

## **BINGO OPERATIONAL SERVICES AGREEMENT**

THIS AGREEMENT MADE AS AT THE \_\_\_\_\_ DAY \_\_\_\_\_, 20.

BETWEEN:

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

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

OF THE FIRST PART

and

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

OF THE SECOND PART

WHEREAS the Corporation has the statutory authority to:

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

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

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

AND WHEREAS the Corporation has requested that the Service Provider to honour commitments made to charitable bingo associations or charities associated with the Bingo Hall for non bingo gaming revenue which commitments existed prior to the date of this Agreement, in accordance with the terms and conditions of such commitments.

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

## **ARTICLE I** **DEFINITIONS**

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

- (a) **“Bingo Accounts”** means the bank account or accounts prescribed by the Corporation from time to time;
- (b) **“Bingo Bank Roll”** means the cash float supplied by the Corporation to be retained in the Bingo Hall by the Service Provider in such amounts prescribed by the Corporation from time to time and which is required for the purpose of making change and paying Winnings;
- (c) **“Bingo Equipment”** means any mechanical, electronic or other devices, furnishings, fixtures, signs and other items prescribed by the Corporation for the purpose of conducting, managing and operating Bingo Games;
- (d) **“Bingo Games or Bingo Gaming”** means paper and electronic bingo and related promotional schemes and such other lottery schemes or games of chance conducted, managed and operated by the Corporation in the Bingo Hall from time to time (collectively referred to as “Games of Chance”) including the supply of the right to participate in the said Games of Chance;
- (e) **“Bingo Game Conditions”** means the instructions, criteria, conditions, information, prize entitlement, descriptions, explanations, guides, standards, policies, procedures or qualifications of a Bingo Game or related promotional schemes, prescribed by BCLC which govern a player’s participation and the Player’s entitlement to claim a prize in a Bingo Game or promotional scheme;
- (f) **“Bingo Hall”** means the lands and buildings or area in the lands and buildings located at the address, and more particularly described in Schedule “A” hereto;
- (g) **“Bingo Standards, Policies and Procedures”** means the standards, policies and procedures governing the operation of the Bingo Hall and Bingo Games as prescribed and amended by the Corporation from time to time;
- (h) **“Bingo Supplies”** means such items prescribed by the Corporation and used in or held in storage for use in the conduct, management and operation of Bingo Games;
- (i) **“Computer System”** means the central computer system of the Corporation, or any computer system used by the Corporation to record Bingo Game transactions, including bingo cards, bingo tickets or electronic bingo slips issued

or validated by a computer terminal, and includes any computer system utilized by the Corporation in the operation of a Bingo Game;

- (j) **“Player”** means a person, 19 years or older who:
  - (i) has paid the prescribed consideration in order to participate in Bingo Gaming at the Bingo Hall; or
  - (ii) has satisfied the conditions prescribed by the Corporation to participate in a promotional scheme;
- (k) **“Player Information”** means the name, address, occupation and other personal information pertaining to a Player and disclosed by the Corporation, in its sole discretion, to the Service Provider;
- (l) **“prescribe, prescribes or prescribed”** means specified, designated or approved in writing by the Corporation from time to time;
- (m) **“Rules and Regulations Respecting Bingo Games of the Corporation”** means the rules and regulations passed by the Board of Directors of the Corporation from time to time respecting Bingo Gaming;
- (n) **“Term”** means the term of this Agreement as described in paragraph 1 of Schedule “A”;
- (o) **“Win”** means, for any period, the aggregate of all revenues collected by the Corporation or by the Service Provider on behalf of the Corporation, from the operation of Bingo Games less only the aggregate of all Winnings;
- (p) **“Winnings”** means the amount of money payable to a Player as a consequence of monies paid by the Player to participate in Bingo Games and the performance by the Player of the acts necessary to entitle the Player to payment of such money; and
- (q) **“Schedule “A”** means the schedule attached to this Agreement as Schedule “A”, as amended in writing from time to time by the parties hereto, and which has the same force and effect as if the contents thereof were contained in the body of this Agreement, and any words and phrases defined in this Agreement will have the same meaning in Schedule A.

## **ARTICLE II**

### **APPOINTMENT OF THE SERVICE PROVIDER AND LIMITATIONS ON AUTHORITY**

- 2.01 The Corporation hereby retains the Service Provider as an independent contractor to supply operational services to the Corporation in the Corporation’s conduct and management of the Bingo Games in the Bingo Hall and the operation of the Bingo Hall in accordance with this Agreement, the Bingo Standards, Policies and Procedures, the Rules and Regulations Respecting Bingo Games of the Corporation and the Bingo

Game Conditions. The Service Provider hereby accepts its appointment as an independent contractor subject to the terms, conditions, covenants and provisos set out in this Agreement.

- 2.02 The Service Provider shall engage such persons as may be necessary to supply the services which the Service Provider contracts to supply herein, provided that in the engagement of such persons, the Service Provider complies with the provisions of this Agreement.
- 2.03 The Service Provider acknowledges and agrees that the Corporation is solely responsible for the conduct, management and operation of all Bingo Games in the Bingo Hall, in accordance with paragraph 207(1)(a) of the *Criminal Code (Canada)* and the *Gaming Control Act* (BC) and that the operational services to be provided by the Service Provider under this Agreement are services authorized by paragraph 207(1)(g) of the *Criminal Code (Canada)*. The Service Provider acknowledges and agrees that the Service Provider shall have no authority and shall take no action which is in any manner inconsistent with the *Criminal Code (Canada)*, the *Gaming Control Act* (BC), any successor statute, the Bingo Standards, Policies and Procedures, the Rules and Regulations respecting Bingo Games of the Corporation or the Bingo Game Conditions, or any other rules of play of the Corporation applicable to gaming activities being conducted by the Corporation in the Bingo Hall as such respectively exist or are amended from time to time.

### **ARTICLE III**

### **CORPORATION COVENANTS**

- 3.01 The Corporation covenants and agrees:
- (a) to supply the Bingo Equipment and the Bingo Supplies described in Schedule "A";
  - (b) to maintain the Bingo Equipment specified in Schedule "A";
  - (c) to supply and maintain the Bingo Bank Roll;
  - (d) to prescribe and approve training programs for persons engaged or employed by the Service Provider for the provision of operational services hereunder as is appropriate for such persons to carry out their respective duties;
  - (e) to pay the Service Provider the remuneration set out in Schedule "A" hereto for supplying the operational services required under this Agreement;
  - (f) in the event after the date of this Agreement the Corporation prescribes additional or amended Bingo Standards, Policies and Procedures or Rules and Regulations Respecting Bingo Games of the Corporation, or issues instructions or directives which, in the reasonable opinion of the Corporation, results in a substantial and bona fide increase in the Service Provider's net operating costs, the Corporation will, subject to receiving all required Governmental and

regulatory approval, reimburse the Service Provider for such increase in net operating costs, after an audit of the amount and the bona fide's of such increase in the net operating costs has been conducted, with the cost of such audit being borne equally by the Service Provider and the Corporation.

- (g) to provide the Service Provider with access to the Bingo Hall as may be necessary to supply the operational services contemplated by this Agreement;
- (h) to exercise its responsibility and authority to conduct, manage and operate Bingo Gaming in the Bingo Hall and in that regard respond to the Service Provider's requests for directions, approvals and/or consents when required under the Bingo Standards, Policies and Procedures; and
- (i) to indemnify the Service Provider for all losses incurred by the Service Provider as a result of illegal acts or transactions of the Corporation or persons engaged or employed by the Corporation in the performance of the Corporation's obligations under this Agreement.

#### **ARTICLE IV** **OPERATIONAL SERVICES**

##### 4.01 The Service Provider covenants and agrees:

- (a) to supply operational services and to cause all persons engaged or employed by the Service Provider in the provision of operational services hereunder to do so in accordance with this Agreement, the Rules and Regulations Respecting Bingo Games of the Corporation, the Bingo Game Conditions, the Bingo Standards, Policies and Procedures, and any rules of play of the Corporation applicable to gaming activities being conducted by the Corporation in the Bingo Hall and such other instructions and directives of the Corporation, as amended from time to time;
- (b) except as otherwise permitted in writing by the Corporation, to provide the Corporation with the exclusive use, occupation and possession of the Bingo Hall for the purpose of conducting, managing and operating the Bingo Games;
- (c) to supply the Bingo Equipment and the Bingo Supplies prescribed by the Corporation from time to time other than the Bingo Equipment and the Bingo Supplies referred to in Article 3.01(a) of this Agreement;
- (d) to maintain the Bingo Hall, the Bingo Equipment (but not to repair or otherwise maintain the Bingo Equipment to be maintained by the Corporation as specified in Schedule "A" to this Agreement) and the Bingo Supplies in good condition and repair in accordance with the Bingo Standards, Policies and Procedures or as prescribed by the Corporation from time to time;
- (e) to provide furnishings, fixtures and equipment acceptable to the Corporation for use in association with the operation of the Bingo Hall;

- (f) not to permit any Bingo Equipment or Bingo Supplies to be installed or used in the Bingo Hall other than Bingo Equipment or Bingo Supplies supplied or approved by the Corporation;
- (g) to locate the Bingo Equipment described in Schedule "A" only at the specific locations prescribed by the Corporation;
- (h) to at all times provide for the physical security of the Bingo Equipment, Bingo Supplies and the Bingo Hall as prescribed by the Corporation and to safeguard the proper operation thereof and to immediately notify the Corporation of any loss, damage or malfunction to the Bingo Equipment or the Bingo Hall;
- (i) to indemnify the Corporation for the cost of repairs to the Bingo Hall and for the cost of repairing or replacing lost, stolen, damaged or destroyed Bingo Equipment or Bingo Supplies installed in the Bingo Hall or supplied to the Service Provider by the Corporation;
- (j) to engage or employ only such persons as are trained, competent and otherwise satisfy the standards and qualifications prescribed by the Corporation from time to time to enable the Service Provider to supply operational services under this Agreement and to ensure such persons receive such training as the Corporation may prescribe from time to time;
- (k) to ensure that the Service Provider and all persons engaged or employed by it, to supply operational services under this Agreement, are registered, licensed and approved as required by applicable law;
- (l) to maintain exclusive supervision and control over all persons engaged or employed by the Service Provider to supply operational services under this Agreement and to exercise exclusive responsibility and authority for hiring, training, supervising, directing, compensating, disciplining, terminating and administering such persons and any and all costs related thereto, provided that the Service Provider complies with any and all applicable provisions of this Agreement;
- (m) to be exclusively responsible for and comply with:
  - (i) all obligations as employer of all persons employed by the Service Provider to supply operational services on behalf of the Service Provider under this Agreement including, without limitation, payment of all wages and salaries, deduction and remittance of statutory withholdings for income tax, employment insurance and Canada Pension Plan, and payment of Workers Compensation Board assessments, and
  - (ii) all obligations of the Service Provider under contracts with independent contractors retained by the Service Provider to supply operational services on behalf of the Service Provider under this Agreement including, without

limitation, payment of the service fees to such contractors pursuant to such contracts and GST thereon,

and to indemnify and save the Corporation harmless in respect of all such costs, expenses, charges and liabilities which may be levied or assessed against the Corporation in connection therewith;

- (n) to supply operational services in respect of the Bingo Hall and the Bingo Games only at the times and in the manner prescribed by the Corporation;
- (o) not to relocate or interfere with the proper operation of the Bingo Equipment described in Schedule "A" unless authorized by the Corporation and to permit the Corporation to inspect, test and audit all of the Bingo Equipment and the Bingo Supplies at such times and in such manner as the Corporation may from time to time prescribe;
- (p) to assist the Corporation or any person acting on behalf of the Corporation in the inspection, testing and audit of the Bingo Equipment and the Bingo Supplies or in the conduct of any investigation, security inspection or enforcement activities at such times and in such manner as prescribed by the Corporation from time to time;
- (q) to purchase and maintain such policies of insurance as prescribed by the Corporation and to deliver satisfactory proof of such insurance to the Corporation upon request;
- (r) to comply with and to cause all persons engaged or employed by the Service Provider to comply with all applicable laws in the course of providing operational services to the Corporation hereunder; and
- (s) to submit to the Corporation sales and marketing plans acceptable to the Corporation in such format and at such times as the Corporation may from time to time prescribe and to use reasonable best efforts to execute the plans so submitted to the Corporation.

## **ARTICLE V**

### **FINANCIAL**

#### 5.01 The Service Provider covenants and agrees:

- (a) to deposit the Win into the Bingo Accounts at the times and in the manner prescribed by the Corporation;
- (b) to use the Bingo Bank Roll for the purpose of making change and paying Winnings and for no other purposes whatsoever, unless expressly authorized in writing by the Corporation;

- (c) to adhere to cash management policies and procedures set out in the Bingo Standards, Policies and Procedures, or as otherwise prescribed by the Corporation;
- (d) not to deposit in the Bingo Accounts any funds other than the Win;
- (e) to at all times maintain books of account and records prescribed by the Corporation with respect to all transactions entered into in the performance of this Agreement and to cause such books of account and records to be made available to the Corporation. The Corporation and its authorized representatives shall have the right to examine, remove for inspection or reproduce such books of account and records and otherwise to obtain information with respect to the Bingo Hall, its operation and with respect to the Service Provider, as the Corporation may in its sole discretion determine, provided that in the event the Corporation removes any books of account or records it shall provide the Service Provider with copies of such books of account and records if requested in writing by the Service Provider;
- (f) to make available to the Corporation's auditors such information and material as may be required by such auditors for the purpose of their audit and otherwise co-operate and give such assistance as may be necessary for such auditors to carry out their duties in respect of the Bingo Hall and Bingo Gaming;
- (g) to furnish to the Corporation such daily, weekly, monthly and annual reports certified and in such format prescribed by the Bingo Standards, Policies and Procedures or otherwise prescribed by the Corporation;
- (h) to indemnify the Corporation for all losses incurred by the Corporation as a result of illegal acts or transactions of the Service Provider or any person engaged or employed by the Service Provider or the failure of the Service Provider to comply with this Agreement, the Bingo Standards, Policies and Procedures, the Rules and Regulations Respecting Bingo Games of the Corporation, or any instructions or directives of the Corporation, as amended from time to time;
- (i) to indemnify the Corporation for lost or stolen monies; and
- (j) to provide the Corporation with a letter of credit from a financial institution approved by the Corporation or such additional or other security in such amounts and on such terms as may be acceptable to the Corporation from time to time, acting reasonably, as security for the performance of the Service Provider's obligations hereunder and to deliver the said letter of credit or other security to the Corporation within 6 months of receiving a written request from the Corporation.

## **ARTICLE VI**

### **CONDUCT OF SERVICE PROVIDER**

6.01 The Service Provider covenants and agrees:



- (a) not to promote, display, operate or offer for sale any lottery games or lottery schemes or to operate games of chance or the Bingo Equipment except as prescribed or approved by the Corporation or otherwise engage in any activity that is illegal or is not expressly authorized by the Corporation;
- (b) not to use any advertising or promotional material in or relating to the Bingo Hall or the Bingo Games except such material as is within guidelines prescribed by the Corporation or such material as is supplied by the Corporation;
- (c) to display only such signage as is within guidelines prescribed by the Corporation and to install and display all signage which is supplied by the Corporation from time to time;
- (d) not to install or permit the installation of cash dispensing machines in the Bingo Hall except with the prior written consent of the Corporation and to only install or permit the installation of such cash dispensing machines in the Bingo Hall at such locations as are approved by the Corporation;
- (e) not to charge or permit anyone to charge unreasonable service fees in respect of any cash dispensing machines installed in the Bingo Hall;
- (f) to describe or name the Bingo Hall by the name set out in Schedule "A" or in such manner or by such name as may be approved by the Corporation from time to time;
- (g) to abide by all Player cash and credit policy restrictions prescribed by the Corporation from time to time;
- (h) to exercise all due diligence to prevent and not knowingly permit any person who does not meet the minimum age requirements as required by law or as prescribed by the Corporation from entering or being present in the Bingo Hall or participating in Bingo Games;
- (i) to exercise all due diligence to prevent and not knowingly permit any person who has been barred from the Bingo Hall or barred from participating in Bingo Games by the Corporation from entering or being present in the Bingo Hall or participating in Bingo Games;
- (j) not to engage in any conduct or to permit any person or persons engaged or employed by the Service Provider from engaging in any conduct that in the sole discretion of the Corporation and on written notice to the Service Provider is contrary to the public interest or prejudicial to the integrity or reputation of the Bingo Hall or the Corporation;
- (k) not to have an interest, directly or indirectly, in another business providing operational services to lotteries or lottery schemes conducted and managed by

the Corporation without the prior written approval of the Corporation, such approval not to be unreasonably withheld;

- (l) not to participate in, or to permit any person or persons engaged or employed by the Service Provider to provide operational services in the Bingo Hall, to participate in Bingo Games in the Bingo Hall, except as prescribed by the Corporation from time to time; and
- (m) to abide by all directives of the Corporation relating to responsible gaming including problem gambling policies or programs required by law or prescribed by the Corporation.

## **ARTICLE VII**

### **TERM**

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

## **ARTICLE VIII**

### **SUSPENSION**

- 8.01 The Corporation may suspend the Service Provider's right to provide operational services under this Agreement and any other rights granted to the Service Provider pursuant to this Agreement without notice on the happening of any one of the following events:
- (a) if the Service Provider or any person engaged or employed by the Service Provider is in breach of any of the provisions of this Agreement and, in the reasonable opinion of the Corporation, such breach prejudices the integrity or reputation of the Bingo Hall, Bingo Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or
  - (b) if the Service Provider or any person engaged or employed by the Service Provider is in breach of any of the provisions of this Agreement other than those described in Article 8.01(a), and such breach continues 30 days after written notice of such breach has been given to the Service Provider by the Corporation; or
  - (c) during an investigation by the Corporation of a possible breach of any of the provisions of this Agreement by the Service Provider or any persons engaged or employed by the Service Provider if, in the reasonable opinion of the Corporation, the nature of the possible breach would prejudice the integrity or reputation of the Bingo Hall, Bingo Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or

- (d) if the Service Provider or any officer or director of the Service Provider is charged with a criminal offence which, in the reasonable opinion of the Corporation, prejudices the integrity or reputation of the Bingo Hall, Bingo Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia;

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

- 8.02 If the Corporation suspends the right of the Service Provider to supply operational services pursuant to Article 8.01 the Corporation may elect to supply the operational services or may elect to appoint a third party to supply the operational services in the place of and for the account of the Service Provider during the period of suspension. The Corporation or the third party service provider, as the case may be, will be entitled to receive and retain reasonable fees and expenses for the operational services supplied, such fees and expenses to be paid out of the remuneration that is otherwise payable to the Service Provider under this Agreement. The Service Provider hereby authorizes and directs the Corporation or the third party service provider to supply the operational services to the Corporation, in accordance with the Service Provider's obligations under this Agreement, on its behalf and as its agent, during the period of such suspension, and hereby confirms and ratifies the acts (save and except illegal or unlawful acts) of the Corporation or the third party service provider, as the case may be, provided those acts are in accordance with the Service Provider's obligations under this Agreement. The Service Provider hereby releases and forever discharges the Corporation or any third party appointed to supply operational services from any claim demand or cause of action whatsoever for any act done in good faith in accordance with this Article 8.02 or for any alleged neglect or default in the course of any act done in good faith pursuant to this Article 8.02. Notwithstanding the suspension, the Service Provider will be entitled to receive the remuneration set out in Schedule "A" hereto otherwise payable in respect of the period of the suspension, after deducting and paying therefrom the Corporation's or the third party service provider's reasonable fees and expenses for providing operational services during such period.

## **ARTICLE IX**

### **TERMINATION**

- 9.01 The Corporation may terminate this Agreement without notice upon the happening of any one of the following events:
- (a) if the Service Provider:

- (i) is unable to provide the use, occupation and possession of the Bingo Hall to the Corporation for the purpose of conducting, managing and operating Bingo Games other than by reason of an event or circumstance contemplated by Article 11.01; or
  - (ii) discontinues business operations other than by reason of an event or circumstance contemplated by Article 11.01; or
- (b) if the Service Provider or any officer or director of the Service Provider is convicted of a criminal offence which, in the reasonable opinion of the Corporation, prejudices the integrity or the reputation of the Bingo Hall, Bingo Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; or
- (c) if the Service Provider or any officer or director of the Service Provider has, in the reasonable opinion of the Corporation, made a material misrepresentation on any documentation submitted to the Corporation by or on behalf of the Service Provider; or
- (d) in the event of the bankruptcy or insolvency of the Service Provider, or if a receiver or a liquidator is appointed over some or all of the assets of the Service Provider, or in the event any of the assets of the Service Provider are seized or distrained by reason other than a failure of the Corporation to pay its rent or other costs payable in respect of the Corporation's right to have the use, occupation and possession of the Bingo Hall; or
- (e) in the event the Service Provider or any person engaged or employed by the Service Provider commits any breach of any of the provisions of Article V of this Agreement that, in the reasonable opinion of the Corporation, is material; or
- (f) in the event the Service Provider refuses, fails or neglects to comply with a written directive signed by an officer or director of the Corporation within such reasonable time period prescribed by the Corporation in the said directive; or
- (g) in the event a governmental authority passes any law which, or a court of competent jurisdiction finds that any existing law, renders the performance of this Agreement wholly or partially illegal subject to Article 14.08 of this Agreement; or
- (h) if the Service Provider or any person engaged or employed by the Service Provider for the provision of operational services hereunder is in breach of any covenant contained herein, other than a breach of covenant or event of default referred to in Articles 9.01 (a) to (g) hereof, or is in breach of the Rules and Regulations Respecting Bingo Games of the Corporation, the Bingo Game Conditions, the Bingo Standards, Policies and Procedures, or any other rules of play of the Corporation applicable to gaming activities being conducted by the Corporation in the Bingo Hall or of any instructions or directives of the Corporation, as amended from time to time, and such breach is not cured within 30 days, following notice in writing by the Corporation to the Service Provider to

cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of all due diligence provided that:

- (i) the continued breach is not, in the reasonable opinion of the Corporation, prejudicial to the integrity or reputation of the Bingo Hall, Bingo Gaming or the Corporation's authority to conduct, manage and operate lottery schemes on behalf of the Government of the Province of British Columbia; and
- (ii) the Service Provider is, in the reasonable opinion of the Corporation, exercising all due diligence to cure the breach and continues to exercise all due diligence until the breach has been cured by the Service Provider.

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

- 9.02 In the event the Service Provider is the owner or lessee of the Bingo Hall and the Corporation terminates this Agreement pursuant to this Article IX, the Corporation shall have the option to retain the exclusive use, occupation and possession of the Bingo Hall for a term of 2 months following the date of termination ("**First Option Term**") and a further option to retain the exclusive use, occupation and possession of the Bingo Hall for a further term of 2 years ("**Second Option Term**") provided that written notice of the exercise of the Second Option Term is delivered to the Service Provider prior to the expiry of the First Option Term. In the event the Service Provider is the lessee of the Bingo Hall the Corporation will pay as a use, occupation and possession charge the monthly rent and other lease charges payable by the Service Provider to the Service Provider's landlord during the First Option Term and the Second Option Term, if exercised, provided that in the event the Service Provider and the landlord are associated within the meaning of Article 13.01(a) of this Agreement, the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the landlord and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the *Commercial Arbitration Act* (BC) whose decision will be final. In the event the Service Provider is the owner of the Bingo Hall, the monthly use, occupation and possession charge payable by the Corporation will be as agreed between the Corporation and the Service Provider and failing agreement shall be the fair market rent for the relevant option term as determined by a single arbitrator appointed under the provisions of the *Commercial Arbitration Act* (BC) whose decision will be final. If the Service Provider is the lessee of the Bingo Hall and the Service Provider and the landlord are not associated within the meaning of Article 13.01(a) of this Agreement, the Corporation shall observe and perform all of the obligations of the Service Provider as lessee during the First Option Term and the Second Option Term, if exercised. If the Service Provider is the owner of the Bingo Hall or the lessee of the Bingo Hall where the Service Provider and the landlord are associated within the meaning of Article 13.01(a) of this Agreement, the Corporation shall occupy the Bingo Hall during the First Option Term and the Second Option Term, if exercised, on the

normal terms of a triple net carefree lease to the landlord, shall be obligated to pay all operating costs, insurance and taxes associated with the Bingo Hall, and shall otherwise be obligated to observe and perform the normal terms and conditions of a triple net tenancy.

9.03 The Service Provider shall:

- (i) if the Bingo Hall is an existing and operating bingo hall at the date of execution of this Agreement, use its reasonable best efforts to deliver to the Corporation the written agreement of the Service Provider's landlord granting the Corporation the right to retain the exclusive use, occupation and possession of the Bingo Hall for the First Option Term and the Second Option Term, on the terms and conditions set out in Article 9.02, within 60 days of receiving the Corporation's written request for the said written agreement; and
- (ii) if the Bingo Hall is not an existing and operating bingo hall at the date of execution of this Agreement, deliver to the Corporation the written agreement of the Service Provider's landlord granting the Corporation the right to retain the exclusive use, occupation and possession of the Bingo Hall for the First Option Term and the Second Option Term, on the terms and conditions set out in Article 9.02, within 60 days of receiving the Corporation's written request for the said written agreement.

9.04 Termination of this Agreement does not relieve either party from any of its obligations outstanding under this Agreement up to the date of termination.

9.05 The Service Provider acknowledges that upon termination of this Agreement, the Corporation shall, if it is not the owner or lessee of the Bingo Hall, have immediate access to remove all of the Bingo Equipment and the Bingo Supplies owned or supplied by the Corporation, should it choose to do so. If the Corporation chooses to remove the Bingo Equipment and the Bingo Supplies, it shall effect such removal promptly.

9.06 The Service Provider may terminate this Agreement if the Corporation is in breach of this Agreement and such breach is not cured within 30 days following notice in writing by the Service Provider to the Corporation to cure the same or within such longer period of time as shall be reasonably required to cure the breach with the exercise of all due diligence.

## **ARTICLE X**

### **NOTICES**

10.01 Any notice permitted or required to be given by the Corporation to the Service Provider may be given by delivering and leaving the same in an envelope addressed to the Service Provider at the Bingo Hall or by posting the same by prepaid registered mail addressed to the Service Provider at the address appearing in this Agreement. Any notice permitted or required to be given by the Service Provider to the Corporation may be given by delivering and leaving the same in an envelope addressed to the Corporation to the attention of the President at the address appearing in this Agreement

and in an envelope addressed to the Corporation to the attention of the Vice President responsible for Casino and Community Gaming at 2940 Virtual Way, Vancouver, BC V5M 0A6 or by posting the same by prepaid registered mail addressed to the Corporation to the attention of the President, at the address appearing in this Agreement and addressed to the Corporation, to the attention of the Vice President responsible for Casino and Community Gaming at 2940 Virtual Way, Vancouver, BC V5M 0A6. Any notice delivered and left at the Bingo Hall or at the address of the Corporation appearing in this Agreement and at Casino and Community Gaming at 2940 Virtual Way, Vancouver, BC V5M 0A6 shall be deemed to have been received at the time of so delivering and leaving the notice. Except during periods of a postal strike or of a general interruption of postal services, any notice given by prepaid registered mail shall be deemed to have been received on the second business day following posting of the same.

## **ARTICLE XI** **FORCE MAJEURE**

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

## **ARTICLE XII** **INDEMNITY**

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

**ARTICLE XIII**  
**TRANSFER, SALE AND ASSIGNMENT**

13.01 For the purpose of this Article XIII:

- (a) a person is an “associate” of another person if:
  - (i) one is a corporation of which the other is an officer or director;
  - (ii) one is a corporation that is controlled by the other or by a group of persons of which the other is a member;
  - (iii) one is a partnership of which the other is a partner;
  - (iv) one is a trust of which the other is a trustee or a beneficiary or an associate of either;
  - (v) one is a relative, including a spouse, of the other or a relative of the other spouse, if the relative has the same home as the other;
  - (vi) both are corporations controlled by the same person;
  - (vii) both are members of a voting trust that relates to voting shares of the Service Provider; or
  - (viii) both, in the reasonable opinion of the Corporation, are parties to an agreement or arrangement the purpose of which is to require them to act in concert with respect to their interests, direct or indirect, in the Service Provider, or they are otherwise acting in concert with respect to those interests;
- (b) “control” means control in any manner that results in control in fact, whether directly through the ownership of securities or indirectly through a trust, an agreement or arrangement, the ownership of any body corporate or otherwise, and, without limiting the generality of the foregoing:
  - (i) a body corporate is controlled by a person if:
    - (A) securities of the body corporate to which are attached more than fifty (50%) per cent of the votes that may be cast to elect directors of the body corporate are held by or for the benefit of that person, and the votes attached to those securities are sufficient, if exercised, to elect the majority of the directors of the body corporate; or
    - (B) the body corporate is a publicly traded company and securities of the body corporate to which are attached more than twenty (20%) per cent of the votes that may be cast to elect directors of the body corporate are held by or for the benefit of that person unless that



person notifies and satisfies the Corporation that the person does not in fact control the body corporate; and

- (ii) a partnership or unincorporated organization is controlled by a person with an ownership interest therein representing more than fifty (50%) per cent of the assets of the partnership or organization or is held, by or for the benefit of that person;
- (c) "corporation" includes a body corporate, partnership and unincorporated organization;
- (d) "person" includes an individual, corporation, government, government agency, trustee, executor, administrator and other legal representative; and
- (e) "voting share" means a share carrying voting rights under all circumstances or under some circumstances that have occurred and are continuing, and includes a security currently convertible into such a share and currently exercisable options and rights to acquire such a share or such a convertible security.

13.02 No transfer, sale or assignment or other disposition of this Agreement, or the rights hereunder, whether contingent, absolute or otherwise by the Service Provider is valid without the prior written consent of the Corporation, which consent may be withheld for any reason. Any transfer, sale or assignment or other disposition of this Agreement or of the rights hereunder whether contingent absolute or otherwise by the Service Provider without the prior written consent of the Corporation shall render this Agreement null and void at the option of the Corporation, without any further obligations whatsoever on the part of the Corporation.

13.03 If the Service Provider is a corporation, the Service Provider shall as soon as practicable and in any event within one hundred and twenty (120) days of the date of this Agreement amend its Articles or Bylaws so as to adopt the Share Constraint set forth in Article 13.05, as well as such ancillary provisions required to enable the Service Provider to enforce the Share Constraint set forth in Article 13.05, as follows:

- (a) the Service Provider shall not issue or register the transfer of voting shares of the Service Provider if to the actual knowledge of the Service Provider such issue or transfer will contravene the Share Constraint;
- (b) the Service Provider shall, upon acquiring actual knowledge of any contravention by a shareholder of the Share Constraint, suspend all voting and dividend rights attached to any shares in the Service Provider then held by such shareholder (to the extent permitted by Law) until such contravention is remedied; and
- (c) if any shareholder who is in contravention of the Share Constraint fails to remedy the same within thirty (30) days following receipt of written demand therefore from the Service Provider, the Service Provider shall forthwith take all reasonable steps available at law to force such shareholder to sell or purchase shares in the Service Provider as required in order to remedy such contravention.

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

13.05 For the purposes of Article 13.03, "Share Constraint" means the following restrictions:

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

if such disposition or acquisition would result in a change of control of the Service Provider, unless the person obtains the prior written consent of the Corporation to the said disposition or acquisition, said consent to be in the sole and absolute discretion of the Corporation;
- (c) for the purposes hereof, each person who is a member of a group of persons all of whom are associated with each other shall each be deemed to beneficially own all voting shares of the Service Provider which are collectively held, beneficially owned or controlled, either directly or indirectly, by the members of such group.

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

13.07 The Service Provider may, subject to first obtaining the written approval of the Corporation, said approval not to be unreasonably withheld, grant a security interest in the Service Provider's interest in this Agreement to a Chartered Bank or other lender approved by the Corporation (hereinafter called the "Secured Party") provided that said approval will in no manner whatsoever:

- (a) prevent the Corporation from exercising its rights and remedies under this Agreement as against the Service Provider in the event the Service Provider breaches this Agreement; or

- (b) authorize or permit the Secured Party to supply the operational services to be supplied by the Service Provider under this Agreement to the Corporation in the place of the Service Provider other than with the express written consent of the Corporation and on such terms and conditions as may be prescribed by the Corporation.

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

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

13.09 In the event the Corporation has approved the grant of a security interest over the Service Provider's interest in this Agreement pursuant to Article 13.07 the Corporation will, notwithstanding the Corporation's termination of this Agreement by reason of the Service Provider's breach of this Agreement, permit the assignment of the Service Provider's interest in this Agreement or enter into a new agreement as contemplated in Article 13.08, provided that such assignment or new agreement is fully completed within 90 days of the date of termination of this Agreement by the Corporation and further provided that subject to the foregoing nothing herein shall prevent the Corporation from otherwise exercising its rights and remedies under this Agreement.

- 13.10 During the said 90 day period, the Corporation will not unreasonably withhold its consent to the appointment, for that 90 day period only, by the Secured Party, of a receiver appointed by the Secured Party, or by the Corporation with the consent of the Secured Party, of:
- (a) a service provider, operating a bingo hall under an existing agreement with the Corporation, acceptable to the Corporation acting reasonably, to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement; or
  - (b) another person (which person may include the Corporation), acceptable to the Corporation acting reasonably, to supply the operational services as contemplated by this Agreement in accordance with the terms of this Agreement.
- 13.11 Without limiting the generality of the foregoing, if, immediately before the time of any assignment of, or any termination leading to a replacement of, this Agreement as contemplated in Articles 13.08 and 13.09 of this Agreement, the Service Provider shall be entitled to receive compensation for facilities development and improvement capital expenditures incurred by the Service Provider in respect of the development or improvement of the Bingo Hall, including new equipment, pursuant to and in accordance with a facility development/improvement plan previously approved in writing by the Corporation as described in paragraph 7(b) of Schedule "A" to this Agreement, for which the Service Provider has not, at that time, been fully paid pursuant to paragraph 7(b) of Schedule "A" to this Agreement, any Third Party Replacement for such Service Provider under Article 13.08 or Article 13.09 shall stand in the same position as the Service Provider with respect to such entitlement, and shall have the same right to be paid such compensation pursuant to paragraph 7(b) of Schedule "A" to this Agreement, as the Service Provider had immediately prior to such assignment or termination of this Agreement.

#### **ARTICLE XIV**

#### **MISCELLANEOUS**

- 14.01 The Service Provider acknowledges and agrees that the Bingo Equipment and the Bingo Supplies supplied by the Corporation are the sole property of the Corporation and that the Service Provider has no proprietary rights to or interest in such Bingo Equipment or Bingo Supplies nor any trademark or other intellectual property, license, lease or other agreement affecting such Bingo Equipment or Bingo Supplies. The Service Provider, if it is the owner or lessee of the Bingo Hall, hereby grants to the Corporation the exclusive use, occupation and possession of the Bingo Hall for the installation, operation, maintenance and removal of such Bingo Equipment and Bingo Supplies and for all purposes ancillary thereto upon the terms and conditions of this Agreement.
- 14.02 The Service Provider acknowledges and agrees that all information pertaining to or generated by the conduct, management and operation of the Bingo Games in the Bingo Hall including without limitation, Player Information shall be the sole and absolute property of the Corporation and shall be disclosed to the Corporation as and when

prescribed by the Corporation, in its sole discretion. The Service Provider shall subject to applicable privacy laws, have a free right in perpetuity to use the information properly disclosed by the Corporation for the purposes of its business, including performance of its obligations under this Agreement, provided that the right of the Service Provider to use Player Information shall terminate on the termination of this Agreement, and further provided that the Service Provider is subject to applicable privacy laws entitled to use the Player Information in connection with the supply of operational services to any other bingo hall under an operational services agreement with the Corporation.

- 14.03 Unless otherwise agreed by the parties, in the event of any inconsistency between any records generated by the Service Provider or those generated by the Computer System, the final record shall, in each case be determined by the information and records generated by the Computer System and the Service Provider shall be bound thereby and shall account to the Corporation on the basis of information generated by the Computer System.
- 14.04 The Service Provider acknowledges and agrees that the Win and the Bingo Bank Roll are the sole and absolute property of the Corporation and that the Service Provider receives, holds and deals with the same as trustee for the Corporation.
- 14.05 The Service Provider and the Corporation acknowledge and agree that the Service Provider is not an employee, agent or representative, joint venturer, or partner of the Corporation, and the Service Provider shall not represent or hold out to be other than an independent contractor pursuant to this Agreement.
- 14.06 The Service Provider acknowledges and agrees that the Corporation shall not be liable to the Service Provider for any loss or injury resulting from fire or other occurrences resulting from the installation, operation or removal of the Bingo Equipment or failure, malfunctions or interruptions in use or cessation of operation thereof nor reasonable defacement of the Bingo Hall caused by the installation, repair or removal of the Bingo Equipment, unless such loss or injury is the result of the negligence or deliberate act of the Corporation or its representatives.
- 14.07 Information supplied by one party to the other under or pursuant to this Agreement shall be confidential if the information contains commercial, financial, labour relations or technical information which could reasonably be expected to harm significantly the competitive position or interfere significantly with the negotiating position of the party supplying the information and the party receiving the information shall keep it strictly confidential and not disclose the same to any third party without the prior written consent of the party supplying the information, provided that either party is entitled to disclose such information on a confidential basis to a proposed lender, purchaser, assignee, the Minister of Finance, the Minister responsible for the Corporation, other governmental authorities or Ministries as required by statute, regulation or government policy or to any other extent reasonably required to enforce the rights and remedies of either party under this Agreement, further provided that nothing shall prevent the Corporation from disclosing any information which is proprietary to the Corporation under the terms of this Agreement to any party the Corporation may see fit without the prior or any consent of the Service Provider provided that such proprietary information

does not include any specific information pertaining to the Service Provider's costs of providing operational services under this Agreement. Notwithstanding the above, either party shall be entitled to disclose any information supplied by the other party if such party is required to disclose such information by court order or by other compulsion of law.

- 14.08 If any covenant or term hereof or the application thereof to any person, or in any circumstance, to any extent is held invalid or unenforceable, the remainder of this Agreement or the application of the term, covenant or condition to any person or circumstance, other than those as to which it is held invalid or unenforceable, will not be affected thereby and each term, covenant and condition shall be valid and enforceable to the fullest extent permitted by law, except that if on the reasonable construction of this Agreement as a whole, the applicability of the other provisions presumes the validity and enforceability of the particular provision, the other provisions will be deemed also to be invalid or unenforceable.
- 14.09 A waiver by a party hereto of any right, benefit or default under this Agreement on any particular occasion shall not be deemed or construed to be a consent to or a waiver of any such right, benefit or default thereafter or a waiver of any other right, benefit or default, as the case may be. A waiver of any right, benefit or default under this Agreement on any particular occasion shall not be effective against the Corporation unless the waiver is in writing and executed by an authorized signatory of the Corporation.
- 14.10 This Agreement constitutes the entire agreement between the Service Provider and the Corporation and supersedes all prior communications, representations, agreements and understandings, oral or written, between the parties hereto or their respective representatives with respect to the matters herein, including the Bingo Operational Services Agreement dated the 12th day of January, 2003 between the Corporation and the Service Provider which shall be void and of no force and effect, and shall not be modified or amended, except by written agreement signed by the parties hereto.
- 14.11 This Agreement shall be interpreted and the rights of the parties shall be governed by the laws of the Province of British Columbia.
- 14.12 The singular shall include the plural and vice versa where the context so requires.
- 14.13 The parties hereto will execute and deliver all such further documents, do or cause to be done all such further acts and claims and give all such further assurances as may be necessary to give full effect to the provision and intent of this Agreement.
- 14.14 For the contents hereof makes it possible the word "person" appearing in this Agreement includes in its meaning any firm and any body corporate or politic.
- 14.15 The remedies to which any party hereto may resort are cumulative and not exclusive of any other remedies allowed by law or equity to which such party may be entitled, and such party would be entitled to pursue any and all of its remedies concurrently, consecutively and alternatively.

14.16 The recitals to this Agreement form part hereof and this Agreement is to be construed accordingly.

14.17 This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument.

14.18 Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.

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

Witness:

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