s.17

While SP feedback has been incorporated, there are some changes that may be of concern to SPs:

- Shorter OSA term impacts value of SP business
- SPs have to commit to a longer term investment plan
- Additional effort required to fulfill annual business planning requirements
- BCLC enhanced escalation rights

## FINANCIAL IMPLICATIONS

The new changes to the commission structure will result in short term financial impacts for BCLC, but are expected to drive incremental revenue in the long term from an enhanced facility offering. If all facilities were to transition to the new OSA by the beginning of FY2018, BCLC would experience:

s.13,s.17

It is important to note that this outlines the absolute worst-case financial scenario. In reality, the new OSA would be phased-in over a period of time, s.13

s.13

Furthermore, as investments are identified, related incremental revenue will be built into BCLC's forecast and Service Plan, thus driving higher net income.

OVERALL BCLC P&L (\$-millions)	FY2017	FY2018	FY2019	FY2020	FY2021	TOTAL
Net Income, per Nov 1st TBS	s.13,s.17					
Net Income, per commission Change						
Decrease in Net Income						
Increase in CCR						

Increased SP commissions are expected to translate into s.13,s.17 million in new capital investment over the first five years of new OSAs. While it is difficult to forecast the precise impact on revenue, recent investments in Kamloops Cascades, Langley Cascades and Surrey's Elements casinos have all led to significant increases in Net Win. Having dynamic facilities in this mature market provides exciting entertainment experiences and helps to drive incremental revenue.

## Appendix 1

### Key New and Revised OSA & Policy Terms

Subject	Existing OSA & Policies	New OSA & Policies
<b>Business Planning</b>	Minimal business planning and performance reporting	Defined framework for comprehensive annual business plan requirement including performance metrics (emphasis on quality).
<b>Financial and Performance Reporting</b>	As prescribed by CSPPs or otherwise by BCLC	Specific financial and performance reporting in support of business and performance planning framework. As prescribed by revised CSPPs or otherwise by BCLC.
<b>Relationship Management</b>	Not Specified	Defined meeting frequency in support of business and performance planning framework.
<b>Step-in Provisions/ BCLC's Rights</b>	Currently BCLC only has step-in rights (2 months and then 2 years) when it early terminates the OSA.	If Agreement expires or is terminated, BCLC will have a "Step-In" right. BCLC has the ability to purchase or lease the land & buildings for fair market value (not operating as a casino).
<b>Term</b>	Typically, 20 years split into two 10 year terms with the second 10 year terms at SP option. SP is obligated to deliver a facility plan prior to commencement of second 10-year term	s.17
<b>Investment in Facility</b>	Not specified in COSA	Formal facility investment plan (over Term) to be agreed and formalized at commencement of OSA Term.
<b>Additional Commissions (per policy)</b>	3% FDC for original capital investment or more recent maintenance capital 2% AFDC for property redevelopments Accumulation/Consolidation/Concurrent Payment permitted.	If SP fulfills investment obligation, 5% Facility Investment Commission ("FIC") applies over duration of COSA Term. s.13,s.17
<b>Gaming Bank Roll</b>	BCLC provides Gaming Bank Roll, SP provides BCLC with Letter of Credit to secure.	SP to provide Gaming Bank Roll.

## Appendix 2

Subject	Existing OSA & Policies	New OSA & Policies
<b>SP Commission</b>	25% for Slot Revenue 40% for Table & 75% for Poker Revenue 60%/40%/25% (tiered) for Bingo Revenue	25% for Slot Revenue 42.5% for Table & 77.5% for Poker Revenue s.17
<b>Marketing Trust</b>	From SP commission, 0.6% of all gaming revenue deposited into Marketing Trust managed by BCLC	s.17
<b>Table Game Supplies</b>	From SP table commission, 1% of all table revenue deducted to cover costs of table game supplies	
<b>Free Play (per existing policy)</b>	Free play issued by SP included in gaming win and BCLC issues SP an invoice for their share of free play. Net effect is actual slot win totals inflated and SP covers entire cost of free play.	

From: Keirstead, Zoe FIN:EX  
To: [MacLean, Shelley FIN:EX](#)  
Subject: Re: BCLC roundtable  
Date: Wednesday, December 7, 2016 9:02:56 AM

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Shelley, I will call you about this after this meeting!

Zoe Keirstead  
Executive Assistant to the Minister of Finance

On Dec 7, 2016, at 8:01 AM, MacLean, Shelley FIN:EX <[Shelley.MacLean@gov.bc.ca](mailto:Shelley.MacLean@gov.bc.ca)> wrote:

I understand there should be a ½ hour pre-brief and the meeting (in <sup>s.15</sup>  
<sup>s.15</sup> for 2 hours. We would prefer to keep on the 15<sup>th</sup> if at all possible as  
Athana should attend and she will be in Ottawa on the 16<sup>th</sup>. Thanks Zoe!

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Shelley MacLean  
Director, Executive Operations & Strategic Initiatives  
Deputy Minister's Office  
Ministry of Finance  
Phone: 250-356-6696  
Fax: 250-387-1655

**From:** Keirstead, Zoe FIN:EX  
**To:** [MacLean, Shelley FIN:EX](#)  
**Cc:** [Bowry, Sanjay FIN:EX](#)  
**Subject:** RE: BCLC roundtable  
**Date:** Wednesday, December 7, 2016 11:12:00 AM

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We are requesting the <sup>s.15</sup> now and will let you know if it is already booked.

Zoe

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**From:** MacLean, Shelley FIN:EX  
**Sent:** Wednesday, December 7, 2016 11:09 AM  
**To:** Keirstead, Zoe FIN:EX  
**Subject:** BCLC roundtable

Seems they have now determined that there will be a max of 22 people attending the roundtable so if we could book the <sup>s.15</sup> that would be great. Also, CWY will have to call in as she can't get to Vancouver that day. Thx

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Shelley MacLean  
Director, Executive Operations & Strategic Initiatives  
Deputy Minister's Office  
Ministry of Finance  
Phone: 250-356-6696  
Fax: 250-387-1655

**From:** MacLean, Shelley FIN:EX  
**To:** [Keirstead, Zoe FIN:EX](#)  
**Subject:** FW: BCLC - Materials for Minister meeting on December 15  
**Date:** Friday, December 9, 2016 4:36:13 PM  
**Attachments:** [2016.12.15 Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[2016.12.15 INTERNAL Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[2016.12.15 Speaking Points JimLightbody SP.MOF.BCLCCommision Meeting \(003\).docx](#)  
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[DRAFT - 2016.12.15 Speaking Points MMDJ SP.MOF.BCLCCommision Meeting - R....docx](#)

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Attached please find materials in preparation for the Service Provider/BCLC/Ministry of Finance meeting on December 15<sup>th</sup>. The documents are separated by ones for BCLC/MoF staff only and for all meeting participants as follows:

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- Internal Agenda – for BCLC/MoF staff
- Suggested Opening Remarks – Minister Mike De Jong
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**Service Provider Documents**

- Agenda – for all participants
- SP Communication re: Commission Review and OSA Report – Summary for all participants (distributed in advance)



## Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

### Agenda

3:00pm	Opening Remarks & Guiding Principles	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship	Jim Lightbody
3:45pm	Service Provider Perspectives	Roundtable with Service Providers
4:15pm	Discussion & Next Steps	All

### Attendees

#### BCLC

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

#### MINISTRY

Hon. Michael de Jong, Q.C., Minister of Finance  
Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance  
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#### BC GAMING INDUSTRY ASSOCIATION

Ernest Yee, BC Gaming Industry Association

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## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody

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### **MINISTER'S OPENING REMARKS**

- The discussion we are having today creates the opportunity for further growth for the industry and for Government through stronger alignment on the principles by which the market for gambling in BC will be served.
- In addition to growth, the new framework provides the opportunity to reset the sometimes fractious relationship between Service Providers and BCLC by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- The goal of the new framework is long term profitability – for our valued partners in this business and for the people of British Columbia.

- **In order to achieve that outcome – long term profitability – we have engaged a multitude of perspectives and listened to your feedback. In the end, I believe BCLC has developed a solution that is balanced to provide short-term benefits and long term opportunities provided there is strong alignment.**

## **NEW SERVICE PROVIDER OPERATING SERVICES AGREEMENT FRAMEWORK AND COMMISSIONS**

### **Existing Commission Structure**

- The existing commission structure worked well for a supply driven market where we were focused on capturing existing or uncaptured demand.
- In fact, the Facility Development Commission incented over \$1B in private sector investment in BC.
- We know that in BC, the market has matured and the operating environment across Canada has changed.
- This requires innovation and a new approach to align the market view of BCLC and Service Providers

## **Current Environment and Key Challenges**

1. We recognize that BC faces competition for your capital investment and the commission structure and new framework recognizes that and in fact, we want to provide incentives for you to continue to invest in BC and continue to make our facilities outstanding.
2. The existing commission structure served a different market in a different time. We recognize that the amount of time it takes for service providers to draw down on FDC balances no longer serves your interests or BCLC's. In addition, with the degree of growth that has occurred in the industry over the last 20 years, we recognize that you need greater certainty that your investments in BC will be safe.
3. Our goal by creating this new framework is to create closer alignment on the vision we have for the gaming entertainment market in BC.

## **New Approach**

- Operating Commission Adjustments – an increase of table game commissions - we acknowledge that BC has high labour costs and increasing AML requirements – it required a change. Bingo Commission – same.
- New Facility Investment Commission – simpler approach to earning commission for investment and creates performance incentive.

- New COSA – with a contractual agreement SPs will agree to upfront commitment of investment and performance standards.

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## Benefit to SPs

- Facilities Investment Commission Upside
- Increased table and bingo commissions
- Term certainty (however less than 20 year terms)

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## Benefits to Province

- Provides the opportunity for <sup>s.17</sup> million capital investment in BC <sup>s.17</sup> million incremental)
- Aligns BCLC and SP market view and creates a great potential for incremental revenue
- Crown Review Requirement for Performance Standards and commission structure
- Addresses white paper concerns of SPs

## **FINAL MESSAGE**

- There are benefits for all parties but the greatest benefit is the opportunity for a new relationship built on a shared vision for growth where everyone prospers.



# Service Provider Sensitivities:

## Potential Questions for Discussion

While all SP's stand to benefit financially, there is a reasonable probability that certain SPs will, at least initially, take issue with many of the changes. We would expect that all SPs will have concerns regarding BCLC's enhanced "Step-In" rights.

### GCGC

We would anticipate that GCGC will focus much of its feedback on the following:

s.13,s.17

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s.13,s.17

# Gaming Facility Commission Structure and New OSA – Progress Update

Preread for Service Providers in advance of:

**Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers**

3:00 pm – 5:00 pm (PT) Thursday 15 December 2016

s.15

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## Overview

The success of our industry has and will continue to be based on a number of factors. In short, all of these factors have resulted in providing the people of British Columbia and visitors alike with an appealing entertainment product. If we as an industry maintain our commitment to past success factors focused on providing an appealing entertainment product, we will be in a better position to continue to realize growth and profitability.

Your role in creating what has been accomplished cannot be understated. You have invested over \$1.4 billion in facilities and created operating environments based on customer service excellence. Your future role is as important and will continue to focus on enhancing the appeal of facilities and customer service levels.

The need for increased alignment on the principles by which our market will be served is greater than it has ever been. Our market has matured and collectively we have to continuously improve our facilities, products and operations to maintain engagement with our existing loyal customer base while at the same time expand that base into customer segments that what we currently offer do not resonate with.

We recognize the importance of our contractual business relationship (Commission Structure and Operational Service Agreements) in achieving the required market alignment. To this end, the remainder of this communication document provides you with an update on how we are working towards improving our relationship.

## Background

BCLC was directed by the Ministry of Finance's Crown Review (December 2014) to review its Service Provider's ("SP") commission structure and to develop a comprehensive set of performance standards to be included in its Operational Service Agreements ("OSA"). Key work components undertaken to date have included:

- A review and assessment of past SP issues and concerns including those contained in the Great Canadian Gaming Corporation's and Gateway Casinos & Entertainment Limited's commissioned "Industry Review" (June 9, 2016).
- BCLC's commissioned "Service Provider Compensation Review" (September, 2015) completed by HLT Advisory Inc.
- Ministry of Finance's commissioned "Review of Service Provider Commissions for Gaming Facilities" (November 22, 2015) completed by Ernst & Young LLP and Partnerships BC.
- A review of existing contractual arrangements between other Canadian gaming crown corporations and gaming operators.
- A review and assessment of BCLC's current OSA and associated policies, specifically as they relate to BCLC fulfilling its obligations under the Gaming Control Act (B.C.), SP's commission streams and overall commission structure, and current government policy mandate.

The purpose of this communication document is to provide SPs with an update on the findings and directional path that BCLC is taking to implement the Ministry's recommendations.

## New OSA

BCLC recognizes that to be effective, the new OSA has to be comprehensive yet clear and concise, and it has to align with the future direction of the gaming market. A key success factor of the historic growth of the provincial gaming facility market has been the willingness of SPs and BCLC to invest in facilities, products and operations. Investment will continue to play a key role as the market matures. BCLC recognizes that investment in maturing markets has inherently higher risks and that OSA Term and investment commitment should be aligned.

To be successful, BCLC and SPs have to improve alignment on:

- Market opportunities and how to efficiently and effectively capitalize on these opportunities;
- The type, extent and timing of investment required to sustain and grow gaming revenues; and
- Market and operational performance measures.

All of these factors, as well as enhancing SPs investment incentives have been considered in developing the new OSA. Areas of change include:

- Annual business planning and regular performance reporting;
- “Step-In” provisions during and at the expiration of term;
- Term aligned to investment (up to 20 years);
- Replacement of FDC/AFDC program with a Facility Investment Commission (“FIC”) program;
- Increased table games and bingo commissions;
- s.17
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Appendix 1 provides a summary of major OSA and policy changes by component. When the draft is completed, SPs will be provided with the opportunity to review and provide comments.

The remainder of this communication provides additional details on three significant areas of the new OSA:

- Commission Structure and Rates
- Facility Investment Commission Program
- Term

## Commission Structure and Rates

The new commission structure and rate changes include:

- Table game commission increase of 2.5% of Net Table Win (increased applied to all table types).

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Change	SP Revenue Increase (millions)
Increase in Table Games Commission	s.17
Increase in Bingo Commissions	
Total	



## Facility Investment Commissions

The FDC/AFDC program and its associated commissions have played a key role in the growth of the provincial gaming facility market. The program has assisted and incented SPs to invest over \$1.4 billion in facility developments that currently generate over \$1.8 billion in gaming net win. However, BCLC believes that the current FDC/AFDC program (e.g. structure, policies) is not completely aligned with BCLC's strategic market view requirement of new and continuous investment in order to best grow and sustain the market. BCLC believes future investment:

- Needs to be broader focused and not restricted to new facility development or existing facility expansion;
- Needs to be aligned with individual market needs and opportunities; and
- Needs to occur more frequently in order to maintain and enhance consumer appeal.

The FDC/AFDC program is being eliminated and a new Facility Investment Commission ("FIC") Program will be introduced. Key highlights of FIC include:

- SPs to develop an investment plan based on facility market needs.
- s.13,s.17
- A 5% commission on annual total Net Win based on an agreed investment plan.
- The 5% commission will be in effect for the duration of OSA Term if investment plan commitments are fulfilled.

The agreed upon investment plan will be monitored as part of the annual business planning requirement of the new OSA.

## OSA Term

As stated previous, investment will continue to play a lead role in the future growth of the British Columbia gaming market. BCLC believes that SP's investment commitment should be supported by Term certainty. The new OSA aligns Term with committed investment.

The following table summarizes OSA Term lengths available. While the policies related to investment guidelines have yet to be fully developed, the table provides, at a conceptual level, the magnitude of investment associated with different Term lengths.

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	New Builds & Facility Relocations	Major Redevelopments/ Expansions	Modest Reinvestment
<b>Maximum Term</b>	s.17		
<b>Renewal Option</b>			
<b>Minimum beginning Term Investment</b>			
<b>Minimum "In-Term" Investment</b>			
<b>Maintenance Requirements</b>			

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## Next Steps

BCLC is continuing to finalize a draft of the new OSA and is developing the necessary associated policies. BCLC anticipates that it will have a version of the OSA and the associated policies ready for SP review and comment by the end of its current fiscal year.

## Appendix 1 - Key New and Revised OSA & Policy Terms

Subject	Existing OSA & Policies	New OSA & Policies
<b>Business Planning</b>	Minimal business planning and performance reporting	Defined framework for comprehensive annual business plan requirement including performance metrics (emphasis on quality).
<b>Financial and Performance Reporting</b>	As prescribed by CSPPs or otherwise by BCLC	Specific financial and performance reporting in support of business and performance planning framework. As prescribed by revised CSPPs or otherwise by BCLC.
<b>Relationship Management</b>	Not Specified	Defined meeting frequency in support of business and performance planning framework.
<b>Escalation</b>	BCLC able to suspend SP and/or terminate SP due to material breaches and/or any breaches that remain for 30 days after notification.	Addition of a four-stage escalation mechanism the outcomes of which range from remedial measures to the holdback of commissions at the appropriate stage of the escalation process.
<b>Step-in Provisions/ BCLC's Rights</b>	Currently BCLC only has step-in rights (2 months and then 2 years) when it early terminates the OSA.	If Agreement expires or is terminated, BCLC has the ability to purchase or lease the land & buildings for fair market value (not operating as a casino).
<b>Term</b>	Typically, 20 years split into two 10 year terms with the second 10 year terms at SP option.  SP is obligated to deliver a facility plan prior to commencement of second 10-year term	Terms commensurate with level of investment (BCLC discretion):  s.17
<b>Investment in Facility</b>	Not specified in COSA	Formal facility investment plan (over Term) to be agreed and formalized at start of OSA Term.

<b>Additional Commissions (per policy)</b>	<p>3% FDC for original capital investment or more recent maintenance capital</p> <p>2% AFDC for property redevelopments</p> <p>Accumulation/Consolidation/Concurrent Payment permitted.</p>	<p>If SP fulfills investment obligation, 5% Facility Investment Commission ("FIC") applies over duration of COSA Term.</p> <p>s.13,s.17</p>
<b>Gaming Bank Roll</b>	BCLC provides Gaming Bank Roll, SP secures with Letter of Credit. .	SP to provide Gaming Bank Roll.
<b>SP Commission</b>	<p>25% for Slot Revenue</p> <p>40% for Table &amp; 75% for Poker Revenue</p> <p>60%/40%/25% (tiered) for Bingo Revenue</p>	<p>25% for Slot Revenue</p> <p>42.5% for Table &amp; 77.5% for Poker Revenue</p> <p>s.17</p>
<b>Marketing Commission</b>	From SP commission, 0.6% of all gaming revenue deposited into Marketing Commission managed by BCLC	s.17
<b>Table Game Supplies</b>	From SP table commission, 1% of all table revenue deducted to cover costs of table game supplies	
<b>Free Play (per existing policy)</b>	Free play issued by SP included in gaming win and BCLC issues SP an invoice for their share of free play. Net effect is actual slot win totals inflated and SP covers entire cost of free play.	

## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody/John Mazure

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### **MINISTER'S OPENING REMARKS**

- **The Crown Review of BCLC included recommendations that**
  - **BCLC should ensure agreements with service providers include comprehensive performance measures,**
  - **that BCLC and the ministry conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure.**
- **Since the review, BCLC and the ministry have undertaken analysis and given serious thought to responding to these recommendations and, more generally, to creating a sustainable gambling industry in BC.**
-

- Today we are here to engage in an open dialogue about opportunities for ensuring a sustainable healthy industry going forward. In engaging in this dialogue, it is important government and industry be strongly aligned on the principles by which the market for gambling in BC will be served.
- Principles guiding our discussions should include public safety, social responsibility, accountability, sustainability and market growth. *(Note to minister – the draft 2017/18 BCLC mandate letter specifically directs BCLC to integrate these principles when pursuing gambling expansion).*
- In addition to sustainable growth, there is an opportunity to enhance the relationship between BCLC and its service providers by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- Based on the work that BCLC and the ministry have already undertaken and feedback already provided by industry, BCLC has prepared a draft framework from which industry and government can achieve their common goal – a healthy sustainable gambling industry in BC that maximizes net benefits to British Columbians, and a fair return on our partner's investment.
- I believe BCLC has developed a solution that is balanced and provides strong alignment. I look forward to today's discussions and hearing your views on the draft framework.

## **MINISTER'S CLOSING REMARKS**

- **I want to thank everyone for gathering here today and for sharing your ideas and thoughts for enhancing the gambling industry in British Columbia.**
- **Your input and feedback are important in setting a path forward that ensures government and our service partners are aligned and can together maximize the opportunities that lay ahead of us.**



<2016-12-9 Service Provider Sensitivities QA.DOCX>

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<DRAFT - 2016.12.15\_Speaking Points\_MMDJ\_SP.MOF.BCLCCommision  
Meeting - R....docx>

**From:** Keirstead, Zoe FIN:EX  
**To:** [MacLean, Shelley FIN:EX](#)  
**Subject:** Re: BCLC - Materials for Minister meeting on December 15  
**Date:** Friday, December 9, 2016 4:45:53 PM

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I'll be printing in Sunday- so it's okay!

Zoe Keirstead  
Executive Assistant to the Minister of Finance

On Dec 9, 2016, at 4:45 PM, MacLean, Shelley FIN:EX <[Shelley.MacLean@gov.bc.ca](mailto:Shelley.MacLean@gov.bc.ca)> wrote:

Just wait a sec. I noticed there are two sets of speaking points...I need to find out which is the right version.

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**Sent:** Friday, December 9, 2016 4:40 PM  
**To:** MacLean, Shelley FIN:EX  
**Subject:** Re: BCLC - Materials for Minister meeting on December 15

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s.13,s.17

## Other SPs

We would anticipate that Other SPs will focus much of their feedback on the following:

s.13,s.17

# Gaming Facility Commission Structure and New OSA – Progress Update

Preread for Service Providers in advance of:

**Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers**  
3:00 pm – 5:00 pm (PT) Thursday 15 December 2016

s.15

*Note: This document is provided for discussion purposes only and should not be relied upon for any purpose as BCLC reserves the right to modify, change or cancel any or all aspects of the information contained herein.*

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## Overview

The success of our industry has and will continue to be based on a number of factors. In short, all of these factors have resulted in providing the people of British Columbia and visitors alike with an appealing entertainment product. If we as an industry maintain our commitment to past success factors focused on providing an appealing entertainment product, we will be in a better position to continue to realize growth and profitability.

Your role in creating what has been accomplished cannot be understated. You have invested over \$1.4 billion in facilities and created operating environments based on customer service excellence. Your future role is as important and will continue to focus on enhancing the appeal of facilities and customer service levels.

The need for increased alignment on the principles by which our market will be served is greater than it has ever been. Our market has matured and collectively we have to continuously improve our facilities, products and operations to maintain engagement with our existing loyal customer base while at the same time expand that base into customer segments that what we currently offer do not resonate with.

We recognize the importance of our contractual business relationship (Commission Structure and Operational Service Agreements) in achieving the required market alignment. To this end, the remainder of this communication document provides you with an update on how we are working towards improving our relationship.

## Background

BCLC was directed by the Ministry of Finance's Crown Review (December 2014) to review its Service Provider's ("SP") commission structure and to develop a comprehensive set of performance standards to be included in its Operational Service Agreements ("OSA"). Key work components undertaken to date have included:

- A review and assessment of past SP issues and concerns including those contained in the Great Canadian Gaming Corporation's and Gateway Casinos & Entertainment Limited's commissioned "Industry Review" (June 9, 2016).
- BCLC's commissioned "Service Provider Compensation Review" (September, 2015) completed by HLT Advisory Inc.
- Ministry of Finance's commissioned "Review of Service Provider Commissions for Gaming Facilities" (November 22, 2015) completed by Ernst & Young LLP and Partnerships BC.
- A review of existing contractual arrangements between other Canadian gaming crown corporations and gaming operators.
- A review and assessment of BCLC's current OSA and associated policies, specifically as they relate to BCLC fulfilling its obligations under the Gaming Control Act (B.C.), SP's commission streams and overall commission structure, and current government policy mandate.

The purpose of this communication document is to provide SPs with an update on the findings and directional path that BCLC is taking to implement the Ministry's recommendations.

## New OSA

BCLC recognizes that to be effective, the new OSA has to be comprehensive yet clear and concise, and it has to align with the future direction of the gaming market. A key success factor of the historic growth of the provincial gaming facility market has been the willingness of SPs and BCLC to invest in facilities, products and operations. Investment will continue to play a key role as the market matures. BCLC recognizes that investment in maturing markets has inherently higher risks and that OSA Term and investment commitment should be aligned.

To be successful, BCLC and SPs have to improve alignment on:

- Market opportunities and how to efficiently and effectively capitalize on these opportunities;
- The type, extent and timing of investment required to sustain and grow gaming revenues; and
- Market and operational performance measures.

All of these factors, as well as enhancing SPs investment incentives have been considered in developing the new OSA. Areas of change include:

- Annual business planning and regular performance reporting;
- “Step-In” provisions during and at the expiration of term;
- Term aligned to investment (up to 20 years);
- Replacement of FDC/AFDC program with a Facility Investment Commission (“FIC”) program;
- Increased table games and bingo commissions;

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Appendix 1 provides a summary of major OSA and policy changes by component. When the draft is completed, SPs will be provided with the opportunity to review and provide comments.

The remainder of this communication provides additional details on three significant areas of the new OSA:

- Commission Structure and Rates
- Facility Investment Commission Program
- Term

## Commission Structure and Rates

The new commission structure and rate changes include:

- Table game commission increase of 2.5% of Net Table Win (increased applied to all table types).

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Change	SP Revenue Increase (millions)
Increase in Table Games Commission	s.17
Increase in Bingo Commissions	
<b>Total</b>	

s.17

## Facility Investment Commissions

The FDC/AFDC program and its associated commissions have played a key role in the growth of the provincial gaming facility market. The program has assisted and incented SPs to invest over \$1.4 billion in facility developments that currently generate over \$1.8 billion in gaming net win. However, BCLC believes that the current FDC/AFDC program (e.g. structure, policies) is not completely aligned with BCLC's strategic market view requirement of new and continuous investment in order to best grow and sustain the market. BCLC believes future investment:

- Needs to be broader focused and not restricted to new facility development or existing facility expansion;
- Needs to be aligned with individual market needs and opportunities; and
- Needs to occur more frequently in order to maintain and enhance consumer appeal.

The FDC/AFDC program is being eliminated and a new Facility Investment Commission ("FIC") Program will be introduced. Key highlights of FIC include:

- SPs to develop an investment plan based on facility market needs.

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- A 5% commission on annual total Net Win based on an agreed investment plan.
- The 5% commission will be in effect for the duration of OSA Term if investment plan commitments are fulfilled.

The agreed upon investment plan will be monitored as part of the annual business planning requirement of the new OSA.



## OSA Term

As stated previous, investment will continue to play a lead role in the future growth of the British Columbia gaming market. BCLC believes that SP's investment commitment should be supported by Term certainty. The new OSA aligns Term with committed investment.

The following table summarizes OSA Term lengths available. While the policies related to investment guidelines have yet to be fully developed, the table provides, at a conceptual level, the magnitude of investment associated with different Term lengths.

s.13,s.17

	New Builds & Facility Relocations	Major Redevelopments/ Expansions	Modest Reinvestment
<b>Maximum Term</b>	s.17		
<b>Renewal Option</b>			
<b>Minimum beginning Term Investment</b>			
<b>Minimum "In-Term" Investment</b>			
<b>Maintenance Requirements</b>			

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## Next Steps

BCLC is continuing to finalize a draft of the new OSA and is developing the necessary associated policies. BCLC anticipates that it will have a version of the OSA and the associated policies ready for SP review and comment by the end of its current fiscal year.

## Appendix 1 - Key New and Revised OSA & Policy Terms

Subject	Existing OSA & Policies	New OSA & Policies
<b>Business Planning</b>	Minimal business planning and performance reporting	Defined framework for comprehensive annual business plan requirement including performance metrics (emphasis on quality).
<b>Financial and Performance Reporting</b>	As prescribed by CSPPs or otherwise by BCLC	Specific financial and performance reporting in support of business and performance planning framework. As prescribed by revised CSPPs or otherwise by BCLC.
<b>Relationship Management</b>	Not Specified	Defined meeting frequency in support of business and performance planning framework.
<b>Escalation</b>	BCLC able to suspend SP and/or terminate SP due to material breaches and/or any breaches that remain for 30 days after notification.	Addition of a four-stage escalation mechanism the outcomes of which range from remedial measures to the holdback of commissions at the appropriate stage of the escalation process.
<b>Step-in Provisions/ BCLC's Rights</b>	Currently BCLC only has step-in rights (2 months and then 2 years) when it early terminates the OSA.	If Agreement expires or is terminated, BCLC has the ability to purchase or lease the land & buildings for fair market value (not operating as a casino).
<b>Term</b>	Typically, 20 years split into two 10 year terms with the second 10 year terms at SP option.  SP is obligated to deliver a facility plan prior to commencement of second 10-year term	Terms commensurate with level of investment (BCLC discretion):  s.17
<b>Investment in Facility</b>	Not specified in COSA	Formal facility investment plan (over Term) to be agreed and formalized at start of OSA Term.

<b>Additional Commissions (per policy)</b>	3% FDC for original capital investment or more recent maintenance capital 2% AFDC for property redevelopments Accumulation/Consolidation/Concurrent Payment permitted.	If SP fulfills investment obligation, 5% Facility Investment Commission ("FIC") applies over duration of COSA Term. s.13,s.17
<b>Gaming Bank Roll</b>	BCLC provides Gaming Bank Roll, SP secures with Letter of Credit. .	SP to provide Gaming Bank Roll.
<b>SP Commission</b>	25% for Slot Revenue 40% for Table & 75% for Poker Revenue 60%/40%/25% (tiered) for Bingo Revenue	25% for Slot Revenue 42.5% for Table & 77.5% for Poker Revenue s.17
<b>Marketing Commission</b>	From SP commission, 0.6% of all gaming revenue deposited into Marketing Commission managed by BCLC	s.17
<b>Table Game Supplies</b>	From SP table commission, 1% of all table revenue deducted to cover costs of table game supplies	
<b>Free Play (per existing policy)</b>	Free play issued by SP included in gaming win and BCLC issues SP an invoice for their share of free play. Net effect is actual slot win totals inflated and SP covers entire cost of free play.	

## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody/John Mazure

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### **MINISTER'S OPENING REMARKS**

- **The Crown Review of BCLC included recommendations that**
  - **BCLC should ensure agreements with service providers include comprehensive performance measures,**
  - **that BCLC and the ministry conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure.**
- **Since the review, BCLC and the ministry have undertaken analysis and given serious thought to responding to these recommendations and, more generally, to creating a sustainable gambling industry in BC.**
-

- Today we are here to engage in an open dialogue about opportunities for ensuring a sustainable healthy industry going forward. In engaging in this dialogue, it is important government and industry be strongly aligned on the principles by which the market for gambling in BC will be served.
- Principles guiding our discussions should include public safety, social responsibility, accountability, sustainability and market growth. *(Note to minister – the draft 2017/18 BCLC mandate letter specifically directs BCLC to integrate these principles when pursuing gambling expansion).*
- In addition to sustainable growth, there is an opportunity to enhance the relationship between BCLC and its service providers by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- Based on the work that BCLC and the ministry have already undertaken and feedback already provided by industry, BCLC has prepared a draft framework from which industry and government can achieve their common goal – a healthy sustainable gambling industry in BC that maximizes net benefits to British Columbians, and a fair return on our partner's investment.
- I believe BCLC has developed a solution that is balanced and provides strong alignment. I look forward to today's discussions and hearing your views on the draft framework.

## **MINISTER'S CLOSING REMARKS**

- **I want to thank everyone for gathering here today and for sharing your ideas and thoughts for enhancing the gambling industry in British Columbia.**
- **Your input and feedback are important in setting a path forward that ensures government and our service partners are aligned and can together maximize the opportunities that lay ahead of us.**

From: Keirstead, Zoe FIN:EX  
To: [MacLean, Shelley FIN:EX](#)  
Subject: Re: BCLC - Materials for Minister meeting on December 15  
Date: Friday, December 9, 2016 5:00:33 PM

---

Thanks Shelley!

Zoe Keirstead  
Executive Assistant to the Minister of Finance

On Dec 9, 2016, at 4:59 PM, MacLean, Shelley FIN:EX <[Shelley.MacLean@gov.bc.ca](mailto:Shelley.MacLean@gov.bc.ca)> wrote:

OK, only 1 set of speaking points now...thx

Attached please find materials in preparation for the Service Provider/BCLC/Ministry of Finance meeting on December 15th. The documents are separated by ones for BCLC/MoF staff only and for all meeting participants as follows:

**BCLC/MoF Staff Only**

- \* Internal Agenda – for BCLC/MoF staff
- \* Suggested Opening Remarks – Minister Mike De Jong
- \* Speaking Points – Jim Lightbody
- \* Service Provider Sensitivities – for MOF and BCLC reference only, this document will be updated following the BCLC SP briefings on Monday, December 12

**Service Provider Documents**

- \* Agenda – for all participants
- \* SP Communication re: Commission Review and OSA Report – Summary for all participants (distributed in advance)

<2016.12.15\_Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx>

<2016.12.15\_INTERNAL Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx>

<2016-12-9 Service Provider Sensitivities QA.DOCX>

<2016-12-9 SP Communication re Commission Review and OSA Report.docx>

<DRAFT - 2016.12.15\_Speaking Points\_MMDJ\_SP.MOF.BCLCCommission Meeting - R....docx>



**From:** MacLean, Shelley FIN:EX  
**To:** [Keirstead, Zoe FIN:EX](#)  
**Subject:** RE: BCLC - Materials for Minister meeting on December 15  
**Date:** Friday, December 9, 2016 5:07:24 PM

---

And ignore the speaking point – jim lightbody noted below. They are NOT included as it's confusing....thx

---

**From:** MacLean, Shelley FIN:EX  
**Sent:** Friday, December 9, 2016 4:59 PM  
**To:** Keirstead, Zoe FIN:EX  
**Subject:** FW: BCLC - Materials for Minister meeting on December 15

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**Service Provider Documents**

- Agenda – for all participants
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**From:** [Olson, Lianna FIN:EX](#)  
**To:** [Klak, Steve M FIN:EX](#); [Mulloy, Eleanor FIN:EX](#)  
**Cc:** [Obec, Sarah F FIN:EX](#); [Wenezenki-Yolland, Cheryl FIN:EX](#); [Olson, Lianna FIN:EX](#)  
**Subject:** BCLC SP Commission Structure Update - Dec 6  
**Date:** Friday, December 2, 2016 11:31:27 AM  
**Attachments:** [Minister briefing - agenda for MOF and BCLC.docx](#)

---

Hi Steve,

Please find attached final agenda for the Minister's meeting on Dec 6 for BCLC SP Commission Structure Update for your meeting materials.

Thanks,

Lianna

<p style="text-align: center;"><b>MEETING NOTE</b></p> <p><b>Issue:</b> Service Provider Commissions</p> <p><b>Meeting:</b> BCLC and Ministry of Finance Executives</p> <p><b>Date:</b> December 6, 2016, 4:00-5:00PM</p>	<p style="text-align: center;"><b>MEETING NOTE:</b></p> <p style="text-align: center;"><b>BCLC &amp; Minister of Finance</b></p>
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**Location:** s.15

**Purpose of Meeting:** To provide the Minister of Finance an overview of BCLC's new approach to Operating Service Agreements. This new approach has implications for BCLC's future alignment and growth.

**Attendees:**

- Honourable Michael de Jong, Q.C., Minister of Finance
- B.C. Lottery Corporation Staff:
  - Jim Lightbody, President and CEO
  - Amanda Hobson, Chief Financial Officer and Vice-President, Finance and Corporate Services
  - Brad Desmarais, Vice-President, Casino and Community Gaming
- Ministry of Finance staff:
  - Cheryl Wenezenki-Yolland, Associate Deputy Minister
  - John Mazure, Assistant Deputy Minister, Gaming Policy and Enforcement Branch
  - Steve Klak, Executive Director, Corporate Services Division

**Agenda**

1. Agenda for Service Provider Meeting with Minister (December 15)



Service Provider  
Briefing with Minister

2. New Service Provider Operating Services Agreement framework including commission and performance standards.



BN BCLC SP  
Commission Structure

3. Service provider consultation process including meeting with the Minister.
4. Next steps.

**From:** Yu, Quinn FIN:EX  
**To:** [Klak, Steve M FIN:EX](#)  
**Cc:** [Mazure, John C FIN:EX](#)  
**Subject:** Fwd: BCLC - Materials for Minister meeting on December 15  
**Date:** Friday, December 9, 2016 4:19:33 PM  
**Attachments:** [2016.12.15\\_Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[ATT00001.htm](#)  
[2016.12.15\\_INTERNAL Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[ATT00002.htm](#)  
[2016.12.15\\_Speaking Points JimLightbody SP.MOF.BCLCCommision Meeting \(003\).docx](#)  
[ATT00003.htm](#)  
[2016-12-9 SP Communication re Commission Review and OSA Report.docx](#)  
[ATT00004.htm](#)  
[DRAFT - 2016.12.15\\_Speaking Points MMD1 SP.MOF.BCLCCommision Meeting.docx](#)  
[ATT00005.htm](#)  
[2016-12-9 Service Provider Sensitivities QA.DOCX](#)  
[ATT00006.htm](#)

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Hi Steve,

I noticed you were not on the original recipient list. Please find attached BCLC's materials for the Dec 15 round table with service providers.

If you have time limitations and cannot review all the materials, I recommend starting with the Commissions review and OSA Report.

Please let me know if I can help.

Thanks,  
Quinn

Sent from my iPhone

Begin forwarded message:

**From:** "Vear, Maureen FIN:EX" <[Maureen.Vear@gov.bc.ca](mailto:Maureen.Vear@gov.bc.ca)>  
**To:** "Yu, Quinn FIN:EX" <[Quinn.Yu@gov.bc.ca](mailto:Quinn.Yu@gov.bc.ca)>  
**Subject:** FW: BCLC - Materials for Minister meeting on December 15

FYI

---

**From:** Sandra Newvine [<mailto:SNewvine@bclc.com>] **On Behalf Of** Susan Dolinski  
**Sent:** Friday, December 9, 2016 1:45 PM  
**To:** Mazure, John C FIN:EX; Wenezenki-Yolland, Cheryl FIN:EX  
**Cc:** Brad Desmarais; XT:Dolinski, Susan GCPE:IN; Amanda Hobson; Jim D. Lightbody; Suzanne Rowley; Vear, Maureen FIN:EX; Obee, Sarah F FIN:EX; Sandra Newvine; Michele Duncan; Kathy Meisters  
**Subject:** BCLC - Materials for Minister meeting on December 15  
**Importance:** High

Hello,

Attached please find materials in preparation for the Service Provider/BCLC/Ministry of Finance meeting on December 15<sup>th</sup>. The documents are separated by ones for BCLC/MoF staff only and for all meeting participants as follows:

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- Agenda – for all participants
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Thanks,

Susan

Susan Dolinski

Vice President, Social Responsibility & Communications

BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

T 604-228-3096 F 604-225-6422 C s.17

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

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

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

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## Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

### Agenda

3:00pm	Opening Remarks & Guiding Principles	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship	Jim Lightbody
3:45pm	Service Provider Perspectives	Roundtable with Service Providers
4:15pm	Discussion & Next Steps	All

### Attendees

#### BCLC

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

#### MINISTRY

Hon. Michael de Jong, Q.C., Minister of Finance  
Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance  
John Mazure, Assistant Deputy Minister, Gaming Policy & Enforcement Branch  
Steve Klak, CFO & Executive Director, Corporate Financial & Facilities Services Branch

#### SERVICE PROVIDERS

Terrance Doyle, COO, Great Canadian Gaming Corporation  
Tony Santo, CEO & Jag Nigar, CAO, Gateway Casinos & Entertainment Ltd  
Joe Brunini, President, Edgewater Casino  
Jovica Perovic, CEO, Chances Kelowna  
David Dooley, Planet Bingo  
Susan Merivirta, Chances RimRock  
Shiera Stuart (Board Chair, Director of Government Relations at Gateway Casinos & Entertainment Ltd)  
Bruno Bourassa, Chances Fort St. John and Terrace  
Chuck Keeling, Great Canadian Gaming Corporation

#### BC GAMING INDUSTRY ASSOCIATION

Ernest Yee, BC Gaming Industry Association

Confidential



## DETAILED AGENDA – FOR INTERNAL PURPOSES

### Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

## Detailed Agenda

2:30pm	Pre-briefing with Ministry and BCLC Staff	Ministry of Finance Staff & BCLC
3:00pm	Opening Remarks & Guiding Principles <ul style="list-style-type: none"><li>• Alignment of Vision</li><li>• Following through on commitments</li><li>• Long term profitability</li></ul>	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship <ul style="list-style-type: none"><li>• New Operating Services Agreement Framework</li><li>• New Commission Structure</li><li>• Performance standards and business planning</li></ul>	Jim Lightbody
3:45pm	Service Provider Perspectives	
4:15pm	Discussion & Next Steps	

## Attendees

### BCLC

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

### MINISTRY

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Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance  
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Confidential

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Joe Brunini, President, Edgewater Casino

Jovica Perovic, CEO, Chances Kelowna

David Dooley, Planet Bingo

Susan Merivirta, Chances RimRock

Shiera Stuart (Board Chair, Director of Government Relations at Gateway Casinos & Entertainment Ltd)

Bruno Bourassa, Chances Fort St. John and Terrace

Chuck Keeling, Great Canadian Gaming Corporation

#### **BC GAMING INDUSTRY ASSOCIATION**

Ernest Yee, BC Gaming Industry Association



## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody

---

### **MINISTER'S OPENING REMARKS**

- The discussion we are having today creates the opportunity for further growth for the industry and for Government through stronger alignment on the principles by which the market for gambling in BC will be served.
- In addition to growth, the new framework provides the opportunity to reset the sometimes fractious relationship between Service Providers and BCLC by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- The goal of the new framework is long term profitability – for our valued partners in this business and for the people of British Columbia.

- **In order to achieve that outcome – long term profitability – we have engaged a multitude of perspectives and listened to your feedback. In the end, I believe BCLC has developed a solution that is balanced to provide short-term benefits and long term opportunities provided there is strong alignment.**

## **NEW SERVICE PROVIDER OPERATING SERVICES AGREEMENT FRAMEWORK AND COMMISSIONS**

### **Existing Commission Structure**

- The existing commission structure worked well for a supply driven market where we were focused on capturing existing or uncaptured demand.
- In fact, the Facility Development Commission incented over \$1B in private sector investment in BC.
- We know that in BC, the market has matured and the operating environment across Canada has changed.
- This requires innovation and a new approach to align the market view of BCLC and Service Providers

## **Current Environment and Key Challenges**

1. We recognize that BC faces competition for your capital investment and the commission structure and new framework recognizes that and in fact, we want to provide incentives for you to continue to invest in BC and continue to make our facilities outstanding.
2. The existing commission structure served a different market in a different time. We recognize that the amount of time it takes for service providers to draw down on FDC balances no longer serves your interests or BCLC's. In addition, with the degree of growth that has occurred in the industry over the last 20 years, we recognize that you need greater certainty that your investments in BC will be safe.
3. Our goal by creating this new framework is to create closer alignment on the vision we have for the gaming entertainment market in BC.

## **New Approach**

- Operating Commission Adjustments – an increase of table game commissions - we acknowledge that BC has high labour costs and increasing AML requirements – it required a change. Bingo Commission – same.
- New Facility Investment Commission – simpler approach to earning commission for investment and creates performance incentive.

- New COSA – with a contractual agreement SPs will agree to upfront commitment of investment and performance standards.

s.17

### **Benefit to SPs**

- Facilities Investment Commission Upside
- Increased table and bingo commissions
- Term certainty (however less than 20 year terms)

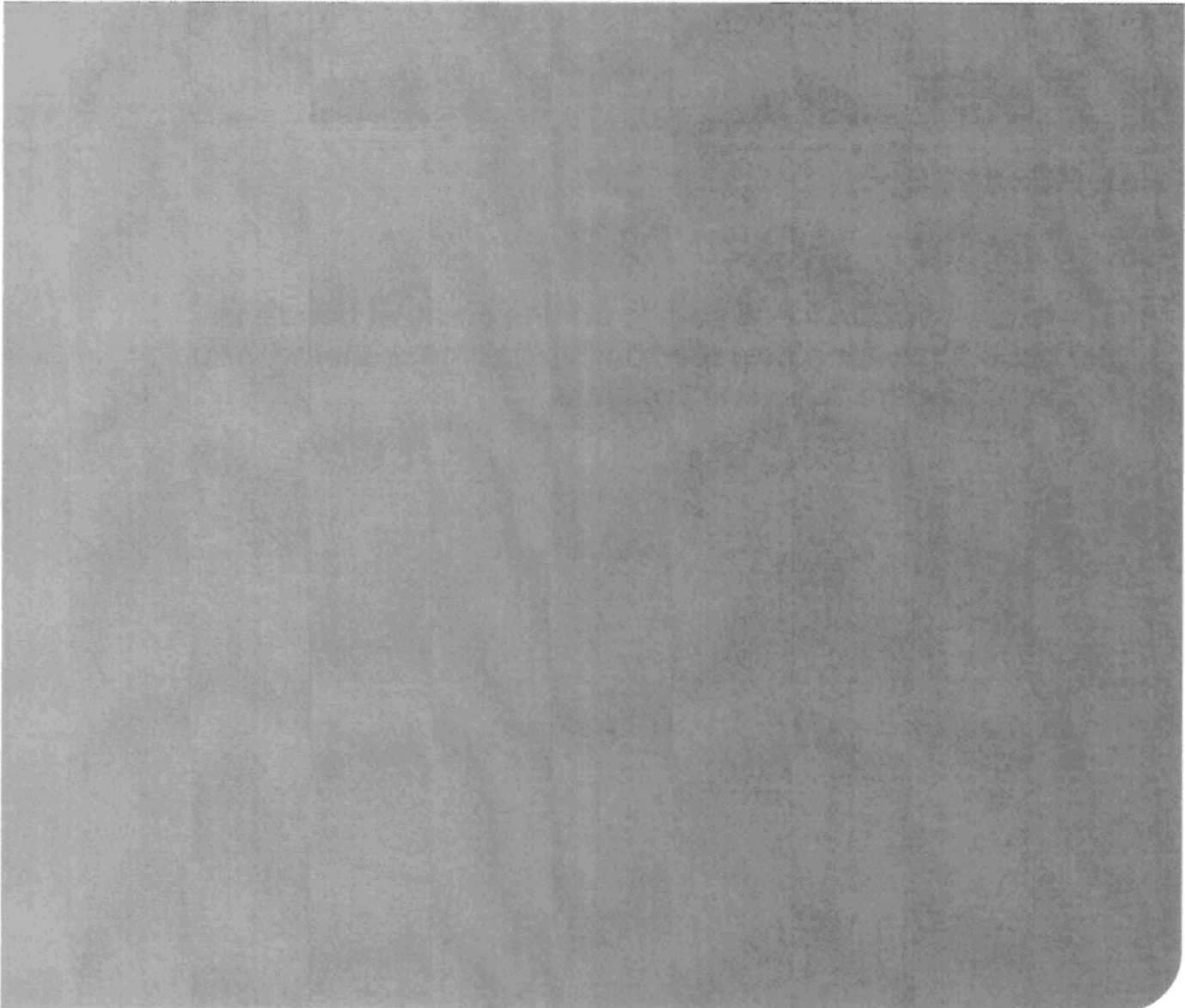
s.17

### **Benefits to Province**

- Provides the opportunity for <sup>s.17</sup> million capital investment in BC <sup>s.17</sup> million incremental)
- Aligns BCLC and SP market view and creates a great potential for incremental revenue
- Crown Review Requirement for Performance Standards and commission structure
- Addresses white paper concerns of SPs

## **FINAL MESSAGE**

- There are benefits for all parties but the greatest benefit is the opportunity for a new relationship built on a shared vision for growth where everyone prospers.



## Gaming Facility Commission Structure and New OSA – Progress Update

Preread for Service Providers in advance of:

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BCLC was directed by the Ministry of Finance's Crown Review (December 2014) to review its Service Provider's ("SP") commission structure and to develop a comprehensive set of performance standards to be included in its Operational Service Agreements ("OSA"). Key work components undertaken to date have included:

- A review and assessment of past SP issues and concerns including those contained in the Great Canadian Gaming Corporation's and Gateway Casinos & Entertainment Limited's commissioned "Industry Review" (June 9, 2016).
- BCLC's commissioned "Service Provider Compensation Review" (September, 2015) completed by HLT Advisory Inc.
- Ministry of Finance's commissioned "Review of Service Provider Commissions for Gaming Facilities" (November 22, 2015) completed by Ernst & Young LLP and Partnerships BC.
- A review of existing contractual arrangements between other Canadian gaming crown corporations and gaming operators.
- A review and assessment of BCLC's current OSA and associated policies, specifically as they relate to BCLC fulfilling its obligations under the Gaming Control Act (B.C.), SP's commission streams and overall commission structure, and current government policy mandate.

The purpose of this communication document is to provide SPs with an update on the findings and directional path that BCLC is taking to implement the Ministry's recommendations.

## New OSA

BCLC recognizes that to be effective, the new OSA has to be comprehensive yet clear and concise, and it has to align with the future direction of the gaming market. A key success factor of the historic growth of the provincial gaming facility market has been the willingness of SPs and BCLC to invest in facilities, products and operations. Investment will continue to play a key role as the market matures. BCLC recognizes that investment in maturing markets has inherently higher risks and that OSA Term and investment commitment should be aligned.

To be successful, BCLC and SPs have to improve alignment on:

- Market opportunities and how to efficiently and effectively capitalize on these opportunities;
- The type, extent and timing of investment required to sustain and grow gaming revenues; and
- Market and operational performance measures.

All of these factors, as well as enhancing SPs investment incentives have been considered in developing the new OSA. Areas of change include:

- Annual business planning and regular performance reporting;
- "Step-In" provisions during and at the expiration of term;
- Term aligned to investment (up to 20 years);
- Replacement of FDC/AFDC program with a Facility Investment Commission ("FIC") program;
- Increased table games and bingo commissions;

s.17

Appendix 1 provides a summary of major OSA and policy changes by component. When the draft is completed, SPs will be provided with the opportunity to review and provide comments.

The remainder of this communication provides additional details on three significant areas of the new OSA:

- Commission Structure and Rates
- Facility Investment Commission Program
- Term

This document is provided for discussion purposes only and should not be relied upon for any purpose as BCLC reserves the right to modify, change or cancel any or all aspects of the information contained herein.

## Commission Structure and Rates

The new commission structure and rate changes include:

- Table game commission increase of 2.5% of Net Table Win (increased applied to all table types).

s.17

s.17

Change	SP Revenue Increase (millions)
Increase in Table Games Commission	s.17
Increase in Bingo Commissions	
s.17	
Total	

## Facility Investment Commissions

The FDC/AFDC program and its associated commissions have played a key role in the growth of the provincial gaming facility market. The program has assisted and incented SPs to invest over \$1.4 billion in facility developments that currently generate over \$1.8 billion in gaming net win. However, BCLC believes that the current FDC/AFDC program (e.g. structure, policies) is not completely aligned with BCLC's strategic market view requirement of new and continuous investment in order to best grow and sustain the market. BCLC believes future investment:

- Needs to be broader focused and not restricted to new facility development or existing facility expansion;
- Needs to be aligned with individual market needs and opportunities; and
- Needs to occur more frequently in order to maintain and enhance consumer appeal.

The FDC/AFDC program is being eliminated and a new Facility Investment Commission ("FIC") Program will be introduced. Key highlights of FIC include:

- SPs to develop an investment plan based on facility market needs.

s.13,s.17

- A 5% commission on annual total Net Win based on an agreed investment plan.
- The 5% commission will be in effect for the duration of OSA Term if investment plan commitments are fulfilled.

The agreed upon investment plan will be monitored as part of the annual business planning requirement of the new OSA.

## OSA Term

As stated previous, investment will continue to play a lead role in the future growth of the British Columbia gaming market. BCLC believes that SP's investment commitment should be supported by Term certainty. The new OSA aligns Term with committed investment.

The following table summarizes OSA Term lengths available. While the policies related to investment guidelines have yet to be fully developed, the table provides, at a conceptual level, the magnitude of investment associated with different Term lengths.

s.13,s.17

	New Builds & Facility Relocations	Major Redevelopments/ Expansions	Modest Reinvestment
<b>Maximum Term</b>	s.17		
<b>Renewal Option</b>			
<b>Minimum beginning Term Investment</b>			
<b>Minimum "In-Term" Investment</b>			
<b>Maintenance Requirements</b>			

This document is provided for discussion purposes only and should not be relied upon for any purpose as BCLC reserves the right to modify, change or cancel any or all aspects of the information contained herein.

## Next Steps

BCLC is continuing to finalize a draft of the new OSA and is developing the necessary associated policies. BCLC anticipates that it will have a version of the OSA and the associated policies ready for SP review and comment by the end of its current fiscal year.

## Appendix 1 - Key New and Revised OSA & Policy Terms

Subject	Existing OSA & Policies	New OSA & Policies
<b>Business Planning</b>	Minimal business planning and performance reporting	Defined framework for comprehensive annual business plan requirement including performance metrics (emphasis on quality).
<b>Financial and Performance Reporting</b>	As prescribed by CSPPs or otherwise by BCLC	Specific financial and performance reporting in support of business and performance planning framework. As prescribed by revised CSPPs or otherwise by BCLC.
<b>Relationship Management</b>	Not Specified	Defined meeting frequency in support of business and performance planning framework.
<b>Escalation</b>	BCLC able to suspend SP and/or terminate SP due to material breaches and/or any breaches that remain for 30 days after notification.	Addition of a four-stage escalation mechanism the outcomes of which range from remedial measures to the holdback of commissions at the appropriate stage of the escalation process.
<b>Step-in Provisions/ BCLC's Rights</b>	Currently BCLC only has step-in rights (2 months and then 2 years) when it early terminates the OSA.	If Agreement expires or is terminated, BCLC has the ability to purchase or lease the land & buildings for fair market value (not operating as a casino).
<b>Term</b>	Typically, 20 years split into two 10 year terms with the second 10 year terms at SP option.  SP is obligated to deliver a facility plan prior to commencement of second 10-year term	Terms commensurate with level of investment (BCLC discretion):  s.17
<b>Investment in Facility</b>	Not specified in COSA	Formal facility investment plan (over Term) to be agreed and formalized at start of OSA Term.

<b>Additional Commissions (per policy)</b>	3% FDC for original capital investment or more recent maintenance capital	If SP fulfills investment obligation, 5% Facility Investment Commission ("FIC") applies over duration of COSA Term. s.13,s.17
	2% AFDC for property redevelopments Accumulation/Consolidation/Concurrent Payment permitted.	
<b>Gaming Bank Roll</b>	BCLC provides Gaming Bank Roll, SP secures with Letter of Credit. .	SP to provide Gaming Bank Roll.
<b>SP Commission</b>	25% for Slot Revenue 40% for Table & 75% for Poker Revenue 60%/40%/25% (tiered) for Bingo Revenue	25% for Slot Revenue 42.5% for Table & 77.5% for Poker Revenue s.17
<b>Marketing Commission</b>	From SP commission, 0.6% of all gaming revenue deposited into Marketing Commission managed by BCLC	s.17
<b>Table Game Supplies</b>	From SP table commission, 1% of all table revenue deducted to cover costs of table game supplies	
<b>Free Play (per existing policy)</b>	Free play issued by SP included in gaming win and BCLC issues SP an invoice for their share of free play. Net effect is actual slot win totals inflated and SP covers entire cost of free play.	



## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody

---

### **MINISTER'S OPENING REMARKS**

- The discussion we are having today creates the opportunity for further growth for the industry and for Government through stronger alignment on the principles by which the market for gambling in BC will be served.
- In addition to growth, the new framework provides the opportunity to reset the sometimes fractious relationship between Service Providers and BCLC by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- The goal of the new framework is long term profitability – for our valued partners in this business and for the people of British Columbia.

- **In order to achieve that outcome – long term profitability – we have engaged a multitude of perspectives and listened to your feedback. In the end, I believe BCLC has developed a solution that is balanced to provide short-term benefits and long term opportunities provided there is strong alignment.**

# Service Provider Sensitivities:

## Potential Questions for Discussion

While all SP's stand to benefit financially, there is a reasonable probability that certain SPs will, at least initially, take issue with many of the changes. We would expect that all SPs will have concerns regarding BCLC's enhanced "Step-In" rights.

### GCGC

We would anticipate that GCGC will focus much of its feedback on the following:

s.13,s.17

### Gateway

We would anticipate that Gateway will focus much of its feedback on the following:

s.13,s.17

## Paragon

s.13,s.17

## Other SPs

We would anticipate that Other SPs will focus much of their feedback on the following:

s.13,s.17

**From:** Yu, Quinn FIN:EX  
**To:** [Klak, Steve M FIN:EX](#)  
**Cc:** [Ngo, Dawn FIN:EX](#); [Mazure, John C FIN:EX](#)  
**Subject:** Re: BCLC - Materials for Minister meeting on December 15  
**Date:** Friday, December 9, 2016 5:33:36 PM  
**Attachments:** [DRAFT - 2016.12.15 Speaking Points MMDJ SP.MOF.BCLCCommision Meeting - Revised.docx](#)

---

Hi Steve,

Further to the information package below, please see attached revised speaking points.

John revised BCLC's original speaking points based on feedback from Cheryl.

Thanks,  
Quinn

---

**From:** Klak, Steve M FIN:EX  
**Sent:** Friday, December 09, 2016 4:34 PM  
**To:** Yu, Quinn FIN:EX  
**Cc:** Ngo, Dawn FIN:EX; Mazure, John C FIN:EX  
**Subject:** FW: BCLC - Materials for Minister meeting on December 15  
Thanks Quinn

**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*

Corporate  
Services Division  
**Ministry of  
Finance**

**10** Best  
Places  
to Work  
2016 Winner

---

**From:** Yu, Quinn FIN:EX  
**Sent:** Friday, December 9, 2016 4:19 PM  
**To:** Klak, Steve M FIN:EX  
**Cc:** Mazure, John C FIN:EX  
**Subject:** Fwd: BCLC - Materials for Minister meeting on December 15

Hi Steve,

I noticed you were not on the original recipient list. Please find attached BCLC's materials for the Dec 15 round table with service providers.

If you have time limitations and cannot review all the materials, I recommend starting with the Commissions review and OSA Report.

Please let me know if I can help.

Thanks,  
Quinn  
Sent from my iPhone

Begin forwarded message:

**From:** "Vear, Maureen FIN:EX" <[Maureen.Vear@gov.bc.ca](mailto:Maureen.Vear@gov.bc.ca)>  
**To:** "Yu, Quinn FIN:EX" <[Quinn.Yu@gov.bc.ca](mailto:Quinn.Yu@gov.bc.ca)>  
**Subject:** FW: BCLC - Materials for Minister meeting on December 15

FYI

---

**From:** Sandra Newvine [<mailto:SNewvine@bclc.com>] **On Behalf Of** Susan Dolinski  
**Sent:** Friday, December 9, 2016 1:45 PM  
**To:** Mazure, John C FIN:EX; Wenezenki-Yolland, Cheryl FIN:EX  
**Cc:** Brad Desmarais; XT:Dolinski, Susan GCPE:IN; Amanda Hobson; Jim D. Lightbody; Suzanne Rowley; Vear, Maureen FIN:EX; Obee, Sarah F FIN:EX; Sandra Newvine; Michele Duncan; Kathy Meisters  
**Subject:** BCLC - Materials for Minister meeting on December 15  
**Importance:** High

Hello,

Attached please find materials in preparation for the Service Provider/BCLC/Ministry of Finance meeting on December 15<sup>th</sup>. The documents are separated by ones for BCLC/MoF staff only and for all meeting participants as follows:

**BCLC/MoF Staff Only**

- Internal Agenda – for BCLC/MoF staff
- Suggested Opening Remarks – Minister Mike De Jong
- Speaking Points – Jim Lightbody
- Service Provider Sensitivities – for MOF and BCLC reference only, this document will be updated following the BCLC SP briefings on Monday, December 12

**Service Provider Documents**

- Agenda – for all participants
- SP Communication re: Commission Review and OSA Report – Summary for all participants (distributed in advance)

Thanks,

Susan

Susan Dolinski

Vice President, Social Responsibility & Communications

BCLC

2940 Virtual Way, Vancouver BC V5M 0A6

T 604-228-3096 F 604-225-6422 C s.17

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

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

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

---

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## **MINISTER SPEAKING NOTES**

**MEETING DATE:** December 15, 2016

**IN ATTENDANCE:** BCLC, Ministry, Service Providers, BC Gaming Industry Association

**PREPARED BY:** Jim Lightbody/John Mazure

---

### **MINISTER'S OPENING REMARKS**

- **The Crown Review of BCLC included recommendations that**
  - **BCLC should ensure agreements with service providers include comprehensive performance measures,**
  - **that BCLC and the ministry conduct a review of service provider commissions for gaming facilities to ensure an appropriate and effective structure.**
- **Since the review, BCLC and the ministry have undertaken analysis and given serious thought to responding to these recommendations and, more generally, to creating a sustainable gambling industry in BC.**
-

- Today we are here to engage in an open dialogue about opportunities for ensuring a sustainable healthy industry going forward. In engaging in this dialogue, it is important government and industry be strongly aligned on the principles by which the market for gambling in BC will be served.
- Principles guiding our discussions should include public safety, social responsibility, accountability, sustainability and market growth. *(Note to minister – the draft 2017/18 BCLC mandate letter specifically directs BCLC to integrate these principles when pursuing gambling expansion).*
- In addition to sustainable growth, there is an opportunity to enhance the relationship between BCLC and its service providers by dealing with some longstanding challenges and concerns and creating more opportunities for dialogue and accountability.
- Based on the work that BCLC and the ministry have already undertaken and feedback already provided by industry, BCLC has prepared a draft framework from which industry and government can achieve their common goal – a healthy sustainable gambling industry in BC that maximizes net benefits to British Columbians, and a fair return on our partner's investment.
- I believe BCLC has developed a solution that is balanced and provides strong alignment. I look forward to today's discussions and hearing your views on the draft framework.



## **MINISTER'S CLOSING REMARKS**

- **I want to thank everyone for gathering here today and for sharing your ideas and thoughts for enhancing the gambling industry in British Columbia.**
- **Your input and feedback are important in setting a path forward that ensures government and our service partners are aligned and can together maximize the opportunities that lay ahead of us.**

**From:** [Olson, Lianna FIN:EX](#)  
**To:** [Klak, Steve M FIN:EX](#)  
**Cc:** [Obee, Sarah F FIN:EX](#); [Olson, Lianna FIN:EX](#); [Yu, Quinn FIN:EX](#); [Mulloy, Eleanor FIN:EX](#)  
**Subject:** BCLC - Materials for Minister meeting on December 15 - Agenda Update & QA  
**Date:** Thursday, December 15, 2016 8:21:48 AM  
**Attachments:** [2016.12.15 Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[2016.12.15 INTERNAL Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[2016.12.15 QA Service Provider Briefings BCLC Commission Framework.docx](#)

---

Hi Steve,

I have updated the attendees list on the two agendas and there were some changes to the Q&A document for your materials for today's meeting.

Thanks,

Lianna



## **Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers**

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

### **Agenda**

3:00pm	Opening Remarks & Guiding Principles	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship	Jim Lightbody
3:45pm	Service Provider Perspectives	Roundtable with Service Providers
4:15pm	Discussion & Next Steps	All

### **Attendees**

#### **BCLC**

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

#### **MINISTRY**

Hon. Michael de Jong, Q.C., Minister of Finance  
Athana Mentzelopoulos, Deputy Minister, Ministry of Finance  
Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance (via phone)  
John Mazure, Assistant Deputy Minister, Gaming Policy & Enforcement Branch  
Steve Klak, CFO & Executive Director, Corporate Financial & Facilities Services Branch

#### **SERVICE PROVIDERS**

Rod Baker, CEO & Terrance Doyle, COO, Great Canadian Gaming Corporation  
Tony Santo, CEO & Jag Nigar, CAO, Gateway Casinos & Entertainment Ltd  
Joe Brunini, President, Edgewater Casino  
Jovica Perovic, CEO, Chances Kelowna  
David Dooley, Planet Bingo  
Susan Merivirta, Chances RimRock  
Shiera Stuart (Board Chair, Director of Government Relations at Gateway Casinos & Entertainment Ltd)  
Bruno Bourassa, Chances Fort St. John and Terrace  
Chuck Keeling, Great Canadian Gaming Corporation

#### **BC GAMING INDUSTRY ASSOCIATION**

Confidential

Peter Goudron, Executive Director  
John Groom, COO, Paragaon



## DETAILED AGENDA – FOR INTERNAL PURPOSES

### Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

## Detailed Agenda

2:30pm	Pre-briefing with Ministry and BCLC Staff	Ministry of Finance Staff & BCLC
3:00pm	Opening Remarks & Guiding Principles <ul style="list-style-type: none"><li>• Alignment of Vision</li><li>• Following through on commitments</li><li>• Long term profitability</li></ul>	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship <ul style="list-style-type: none"><li>• New Operating Services Agreement Framework</li><li>• New Commission Structure</li><li>• Performance standards and business planning</li></ul>	Jim Lightbody
3:45pm	Service Provider Perspectives	
4:15pm	Discussion & Next Steps	

## Attendees

### BCLC

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

### MINISTRY

Hon. Michael de Jong, Q.C., Minister of Finance  
Athana Mentzelopoulos, Deputy Minister, Ministry of Finance  
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Bruno Bourassa, Chances Fort St. John and Terrace

Chuck Keeling, Great Canadian Gaming Corporation

## **BC GAMING INDUSTRY ASSOCIATION**

Peter Goudron, Executive Director

John Groom, COO, Paragon

# Key Questions and Answers from Service Providers Following BCLC Briefing on New Commission and Operating Services Framework

December 15, 2016

**Q: We were expecting 20-year term renewals – why is the term not a standard 20 years? We have invested significant capital into our existing facilities and were expecting longer term.**

**A:**  
s.13,s.17

**Q: What constitutes a significant investment?**

**A:**  
s.13,s.17

**Q: Why, under the new OSA, are you forcing SPs to commit to capital expenditure over the entire term of the OSA?**

**A:**

- The investment requirement of the new OSA is essentially the same as under the existing OSA. Our new approach isn't necessarily that different from our current

s.13,s.17

- BCLC will be providing the new 5% Facilities Investment Commission (FIC) through the duration of the Term providing a SP fulfills its investment obligation.

s.13,s.17

**Q: What if it just does not make practical sense to invest in a facility – i.e. it's gaming & non-gaming amenities are still highly appealing to guests and it's well maintained?**

**A:**

s.13,s.17

**Q: Why has BCLC not chosen to deal with market certainty in its new OSA? We think that this market certainty is particularly important if you are requiring us to make further investments into our existing facilities.**

**A:**

s.13,s.17



**Q: What development related investments will be eligible for FIC?**

**A:**

- We will be developing FIC policies including eligibility criteria. s.13,s.17  
s.13,s.17

**Q: What other (non-development related) initiatives will be eligible for FIC?**

**A:**

- We will be developing FIC policies including eligibility criteria. s.13,s.17  
s.13,s.17

**Q: Weren't we going to get the free play issue addressed anyway?**

**A:**

s.13,s.17

**Q: Weren't we going to get the marketing trust issue addressed anyway?**

**A:**

s.13,s.17

**Q: We are concerned with the potential of an enhanced escalation mechanism, particularly one that would give BCLC the ability to withhold the commissions on which we rely to run our business, pay our staff. Why is this needed?**

**A:**

- The enhanced escalation mechanism will really be intended to allow BCLC to more effectively manage the OSA and ensure that all of the SP's obligations are effectively fulfilled. Measures such as withholding commission would be very late stage actions on BCLC's part and would only be utilized after the SP was not willing to remedy a situation as a result of less punitive escalation measures.

**Q: Why does BCLC need enhanced “Step in Rights” both during the OSA term and at the end of the term?**

**A:**

- The current OSA provides BCLC with “Step in Rights” during the Term. We anticipate that any scenarios that we would ever exercise “Step In Rights” during the term will not change from the rights that we have today – in that they are really “last resort” type measures. Specifically – if we find ourselves in a situation where, we need to suspend or terminate an SP, we have the ability to lease the facility at a fair market rent such that we can ensure the continuity of the business. These rights during the term will just be expanded so that we have the ability to buy the facility at a fair market value - again, this is intended to best ensure the continuity of the business.
- “Step in rights” at expire of Term is new. With respect to BCLC having the ability to lease or buy the facilities at the expiration of an OSA term, this is intended to ensure that we don’t end up in a situation where an SP has all of the leverage in discussions regarding a new OSA at the end of a term. This approach is consistent with certain other Canadian jurisdictions.

**Q: If we do opt to transition to the new OSA prior to the expiration of our existing OSA term, what will happen to the existing term that we have remaining? Can we have the new term added to this existing term?**

**A:**

- BCLC is prepared to have detailed discussions with each SP regarding the potential of early transition onto the new OSA. These discussions would include a conversation regarding the remaining term on the existing OSA.

**Q: If we do opt to transition to the new OSA prior to the expiration of our existing OSA term, what will happen to or existing FDC and AFDC balances?**

**A:**

- BCLC is prepared to have detailed discussions with each SP regarding the potential of early transition onto the new OSA. These discussions would include a conversation regarding the existing FDC & AFDC balances.

s.17

s.13,s.17

**Q: Why has BCLC decided that the SP is now responsible for providing the gaming float (gaming bank roll)? What if we can't come up with this cash?**

**A:**

- This approach is consistent with most other Canadian jurisdictions. Today, SPs already provide a Letter of Credit to BCLC in support of the gaming floats - so the financial institutions that provide these LCs have effectively acknowledged that they will provide these funds if required.

s.13,s.17

**Q: How will the annual business planning work? Will it be prescriptive?**

**A:**

- We envision a collaborative approach where the parties will discuss how the facility is performing, major future initiatives and forecasts with a view to developing a shared view of each market and each facility. The process will emphasize "quality over quantity" and BCLC is willing to develop the appropriate and reasonable templates.

**Q: What are the next steps/timelines?**

**A:**

- BCLC is looking forward to consultation sessions with BCGIA representatives in January in order to develop comprehensive descriptions and processes in order to bring life to the terms. Discussions with non-BCGIA member(s) will also occur during this period. Drafting of the new OSA will occur in February with draft documents circulated shortly thereafter. Individual site transition discussions will commence immediately after the new OSA is finalized for those SPs who agree to an early transition.

**From:** [Olson, Lianna FIN:EX](#)  
**To:** [Klak, Steve M FIN:EX](#)  
**Cc:** [Olson, Lianna FIN:EX](#); [Obee, Sarah F FIN:EX](#)  
**Subject:** RE: BCLC - Materials for Minister meeting on December 15 - Agenda Update & QA  
**Date:** Thursday, December 15, 2016 9:53:15 AM  
**Attachments:** [2016.12.15 Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)  
[2016.12.15 INTERNAL Agenda - MoF Meeting with BC Gaming Facility Service Providers BCLC.docx](#)

---

Hi Steve,  
Please use these ones, there were a few minor edits made.  
Thanks,  
Lianna

---

**From:** Klak, Steve M FIN:EX  
**Sent:** Thursday, December 15, 2016 9:10 AM  
**To:** Olson, Lianna FIN:EX  
**Subject:** RE: BCLC - Materials for Minister meeting on December 15 - Agenda Update & QA  
Thanks Lianna

**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*

Corporate  
Services Division  
**Ministry of  
Finance**

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---

**From:** Olson, Lianna FIN:EX  
**Sent:** Thursday, December 15, 2016 8:22 AM  
**To:** Klak, Steve M FIN:EX  
**Cc:** Obee, Sarah F FIN:EX; Olson, Lianna FIN:EX; Yu, Quinn FIN:EX; Mulloy, Eleanor FIN:EX  
**Subject:** BCLC - Materials for Minister meeting on December 15 - Agenda Update & QA

Hi Steve,  
I have updated the attendees list on the two agendas and there were some changes to the Q&A document for your materials for today's meeting.  
Thanks,  
Lianna



## Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

s.15

**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

### Agenda

3:00pm	Opening Remarks & Guiding Principles	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship	Jim Lightbody
3:45pm	Service Provider Perspectives	Roundtable with Service Providers
4:15pm	Discussion & Next Steps	All

### Attendees

#### BCLC

Jim Lightbody, President & CEO  
Brad Desmarais, VP, Casino & Community Gaming  
Amanda Hobson, VP, Finance & CFO

#### MINISTRY

Hon. Michael de Jong, Q.C., Minister of Finance  
Athana Mentzelopoulos, Deputy Minister, Ministry of Finance  
Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance (via phone)  
John Mazure, Assistant Deputy Minister, Gaming Policy & Enforcement Branch  
Steve Klak, CFO & Executive Director, Corporate Financial & Facilities Services Branch  
Michele Jaggi-Smith / Executive Director (via phone)

#### SERVICE PROVIDERS

Rod Baker, CEO Great Canadian Gaming Corporation  
Terrance Doyle, COO, Great Canadian Gaming Corporation  
Tony Santo, CEO Gateway Casinos & Entertainment Ltd  
Jag Nigar, CAO, Gateway Casinos & Entertainment Ltd  
Joe Brunini, President, Edgewater Casino  
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Shiera Stuart (Board Chair, Director of Government Relations at Gateway Casinos & Entertainment Ltd)  
Bruno Bourassa, Chances Fort St. John and Terrace  
Chuck Keeling, Great Canadian Gaming Corporation  
John Groom, COO, Paragon

#### BC GAMING INDUSTRY ASSOCIATION

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Peter Goudron, Executive Director



## DETAILED AGENDA – FOR INTERNAL PURPOSES

### Minister of Finance / BCLC Meeting with B.C. Gaming Facility Service Providers

3:00pm – 5:00pm (PT) Thursday 15 December 2016

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**Purpose of Meeting:** To provide the Minister of Finance with an opportunity to hear from private sector service providers in B.C.'s casino and community gaming industry and discuss their alignment to growing the business with a new operating agreement with BCLC.

## Detailed Agenda

2:30pm	Pre-briefing with Ministry and BCLC Staff	Ministry of Finance Staff & BCLC
3:00pm	Opening Remarks & Guiding Principles <ul style="list-style-type: none"><li>• Alignment of Vision</li><li>• Following through on commitments</li><li>• Long term profitability</li></ul>	Hon. Mike De Jong
3:15pm	Vision for B.C.'s Gaming Industry & Plan for A Renewed Relationship <ul style="list-style-type: none"><li>• New Operating Services Agreement Framework</li><li>• New Commission Structure</li><li>• Performance standards and business planning</li></ul>	Jim Lightbody
3:45pm	Service Provider Perspectives	
4:15pm	Discussion & Next Steps	

## Attendees

### BCLC

Jim Lightbody, President & CEO

Brad Desmarais, VP, Casino & Community Gaming

Amanda Hobson, VP, Finance & CFO

### MINISTRY

Hon. Michael de Jong, Q.C., Minister of Finance

Athana Mentzelopoulos, Deputy Minister, Ministry of Finance

Cheryl Wenezenki-Yolland, Assistant Deputy Minister & Chief Records Officer, Ministry of Finance (via phone)

John Mazure, Assistant Deputy Minister, Gaming Policy & Enforcement Branch

Steve Klak, CFO & Executive Director, Corporate Financial & Facilities Services Branch

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Michele Jaggi-Smith / Executive Director (via phone)

#### **SERVICE PROVIDERS**

Rod Baker, CEO Great Canadian Gaming Corporation

Terrance Doyle, COO, Great Canadian Gaming Corporation

Tony Santo, CEO Gateway Casinos & Entertainment Ltd

Jag Nigar, CAO, Gateway Casinos & Entertainment Ltd

Joe Brunini, President, Edgewater Casino

Jovica Perovic, CEO, Chances Kelowna

David Dooley, Planet Bingo

Susan Merivirta, Chances RimRock

Shiera Stuart (Board Chair, Director of Government Relations at Gateway Casinos & Entertainment Ltd)

Bruno Bourassa, Chances Fort St. John and Terrace

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