

HORSE RACING ONTARIO
MEMBERSHIP AGREEMENT

THIS AGREEMENT is made and entered into as of the 7th day of May, 2018 (the "Effective Date").

B E T W E E N:

HORSE RACING ONTARIO,
a not-for-profit corporation incorporated and
organized under the laws of Canada
(the "**Corporation**")

- and -

**EACH OF THE OPERATORS OF LIVE HORSE
RACING TRACKS LOCATED IN THE PROVINCE
OF ONTARIO LISTED IN PART A OF
SCHEDULE 1, AS RACETRACK MEMBERS**

- and -

**EACH OF THE ONTARIO HORSE RACING
INDUSTRY ASSOCIATIONS LISTED IN PART B
OF SCHEDULE 1, AS INDUSTRY ASSOCIATION
MEMBERS**

RECITALS

1. Capitalized terms have the respective meanings specified in Section 1.1.
2. The parties wish to work together to create an organization of Ontario horse racing industry representatives, including racetrack operators and industry associations, to provide strong, effective and efficient industry leadership with respect to issues affecting the entire Ontario horse racing industry (the "**Industry**"), including Industry administration and governance (collectively, the "**Purpose**"), commencing on the Effective Date.
3. The Corporation was incorporated on or about April 30, 2018 to facilitate the fulfillment by the Industry of the Purpose, and the constating documents of the Corporation provide for, among other things, the admission of members to the Racetrack Members' membership class and the Industry Association Members' membership class.
4. The Corporation was incorporated with the name "Horse Racing Ontario" but intends to carry on its operations as "Ontario Racing".
5. OLG has agreed to provide certain financial support for the funding of purses for live horse racing in Ontario and certain related costs and expenses pursuant to a Funding

Agreement for Live Horse Racing (the "**Funding Agreement**") that will be entered into among OLG, the Corporation, ORM and WEG.

6. The Corporation and ORM will enter into a Management Agreement (the "**Management Agreement**") whereby ORM will perform all material management and operating services for and on behalf of the Corporation, including with respect to the Corporation's obligations hereunder and under the Funding Agreement.
7. Each of the parties (other than the Corporation) wishes to become a Racetrack Member of the Corporation or an Industry Association Member of the Corporation, in each case as indicated in Schedule 1, and the Corporation is prepared to admit such Members, upon and subject to the terms and conditions specified in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the admission of Members into the Racetrack Member or the Industry Association Member class of membership of the Corporation as indicated in Schedule 1, the above premises, the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of all of which are hereby acknowledged), the parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions**

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings specified below and grammatical variations thereof shall have corresponding meanings:

"**Act**" means the *Canada Not-for-profit Corporations Act*;

"**AGCO**" means the Alcohol and Gaming Commission of Ontario, or any successor administrative body or bodies established by the Government in respect of the regulation of the Industry;

"**Agreement**" means this Membership Agreement, including the Schedules and Exhibits attached hereto;

"**Annual Payment**" has the meaning specified in the Funding Agreement;

"**Applicable Law**" has the meaning specified in the Funding Agreement;

"**Approved Annual Business Plan**" has the meaning specified in the Funding Agreement;

"**Assumption Agreement**" means an agreement, in such form as the Board prescribes from time to time, pursuant to which a Person agrees to be bound by this Agreement as a Racetrack Member or an Industry Association Member in accordance with the provisions of this Agreement following the Effective Date;

“**Board**” means the board of directors of the Corporation;

“**Books and Records**” has the meaning specified in Section 5.4(a);

“**Business Day**” means a day other than a Saturday, Sunday or statutory or civic holiday observed in Toronto, Ontario;

“**By-Law No. 1**” means By-Law No. 1 of the Corporation;

“**Claim**” means any claim, demand, liability, damage, loss, suit, dispute, civil or criminal litigation, action or cause of action, arbitration, or legal, administrative or other proceeding or governmental investigation, including appeals and applications for review, and all costs and expenses relating thereto;

“**Claimant**” has the meaning specified in Section 8.3;

“**Commissions**” has the meaning specified in Schedule 3;

“**Consolidated Net Revenue**” has the meaning specified in Schedule 3;

“**Corporation**” has the meaning specified in the list of parties to this Agreement;

“**Corporation Indemnitee**” has the meaning specified in Section 8.2;

“**Cost Allocation Services**” means the various duties and services specified in Schedule 2, as the same may be amended from time to time in accordance with this Agreement;

“**CPMA**” has the meaning specified in the Funding Agreement;

“**Deductions**” has the meaning specified in Schedule 3;

“**Director**” means a director of the Corporation;

“**Dispute**” has the meaning specified in Section 9.1;

“**Disputing Parties**” has the meaning specified in Section 9.1;

“**Eligible Capital Cost**” has the meaning specified in the Funding Agreement;

“**Eligible Cost**” has the meaning specified in the Funding Agreement;

“**Funding Agreement**” has the meaning specified in the recitals to this Agreement;

“**Funding Agreement Term**” means the “**Term**” of the Funding Agreement, as defined in the Funding Agreement;

“**Funding Year**” has the meaning specified in the Funding Agreement and is also the fiscal year of the Corporation, being the 12-month period that commences on April 1 and ends on March 31;

“Government” means the government of Her Majesty the Queen in right of the province of Ontario, including any of its Ministries or agencies from time to time;

“Governmental Authorities” has the meaning specified in the Funding Agreement;

“Governmental Consents” has the meaning specified in the Funding Agreement;

“Grassroots Standardbred Racetrack Members” means, collectively, Clinton, Hanover and Dresden (each as defined in Schedule 1), in each case for so long as such party remains a Racetrack Member, and any other similar racetrack operator (including the Non-Member Racetracks) that becomes a Racetrack Member following the Effective Date which the Board designates as one of the Grassroots Standardbred Racetrack Members;

“Guest Facilities” means those facilities in Ontario that are from time to time either owned or operated by a Racetrack Member, and in the case of account wagering (**“ADW”**), means the systems to accommodate this form of pari-mutuel wagering by customers located in Ontario;

“Indemnifier” has the meaning specified in Section 8.3;

“Independent Director” has the meaning specified in Section 3.1(f);

“Industry” has the meaning specified in the recitals to this Agreement;

“Industry Association Members” means those Persons that are listed in Part B of Schedule 1, and any other Person that applies for and is admitted to the Industry Association Members’ class of membership of the Corporation from time to time and becomes a party to this Agreement by entering into an Assumption Agreement, in each case for so long as such Persons are members in good standing of the Industry Association Members’ class of membership in accordance with this Agreement;

“Industry Nominee Directors” has the meaning specified in Section 3.1(e);

“Joint Materials” has the meaning specified in Section 7.3(b);

“Management Agreement” has the meaning specified in the recitals to this Agreement;

“Marks” has the meaning specified in Section 7.2(a);

“Materials” means data and information, reports, budgets, interpretations, records, technology and trade secrets, copyrighted works, strategies, methods of operation and files of a party, in each case whether in verbal, visual, written, electronic or other form;

“Member Indemnitee” has the meaning specified in Section 8.1;

“Members” means the Racetrack Members and the Industry Association Members;

“Net Revenue Allocation” has the meaning specified in Schedule 3;

“Nominating Group” means, as applicable, the Premier Standardbred Racetrack Members, the Signature Standardbred Racetrack Members, the Grassroots

Standardbred Racetrack Members, the Premier Thoroughbred Racetrack Members, the Signature Thoroughbred Racetrack Members, the Quarterhorse Breeder and Horseperson Group, the Standardbred Breeder Group, the Standardbred Horseperson Group, the Thoroughbred Breeder Group, the Thoroughbred Horseperson Group or the Representative Director Group;

“**Non-Member Racetracks**” has the meaning specified in the Funding Agreement;

“**Notice**” has the meaning specified in Section 10.6;

“**OLG**” means Ontario Lottery and Gaming Corporation;

“**OR Racetrack Member**” has the meaning specified in the Funding Agreement;

“**ORM**” means Ontario Racing Management Inc., a wholly owned subsidiary of WEG;

“**Pari-Mutuel Wagering Revenue Sharing Arrangements**” means the arrangements between the Corporation and the Racetrack Members relating to the sharing of Consolidated Net Revenue in accordance with Schedule 3;

“**parties**” means the parties to this Agreement from time to time, and “**party**” means any one of them;

“**Person**” is intended to have a broad meaning and includes any individual, corporation, partnership, trustee or trust or unincorporated association and pronouns have a similar extended meaning;

“**Premier Standardbred Racetrack Members**” means WEG, for so long as WEG remains a Racetrack Member, and any other similar racetrack operator that becomes a Racetrack Member following the Effective Date which the Board designates as one of the Premier Standardbred Racetrack Members;

“**Premier Thoroughbred Racetrack Members**” means WEG, for so long as WEG remains a Racetrack Member, and any other similar racetrack operator that becomes a Racetrack Member following the Effective Date which the Board designates as one of the Premier Thoroughbred Racetrack Members;

“**Proposed Annual Business Plan**” has the meaning specified in the Funding Agreement;

“**Purpose**” has the meaning specified in the recitals to this Agreement;

“**Quarterhorse Breeder and Horseperson Group**” means (i) as of the Effective Date, collectively, the Industry Association Members representing Quarterhorse breeders and horsepeople as identified in Schedule 1, in each case for so long as such Person remains an Industry Association Member, and (ii) following the Effective Date, such new Industry Association Members representing Quarterhorse breeders and horsepeople as the Board designates from time to time;

“**Racetrack Member Obligations**” has the meaning specified in Section 4.2(a);

“Racetrack Member Property” has the meaning specified in Section 7.1(a);

“Racetrack Members” means those Persons that are listed in Part A of Schedule 1, and any other Person that applies for and is admitted to the Racetrack Members’ class of membership of the Corporation from time to time and becomes a party to this Agreement by entering into an Assumption Agreement, in each case for so long as such Persons are members in good standing of the Racetrack Members’ class of membership in accordance with this Agreement and By-Law No. 1;

“Racetrack Nominee Directors” has the meaning specified in Section 3.1(d);

“Representative Director Group” means, collectively, the incumbent Directors at the relevant time who are Racetrack Nominee Directors and Industry Nominee Directors;

“Signature Standardbred Racetrack Members” means, collectively, Flamboro, Western Fair, Grand River, Georgian and Rideau Carleton (each as defined in Schedule 1), in each case for so long as such party remains a Racetrack Member, and any other similar racetrack operator that becomes a Racetrack Member following the Effective Date which the Board designates as one of the Signature Standardbred Racetrack Members;

“Signature Thoroughbred Racetrack Members” means Fort Erie (each as defined in Schedule 1), for so long as Fort Erie remains a Racetrack Member, and any other similar racetrack operator that becomes a Racetrack Member following the Effective Date which the Board designates as one of the Signature Thoroughbred Racetrack Members;

“Standard of Care” has the meaning specified in the Funding Agreement;

“Standardbred Breeder Group” means (i) as of the Effective Date, collectively, the Industry Association Members representing standardbred breeders as identified in Schedule 1, in each case for so long as such party remains an Industry Association Member, and (ii) following the Effective Date, such new Industry Association Members representing standardbred breeders as the Board designates from time to time;

“Standardbred Horseperson Group” means (i) as of the Effective Date, collectively, the Industry Association Members representing standardbred horsepeople as identified in Schedule 1, in each case for so long as such Person remains an Industry Association Member, and (ii) following the Effective Date, such new Industry Association Members representing standardbred horsepeople as the Board designates from time to time;

“Statement of Purpose” has the meaning specified in Section 2.3(a)(i);

“Thoroughbred Breeder Group” means (i) as of the Effective Date, collectively, the Industry Association Members representing thoroughbred breeders as identified in Schedule 1, in each case for so long as such party remains an Industry Association Member, and (ii) following the Effective Date, such new Industry Association Members representing thoroughbred breeders as the Board designates from time to time;

“Thoroughbred Horseperson Group” means (i) as of the Effective date, collectively, the Industry Association Members representing thoroughbred horsepeople as identified in Schedule 1, in each case for so long as such party remains an Industry Association

Member, and (ii) following the Effective Date, such new Industry Association Members representing thoroughbred horsepeople as the Board designates from time to time;

“TPA” has the meaning specified in Section 1.5; and

“WEG” means Woodbine Entertainment Group;

1.2 Rules of Interpretation

In this Agreement the following rules shall apply to the interpretation thereof:

(a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the words “include”, “includes” and “including” and other similar words and expressions shall in all cases be deemed to be followed by the words “without limitation”; (c) any reference to a statute shall mean the statute in force as at the Effective Date, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided; (d) references to any document, instrument or agreement, including this Agreement, (i) will include all exhibits, schedules and other attachments thereto, (ii) will include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) will mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, restated, amended and restated, modified or supplemented from time to time (to the extent permitted hereunder) and in effect at the given time; (e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; (f) unless otherwise specifically noted herein, all dollar amounts are expressed in Canadian currency; (g) the division of this Agreement into separate Articles, Sections, Schedules and Exhibits and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement; (h) references in this Agreement to “Articles”, “Sections”, “Schedules” and “Exhibits” refer, respectively, to Articles and Sections of, and Schedules and Exhibits to, this Agreement; (i) “hereunder”, “herein”, “hereto” and “hereof”, when used in this Agreement, refer to this Agreement and not to a particular Section or clause of this Agreement; and (j) except as otherwise specifically defined or provided for in this Agreement, words or abbreviations which have well known or trade meanings are used in accordance with their recognized meanings.

1.3 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles or “GAAP”, such reference shall be deemed to be to the generally accepted accounting principles from time to time established and approved by Chartered Professional Accountants of Canada (“CPA Canada”), or any successor entity, and recommended in the CPA Canada Handbook applicable as at the date on which such principles are to be applied and applied on a consistent basis.

1.4 Schedules and Exhibits

(a) The following Schedules are attached to, incorporated into and form a part of this Agreement:

Schedule 1 - List of Members as of the Effective Date

- Schedule 2 - Cost Allocation Services
- Schedule 3 - Pari-Mutuel Wagering Revenue Sharing Arrangements

(b) The following Exhibits are attached to this Agreement for reference purposes but are not incorporated into this Agreement except to the extent expressly contemplated herein:

- Exhibit A - Statement of the Purpose of the Corporation
- Exhibit B - By-Law No. 1 of the Corporation
- Exhibit C - Funding Agreement

1.5 Transition

On the Effective Date, each Racetrack Member is a party to a transfer payment agreement (each, a "TPA") between such Racetrack Member and Her Majesty the Queen in right of Ontario (as represented by the Minister of Finance, as represented by OLG), as assignee of The Ontario Racing Commission, and pursuant to such TPA receives certain payments from OLG as set out thereunder. The Corporation and the Racetrack Members acknowledge and agree that each TPA will be terminated by no later than March 31, 2019, as contemplated by the Funding Agreement.

ARTICLE 2 **PRINCIPAL TERMS**

2.1 Purposes of Agreement

The purposes of this Agreement are to establish the terms and conditions under which (i) each of the Members will be a member of and participate in the business of the Corporation, including the distribution of the Annual Payment to or for the benefit of the Racetrack Members in accordance with the Funding Agreement, and (ii) the Corporation will provide administration, governance and decision-making on behalf of the Industry in respect of, among other things, live horse racing in Ontario and pari-mutuel wagering thereon, and Industry-wide development programs.

2.2 Membership in Corporation

(a) The Corporation and each Member acknowledges that such Member wishes to become a Racetrack Member or an Industry Association Member, in each case as indicated in Schedule 1, and the Corporation is prepared to admit such Member into the Racetrack Member class of membership of the Corporation or the Industry Association Member class of membership of the Corporation, as applicable.

(b) Upon execution and delivery of this Agreement by the Corporation and any Member, such Member shall be and shall be deemed to be a Racetrack Member or an Industry Association Member, as indicated in Schedule 1.

(c) In accordance with By-Law No. 1, following the Effective Date, no Person shall become a member of the Corporation unless and until such Person has agreed to be bound by

this Agreement as a Racetrack Member or an Industry Association Member, as applicable, by executing and delivering an Assumption Agreement, and Schedule 1 shall thereafter be deemed to be amended accordingly. Each of the Members acknowledges the Corporation's obligations in Section 6.1(l) of the Funding Agreement pursuant to which the Corporation agrees that if, at any time prior to April 1, 2019, any of the Non-Member Racetracks applies to become a Racetrack Member, subject to such Non-Member Racetrack satisfying the conditions to membership as specified in By-Law No. 1 and this Agreement, the Corporation shall not deny the admission of such Non-Member Racetrack as a member without the prior written approval of OLG. In addition, if, at any time prior to April 1, 2019, The Ontario Harness Horse Association ("OHHA") or Canadian Thoroughbred Horse Society ("CTHS") applies to become an Industry Association Member, subject to OHHA or CTHS, as applicable, satisfying the conditions to membership as specified in By-Law No. 1 and this Agreement, the Corporation shall not deny the admission of either of them as a member without the prior written approval of OLG, and once admitted, OHHA will be part of the Standardbred Horseperson Group and CTHS will be part of the Thoroughbred Breeder Group for purposes of this Agreement. Each of the parties covenants and agrees to execute and deliver, or cause to be executed and delivered, all such instruments and other documents, and to exercise or cause to be exercised any and all voting rights attaching to its membership interest from time to time and to do or cause to be done all such other acts and things within its power in order that the Corporation may fully and effectively carried out its obligations in Section 6.1(l) of the Funding Agreement and this Section 2.2(c).

2.3 Governing Principles and Conditions of Membership

(a) Each Member acknowledges and agrees as follows:

- (i) the Member has received a copy of, and has reviewed and understands, the 'statement of the purpose' of the Corporation, as specified in the Articles of Incorporation of the Corporation, a copy of which is attached hereto as Exhibit A (the "**Statement of Purpose**"). The Member shall govern itself and its activities in a manner that is consistent with the Statement of Purpose;
- (ii) the Member has received a copy of, and has reviewed and understands, By-Law No. 1 of the Corporation, a copy of which is attached hereto as Exhibit B, and the governance of the Corporation shall be effected in accordance with this Agreement, By-Law No. 1 and as otherwise required by and in compliance with the Act; and
- (iii) the Member has received a copy of, and reviewed and understands, the Funding Agreement, a copy of which is attached hereto as Exhibit C and during the Funding Agreement Term, each Racetrack Member shall comply with each of the obligations of an OR Racetrack Member as set forth in the Funding Agreement, and no Member shall take any action or omit to take any action that will result in the Corporation failing to comply with its obligations under the Funding Agreement.

(b) Each of the parties covenants and agrees to execute and deliver, or cause to be executed and delivered, all such instruments and other documents, and to exercise or cause to be exercised any and all voting rights attaching to its membership interest from time to time and to do or cause to be done all such other acts and things within its power in order that all provisions of this Agreement shall be fully and effectively carried out in accordance with the

terms hereof, including consenting to, approving or otherwise giving effect to all such changes to the articles, by-laws, resolutions and other documents governing the Corporation as may be necessary or desirable for such purpose. Without limiting the generality of the foregoing, the parties agree that, in the case of any conflict between the provisions of this Agreement and the articles of the Corporation or By-law No. 1, it is their intention that the provisions of this Agreement shall govern and, to the extent required, all of the parties shall cooperate and do such acts and things and execute such documents and instruments as may reasonably be required in order to amend the articles or By-law No. 1 to remove any such conflict. Notwithstanding the foregoing or any other provision of this Agreement, the parties do not intend for this Agreement to be a unanimous member agreement as defined in and for purposes of the Act, and nothing in this Agreement shall be construed to restrict, in whole or in part, the powers of the Directors to manage, or supervise the management of, the activities and affairs of the Corporation or to otherwise fetter the discretion of any Director or to require the Directors to act in a particular manner.

2.4 Rights and Obligations

Except as specifically contemplated and provided for in this Agreement, nothing in this Agreement shall be deemed to constitute any party as the partner, agent or legal representative of any other party, or to create any fiduciary relationship between them, for any purpose whatsoever. Except as specifically contemplated and provided for in this Agreement, no party shall have any authority to act for or to assume any obligation or responsibility on behalf of any other party.

2.5 Business of the Member

Except as specifically contemplated and provided for in this Agreement (including Section 2.3(a)(i)), nothing in this Agreement shall be deemed to restrict in any way the freedom of a Member to conduct as it sees fit any of its other businesses or activities whatsoever.

2.6 Term and Termination of Membership

(a) The term of a Member's membership in the Corporation, and the renewal and termination thereof, shall be governed by By-Law No. 1 of the Corporation. For certainty, Member acknowledges that it is a condition of membership in the Corporation that it shall at all times comply with its obligations in, and otherwise be in good standing under, this Agreement, as determined by the Board.

(b) In the event that a Member's membership in the Corporation is terminated (including in circumstances in which the Member resigns as a member), such termination shall not relieve or release such Member from any liabilities or obligations, or deprive a Member of any rights, that have accrued to it prior to the date of such termination, other than those liabilities, obligations or rights that may be discharged or exercised only if such Member were still a member of the Corporation.

2.7 Cessation of Operations

In the event that the Board determines to cease some or all of the operations of the Corporation, the Corporation undertakes to use reasonable commercial efforts to assist each Racetrack Member to obtain the necessary licences and regulatory approvals necessary

to allow the Racetrack Member to offer live racing and pari-mutuel wagering at its racetrack and in the relevant home market area.

ARTICLE 3
GOVERNANCE OF THE CORPORATION

3.1 Board of Directors

(a) As of the Effective Date, the Board shall initially consist of 10 Directors, each of whom shall be an individual qualified to act as a Director under the Act.

(b) The Members agree that the initial Directors as of the Effective Date shall be as follows, in each case to hold office for the term indicated next to such Director's name, and each of the Members covenants and agrees to exercise all voting rights attaching to its membership interest and to execute all resolutions and other documents as may be required in order to elect such individuals as Directors as of the Effective Date:

<u>Nominating Group</u>	<u>Name of Director</u>	<u>Term</u>
Premier Standardbred Racetrack Members	Jessica Buckley	1 year
Signature Standardbred Racetrack Members	Hugh Mitchell	1 year
Grassroots Standardbred Racetrack Members	Ian Flemming	1 year
Premier Thoroughbred Racetrack Members	James Lawson	1 year
Signature Thoroughbred Racetrack Members	James Thibert	1 year
Quarterhorse Breeder and Horseperson Group	Bob Broadstock	1 year
Standardbred Breeder Group	Walter Parkinson	1 year
Standardbred Horseperson Group	Bill O'Donnell	1 year
Thoroughbred Breeder Group	Peter Berringer	1 year
Thoroughbred Horseperson Group	Sue Leslie	1 year

(c) Promptly following the Effective Date, the Corporation shall request that the Representative Director Group nominate an Independent Director in accordance with Section 3.1(f), following which the Board shall consist of 11 Directors. Each of the Members covenants and agrees to exercise all voting rights attaching to its membership interest and to execute all resolutions and other documents as may be required in order to elect such nominee as a Director. It is the intention of the Members that the first Independent Director will be nominated and elected by no later than December 31, 2018. The Representative Director Group shall specify the term for which such first Independent Director will hold office, subject to the limitations in By-Law No. 1.

(d) Subject to Section 3.1(b), the Racetrack Members shall have the right to nominate five Directors (collectively, the "**Racetrack Nominee Directors**"), as follows:

- (i) the Premier Standardbred Racetrack Members shall have the right to nominate one Director, and in the event that there are no Premier Standardbred Racetrack Members, then the Signature Standardbred Racetrack Members and the Grassroots Standardbred Racetrack Members shall nominate the Director;
- (ii) the Signature Standardbred Racetrack Members shall have the right to nominate one Director, and in the event that there are no Signature Standardbred Racetrack Members, then the Premier Standardbred Racetrack Members and the Grassroots Standardbred Racetrack Members shall nominate the Director;
- (iii) the Grassroots Standardbred Racetrack Members shall have the right to nominate one Director, and in the event that there are no Grassroots Standardbred Racetrack Members, then the Premier Standardbred Racetrack Members and the Signature Standardbred Racetrack Members shall nominate the Director;
- (iv) the Premier Thoroughbred Racetrack Members shall have the right to nominate one Director, and in the event that there are no Premier Thoroughbred Racetrack Members, then the Signature Thoroughbred Racetrack Members shall nominate the Director; and
- (v) the Signature Thoroughbred Racetrack Members shall have the right to nominate one Director, and in the event that there are no Signature Thoroughbred Racetrack Members, then the Premier Thoroughbred Racetrack Members shall nominate the Director,

and each of the Members covenants and agrees to exercise all voting rights attaching to its membership interest and to execute all resolutions and other documents as may be required in order to elect such nominees as Directors of the Corporation.

(e) Subject to Section 3.1(b), the Industry Association Members shall have the right to nominate five Directors (collectively, the "**Industry Nominee Directors**"), as follows:

- (i) the Quarterhorse Breeder and Horseperson Group shall have the right to nominate one Director;
- (ii) the Standardbred Breeder Group shall have the right to nominate one Director;
- (iii) the Standardbred Horseperson Group shall have the right to nominate one Director;
- (iv) the Thoroughbred Breeder Group shall have the right to nominate one Director; and
- (v) the Thoroughbred Horseperson Group shall have the right to nominate one Director,

and each of the Members covenants and agrees to exercise all voting rights attaching to its membership interest and to execute all resolutions and other documents as may be required in order to elect such nominees as Directors of the Corporation. In the event that, at any time or from time to time, there cease to be any Industry Association Members which are included in any of the foregoing Nominating Groups, the other Industry Association Members, collectively, shall have the right to nominate the Director in the stead of such Nominating Group.

(f) Subject to Section 3.1(c), the Corporation shall request that the Representative Director Group, acting collectively, nominate one Director (the “**Independent Director**”), provided, however that the Independent Director shall (i) be an individual who is not in a relationship that could reasonably be expected to interfere with the exercise of independent judgement in relation to the business and affairs of the Corporation, and (ii) shall not be a shareholder, partner, member, director, officer or employee of any Member or of the Corporation or any affiliate of the Corporation. The Independent Director shall serve as the chairperson of the Board.

(g) The parties acknowledge that pursuant to By-Law No. 1, each Director will hold office for a term not to exceed three years. Each Nominating Group shall specify the term for which its nominee Director will hold office; provided, however, that in the absence of any such designation, such term will be deemed to be 2 years. It is the Members’ intention that each Nominating Group shall be entitled at any time and from time to time to remove and replace its nominee Director. If a Nominating Group wishes to remove and replace its nominee Director prior to the end of such Director’s term of office, or if a Director ceases for any reason to be a Director, the Nominating Group that nominated such Director shall as soon as practicable notify the Corporation and the other Members of its new nominee Director, and each Member shall exercise all voting rights attaching to its membership interest, execute all such other resolutions or other documents and do such other acts and things as the Corporation or such Nominating Group, acting reasonably, may request for the purpose of removing such Director from the Board (if applicable) and electing such replacement Director to the Board.

(h) Each Nominating Group shall comply with any policies, processes and timelines that the Corporation establishes relating to the selection of its nominee Director (including any processes to be followed in the event that the Members of a Nominating Group are unable to identify a nominee Director); provided, however, that such policies and processes shall at all times include or be deemed to include the following:

- (i) in the event that the Nominating Group (other than the Representative Director Group) will select its nominee Director at a meeting of the Members comprising such Nominating Group:
 - (A) if such Nominating Group is comprised of only two Members, then both of such Members shall be present at such meeting; and
 - (B) if such Nominating Group is comprised of three or more Members, then at least 50% of such Members shall be present at such meeting;
- (ii) in the event that the Nominating Group (other than the Representative Director Group) will select its nominee Director without a meeting, then all of the Members comprising such Nominating Group shall agree to such nominee Director in writing;

- (iii) in the event that the Nominating Group (other than the Representative Director Group) is not able to successfully identify a nominee Director:
 - (A) if such Nominating Group is comprised of only two Members, then each such Member shall be entitled to propose one nominee; and
 - (B) if such Nominating Group is comprised of three or more Members, then such Members shall collectively be entitled to propose up to three nominees,

and in such circumstances, the Corporation shall request that the incumbent Directors at the relevant time, other than the incumbent Director who was previously the nominee of such Nominating Group, identify which of the proposed nominees will be put forward to the other Members as the nominee Director for such Nominating Group, and if necessary, the Chair of the Board will have tie-breaking vote for purposes of making such determination;

- (iv) in the event that the Representative Director Group will select its nominee Director at a meeting, then the Corporation shall require that at least 50% of the Racetrack Nominee Directors and 50% of the Industry Nominee Directors be present at such meeting; and
- (v) in the event that the Representative Director Group will select its nominee Director without a meeting, then the Corporation shall require that all of the Racetrack Nominee Directors and the Industry Nominee Directors agree to such nominee Director in writing.

(i) Each Nominating Group shall provide written evidence of the selection of its nominee Director in the form prescribed by the Corporation from time to time.

(j) The Corporation shall develop a code of conduct for members of the Board and, following the approval thereof by the Board, the Corporation shall implement such code of conduct. The Corporation shall not amend such code of conduct without the prior approval by the Board.

ARTICLE 4

ROLES AND RESPONSIBILITIES

4.1 Roles and Responsibilities of the Corporation

(a) In addition to any other obligations, covenant and agreements specified elsewhere in this Agreement, the role and responsibility of the Corporation is to, and the Corporation shall, fulfill and comply with all of the obligations and responsibilities of the Corporation under the Funding Agreement, including and without in any way limiting the foregoing:

- (i) receiving from OLG and distributing to all Racetrack Members the Annual Payment, as provided in Article 2 and Article 3 of the Funding Agreement;

- (ii) preparing each Proposed Annual Business Plan, as provided in Article 5 of the Funding Agreement, submitting each Proposed Annual Business Plan to the Board for approval, and implementing and monitoring the Approved Annual Business Plan; and
- (iii) preparing audited financial statements of the Corporation for delivery to OLG, as provided in Article 7 of the Funding Agreement.

(b) Further and without in any way limiting the foregoing, in furtherance of the Corporation's Statement of Purpose and its obligations under the Funding Agreement, the Corporation shall:

- (i) provide administration and funding management with respect to the Quarterhorse, Standardbred and Thoroughbred HIP programs;
- (ii) manage a central race office, including managing bank accounts, purse payments and staking programs, with a mandate of ensuring the highest standard possible in quality and competitive racing, for both overnights and stake racing at each Racetrack Member's racetrack;
- (iii) establish live race schedules and post times for all Racetrack Members' racetracks, with a mandate of maximizing pari-mutuel wagering for all Racetrack Members;
- (iv) brand and promote wagering of Ontario live races through all wagering channels, including seeking opportunities to increase joint venture revenue;
- (v) establish co-op or group purchasing of common services, where applicable and available; subject to each Racetrack Member's right to decline to participate in such co-op or group purchasing if such Racetrack Member wishes to continue its existing group purchasing arrangements in respect of one or more services;
- (vi) establish, administer and enforce common racetrack rules and regulations, where and to the extent it is reasonably practical to do so;
- (vii) consult and cooperate with the AGCO on the establishment and enforcement of the applicable Rules of Racing (or equivalent rules and regulations);
- (viii) administer and manage all equine welfare programs;
- (ix) market and promote the Industry as a vital part of Ontario's agricultural, sports, entertainment and gaming sectors, including marketing and promotion of horse ownership;
- (x) develop, promote and work with regulators to generate new revenue for the Industry via new and/or enhanced pari-mutuel wagering products or other revenue streams;

- (xi) report to and liaise with OLG with respect to Industry funding matters;
- (xii) monitor and report to all Members and to OLG regarding all pre-determined benchmarks and Government funding accountability standards for all Racetrack Members; and
- (xiii) perform its obligations, covenants and agreements under this Agreement and under the Funding Agreement in compliance with the Standard of Care, and with the goal and intent of promoting and effecting the Statement of Purpose.

(c) Each Member acknowledges and agrees that, in connection with the performance of any of the obligations, covenants or agreements of the Corporation under this Agreement, the Corporation shall be entitled to engage the assistance of such subcontractors and service providers as the Board determines are necessary or appropriate for that purpose, and that, in that regard, the Corporation will enter into the Management Agreement pursuant to which ORM will perform all material management and operating services for and on behalf of the Corporation, including with respect to the Corporation's obligations, covenants or agreements hereunder and under the Funding Agreement. Notwithstanding the Corporation's use of any such subcontractor or other service provider, the Corporation shall retain overall responsibility for fulfilling its obligations, covenants and agreements under this Agreement and the Funding Agreement.

4.2 Roles and Responsibilities of Racetrack Members

(a) In addition to any other obligations, covenant and agreements specified elsewhere in this Agreement, the role and responsibility of each Racetrack Member is to, and each Racetrack Member shall, fulfill and comply with all of the obligations, covenants, agreements and responsibilities of an OR Racetrack Member specified in the Funding Agreement (collectively, the "**Racetrack Member Obligations**") during the Funding Agreement Term. Without in any way limiting the foregoing, wherever the Funding Agreement provides that the Corporation shall cause or require the OR Racetrack Member to do something or to refrain from doing something, or to otherwise comply with a requirement of the Funding Agreement, the Racetrack Member shall do or not do such thing or shall otherwise comply with such requirement, all in the manner required by the Funding Agreement and, where applicable, as reasonably directed by the Corporation. For certainty, to the extent that any provision of the Funding Agreement includes an obligation, covenant or agreement that is expressed to be an obligation, covenant or agreement of a Racetrack Member (as an OR Racetrack Member), including the Racetrack Member Obligations, the Racetrack Member shall comply with such obligation, covenant or agreement as if it were a party to the Funding Agreement and shall fully cooperate with the Corporation in ensuring such Racetrack Member's compliance therewith.

(b) Further and without in any way limiting the foregoing, each Racetrack Member shall at all times:

- (i) during the Funding Agreement Term, implement the Approved Annual Business Plan, and not take any steps or actions contrary to the Approved Annual Business Plan, in the operation of its own racetrack and the conduct by it of pari-mutuel wagering on live horse races;

- (ii) implement and comply with all guidelines, policies, directions and standards established by the Corporation from time to time in connection with the fulfillment of the Statement of Purpose, the implementation of the Approved Annual Business Plan, and the performance of the Funding Agreement by the Corporation and by the Racetrack Member with respect to the Racetrack Member Obligations;
- (iii) comply at all times with Applicable Law, including all requirements of the CPMA;
- (iv) remain in good standing with all Governmental Authorities having jurisdiction or authority over or in respect of it, and obtain and maintain in good standing all Governmental Consents that are necessary in connection with the performance of any of its obligations under this Agreement, the Funding Agreement or the operation of its racetrack;
- (v) during the Funding Agreement Term, ensure that any portion of the Annual Payment that is provided to the Racetrack Member is used and expended in accordance with this Agreement and the Funding Agreement, and if the Corporation or OLG determines, acting reasonably, that any funds comprising an Annual Payment have not been used or expended by Member to satisfy an Eligible Cost or an Eligible Capital Cost or in accordance with the relevant Approved Annual Business Plan, repay such funds to the Corporation (for repayment to OLG) or to OLG, as directed by the Corporation, promptly following receipt of written notice from the Corporation;
- (vi) during the Funding Agreement Term, conduct its live races on their scheduled racing dates and run the race dates with the purse allocations specified in the Approved Annual Business Plan for the relevant Funding Year;
- (vii) allow all other Racetrack Members to wager on, and display (if applicable), the Racetrack Member's live races at such other Racetrack Members' Guest Facilities without compensation, except for the compensation specifically described in Section 4.6;
- (viii) accept, or allow the Corporation to accept, at the Racetrack Member's Guest Facilities pari-mutuel wagers and transfer the related wagering information and Commissions as provided in Section 4.6;
- (ix) during the Funding Agreement Term, within 140 days after the end of each fiscal year of the Racetrack Member, deliver to the Corporation (for delivery to OLG) audited financial statements of the Racetrack Member, as required by the Funding Agreement;
- (x) during the Funding Agreement Term, cooperate with and provide such assistance, and cause its directors, officers and employees to do so, to the Corporation and to OLG, and any authorized representatives designated by either of them, as they reasonably require in order to exercise or carry out the rights of OLG in Article 8 of the Funding

Agreement, including supplying to the Corporation (for delivery to OLG) such information in respect of the operation of the Racetrack Member's racetrack as is requested by either the Corporation or OLG; and

- (xi) perform its obligations, covenants and agreements under this Agreement and under the Funding Agreement (with respect to the Racetrack Member Obligations) in compliance with the Standard of Care, and with the goal and intent of promoting and effecting the Statement of Purpose.

4.3 Roles and Responsibilities of Industry Association Members

In addition to any other obligations, covenant and agreements specified elsewhere in this Agreement, each Industry Association Member shall at all times:

- (a) act in a manner that is in the best interests of the Industry and which is consistent with the Statement of Purpose;
- (b) implement and comply with all guidelines, policies, directions and standards established by the Corporation from time to time in connection with the fulfillment of the Statement of Purpose, the implementation of the Approved Annual Business Plan and the performance of the Funding Agreement by the Corporation and by the Racetrack Members with respect to the Racetrack Members' Obligations;
- (c) during the Funding Agreement Term, cooperate with and provide such assistance, and cause its directors, officers and employees to do so, to the Corporation and to OLG, and any authorized representatives designated by either of them, as they reasonably require in order to exercise or carry out the rights of OLG in Article 8 of the Funding Agreement; and
- (d) perform its obligations, covenants and agreements under this Agreement in compliance with the Standard of Care, and with the goal and intent of promoting and effecting the Statement of Purpose.

4.4 Additional WEG Covenant – Race Dates and Purse Allocations

WEG shall ensure that, during each Funding Year of the Funding Agreement Term, each of the Racetrack Members shall run the race dates with the purse allocations specified in the Approved Annual Business Plan for such Funding Year and, to the extent necessary in connection therewith, WEG shall contribute to the Corporation, at WEG's own cost and expense (without any obligation of the Corporation or any other party to repay such amount), that amount of money as may be required by the Corporation to ensure that such purse allocations are available to the relevant Racetrack Members promptly following a request therefor from the Corporation, if and to the extent that such amounts are not available from the Corporation.

4.5 Roles and Responsibilities re Cost Allocation Services

- (a) Subject to compliance by a Racetrack Member with its obligations, covenants and agreements under this Agreement, the Corporation shall provide the Cost Allocation Services to and on behalf of such Racetrack Member during the Funding Agreement Term.

(b) The list of Cost Allocation Services in Schedule 2 will be reviewed by the Board on an annual basis and may be amended by the Corporation following the approval of such amendments by the Board, which approval shall include the affirmative vote or approval of at least 75% of the Racetrack Nominee Directors.

4.6 Roles and Responsibilities re Pari-Mutuel Wagering Revenue Sharing

(a) During the Funding Agreement Term, the Corporation shall determine the Consolidated Net Revenue in accordance with Schedule 3 and, subject to compliance by a Racetrack Member with its obligations, covenants and agreements under this Agreement, each Racetrack Member shall be entitled to receive from the Corporation, and the Corporation shall pay to the relevant Racetrack Member, such Racetrack Member's Net Revenue Allocation, being a share of the Consolidated Net Revenue for each Funding Year calculated in accordance with the provisions of Schedule 3.

(b) During the Funding Agreement Term, each Racetrack Member and the Corporation shall fulfill and comply with their respective additional obligations, covenants and agreements set out in Schedule 3.

ARTICLE 5 FINANCIAL AND REPORTING OBLIGATIONS

5.1 Payments by Parties

The Corporation shall pay to each Racetrack Member all amounts due and owing to such Racetrack Member pursuant to this Agreement, including in respect of Cost Allocation Services and the Pari-Mutuel Wagering Revenue Sharing Arrangements, as provided in Sections 4.5 and 4.6. Each Racetrack Member shall pay to the Corporation all amounts due and owing to the Corporation from such Racetrack Member pursuant to this Agreement, including in respect of the Pari-Mutuel Wagering Revenue Sharing Arrangements, as provided in Section 4.6.

5.2 Right to Set-Off

Each Member hereby authorizes the Corporation, without demand for payment, and without any formality, all of which are hereby waived, at any time and from time to time, to set off, appropriate and apply any and all amounts owing by Member under this Agreement from time to time, irrespective of whether or not the Corporation has made any demand under this Agreement against any and all amounts at any time held by the Corporation on behalf of such Member and any and all amounts to be remitted to such Member by the Corporation hereunder.

5.3 Costs and Expenses

(a) Except as otherwise expressly provided for in this Agreement, each party shall be responsible for all costs and expenses incurred by it in fulfilling or complying with its own obligations under this Agreement, including its costs of planning, establishing, participating in, assisting, operating and monitoring the activities of the Corporation.

(b) For certainty, during the Funding Agreement Term, except as specifically set out in the Cost Allocation Services, each Racetrack Member shall be solely responsible for all costs of conducting its live races and, except for the Deductions, for all costs associated with

accepting the pari-mutuel wagering accepted at its Guest Facilities and transferring the Commissions derived from pari-mutuel wagering to the Corporation.

5.4 Books and Records

(a) Each party shall keep and maintain complete and accurate records and books of account in which shall be entered the particulars of all matters in respect of the business and operations of the party's activities related to this Agreement, and as are appropriate or customary to be entered into records and books of account maintained by Persons engaged in any similar business (the "**Books and Records**"). The Books and Records shall be prepared in accordance with generally accepted accounting principles, consistently applied. The Books and Records shall at all times be maintained, (i) in the case of the Corporation, at the principal office of the Corporation, (ii) in the case of a Racetrack Member, to the greatest extent possible, at an office located on the premises of a racetrack operated by such Racetrack Member, or (iii) in the case of an Industry Association Member, at the principal office of such Industry Association Member in Ontario.

(b) Without limiting the foregoing, the Books and Records shall include, as applicable, all relevant financial information in respect of (1) the conduct of pari-mutuel betting carried on pursuant to this Agreement, including gross wagering handle, Commissions and Deductions, and (2) all payments made or received by the party pursuant to the Funding Agreement or from the payment or distribution of funds received by the Corporation pursuant to the Funding Agreement.

5.5 Information

(a) The Corporation shall make available to the Members its annual financial statements in accordance with the Act and By-Law No. 1.

(b) The Corporation shall make available to the Members the Approved Annual Business Plan for each Funding Year by no later than the commencement of the Funding Year to which such Approved Annual Business Plan applies.

(c) In addition to any other information requirements under the Act and By-Law No. 1, the Corporation shall make available or furnish to the Members and to the Government from time to time, in a form approved by the Board or required by the Government, such information in respect of the business and operations of the Corporation and the parties' activities undertaken pursuant to this Agreement, as the Board shall reasonably require or as required by the Government from time to time.

(d) Each Member shall furnish to the Corporation such information with respect to such Member's activities related to this Agreement as may be reasonably required by the Corporation from time to time solely for purposes of the Corporation (1) ensuring compliance by such Member with its obligations under this Agreement, and (2) fulfilling the Corporation's obligations under this Agreement and the Funding Agreement, including the preparation and delivery of reports and other information required by the Government.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties of Parties

Each of the parties hereby represents and warrants to and for the benefit of the other parties as follows, and each Member acknowledges that the Corporation is relying on such representations and warranties in connection with the admission of the Member as a member of the Corporation:

- (a) it has the full right, power and authority to enter into and carry out its obligations under this Agreement, and every other agreement or document to be entered into by it as contemplated or provided for in this Agreement;
- (b) it is duly authorized by all necessary and appropriate corporate or other action to execute and deliver this Agreement and each such other agreement or document;
- (c) it has no prior commitments, arrangements or agreements with any other Person which might interfere with, or preclude the carrying out of its obligations under this Agreement, or any other agreement or document to be entered into by it as contemplated or provided for in this Agreement;
- (d) in the case of Member, it currently holds or will obtain, and will continue to hold at all times during the period when it is a Member, all Governmental Consents and other licences, consents and approvals necessary or required to enable it to carry out its obligations under this Agreement, and any other agreement or document to be entered into by it as contemplated or provided for in this Agreement; and
- (e) the Member satisfies all of the conditions for being a member of the Corporation as specified in By-Law No. 1.

6.2 Survival of Representations and Warranties

The representations and warranties in Section 6.1 are conditions on which the parties have relied in entering into this Agreement and are continuing representations and warranties that will survive for so long as the Member is a member of the Corporation. The inaccuracy of a representation or warranty by a Member at any time may, in the Board's discretion, result in such Member ceasing to be a Member in good standing under this Agreement.

ARTICLE 7
OWNERSHIP AND USE OF IP

7.1 Ownership and Use of Races and Related Materials

- (a) The Corporation acknowledges and agrees that, as between the Corporation and any Racetrack Member, all right, title and interest (including copyright or otherwise) in and to (1) such Racetrack Member's live races, and their presentation or exploitation in or through any media, and (2) any film, tape, video tape, microwave or satellite transmission or other material in

respect of such Racetrack Member's live races (collectively, the "**Racetrack Member Property**") shall be and remain the sole and exclusive property of such Racetrack Member.

(b) Each Racetrack Member hereby grants to the Corporation (and the Corporation shall be entitled to grant to the Corporation's subcontractors and other service providers, including ORM) a fully paid-up, royalty free, irrevocable, non-cancellable, non-terminable, exclusive right to use, in any manner the Corporation considers necessary or appropriate, the Racetrack Member Property in connection with or in furtherance of the performance or fulfillment of the obligations, covenants or agreements of the Corporation under this Agreement and the Funding Agreement.

7.2 Ownership and Use of Marks

(a) None of the parties shall be permitted to use any trademarks, logos or other identifying names or marks (collectively, "**Marks**") of any other party, without the express prior consent of the owning party. Each party acknowledges and agrees that the relevant party is the exclusive owner of the relevant party's own Marks and shall not take any action that will adversely affect the validity of any of such Marks or, directly or indirectly, attempt to dilute or depreciate the value of the goodwill attached thereto.

(b) If requested by the Corporation, a Member shall enter into such agreements and make such applications as may be necessary to permit the Corporation, ORM or another Member to be a permitted user of such Member's Marks, solely in connection with or in furtherance of the performance or fulfillment of the obligations, covenants or agreements of the Corporation or such other Member under this Agreement or the Funding Agreement.

7.3 Ownership and Use of Materials

(a) Members shall not develop or use any name, mark, logo or design for use in connection with the provision of the business or operations of the Corporation or the parties' business arrangements under this Agreement.

(b) Each party acknowledges and agrees that there may be instances in which: (i) certain parties have jointly contributed to the development of certain Materials, or (ii) certain Materials are developed by or on behalf of the Corporation, and in respect of which a Member may desire to use such Materials. The parties agree that any such Materials (the "**Joint Materials**") shall be owned by the Corporation, and that, provided that Member is a member of the Corporation in good standing, including being in full compliance with its obligations under this Agreement, any Member shall have an unrestricted right to use the Joint Materials without any obligation to account to the Corporation or to any other Member in respect of such use. For certainty, Joint Materials shall not include any Materials but for this provision owned by any party and incorporated therein. To the extent any Materials of a Member are incorporated into the Joint Materials, such Member hereby grants to the Corporation (and the Corporation shall be entitled to grant to the Corporation's subcontractors and other service providers, including ORM) a non-exclusive, perpetual, royalty-free, unlimited right to use such Materials solely as part of the Joint Materials, provided that any proprietary confidential information is protected.

ARTICLE 8 **INDEMNIFICATION**

8.1 Indemnification of Members

The Corporation covenants and agrees to indemnify and hold harmless each Member and such Member's directors, officers, employees and agents (each, a "**Member Indemnatee**") from and against any and all third party Claims that are incurred or suffered by a Member Indemnatee resulting from or arising out of:

- (i) any inaccuracy or misrepresentation of any representation or warranty of the Corporation in this Agreement;
- (ii) any failure of the Corporation to perform or comply with any of its obligations, covenants or agreements under this Agreement;
- (iii) any bad faith or wanton or wilful misconduct, negligence or fraudulent act in connection with the performance by the Corporation (or any of its directors, officers, staff, subcontractors or anyone for whom it is legally responsible) of any of its obligations, covenants or agreements in this Agreement; or
- (iv) any death or bodily injury, sickness, disease or injury of any kind, of any Person or any damage, loss or destruction of any real, personal or intangible property to the extent caused by any negligence or wilful misconduct of the Corporation (or any of its directors, officers, staff, subcontractors or anyone for whom it is legally responsible).

Each Member shall hold the benefit of the foregoing indemnities in trust for the other Member Indemnitees.

8.2 Indemnification of Corporation

Each Member, on a several basis (and not jointly and severally with the other Members), covenants and agrees to indemnify and hold harmless the Corporation and ORM, and their respective directors, officers, employees and agents (each, a "**Corporation Indemnatee**") from and against any and all third party Claims that are incurred or suffered by a Corporation Indemnatee resulting from or arising out of:

- (i) any inaccuracy or misrepresentation of any representation or warranty of such Member in this Agreement;
- (ii) any failure of such Member to perform or comply with any of its obligations, covenants or agreements under this Agreement;
- (iii) any bad faith or wanton or wilful misconduct, negligence or fraudulent act in connection with the performance by such Member (or any of its directors, officers, staff, subcontractors or anyone for whom it is legally responsible) of any of its obligations, covenants or agreements in this Agreement; or

- (iv) any death or bodily injury, sickness, disease or injury of any kind, of any Person or any damage, loss or destruction of any real, personal or intangible property to the extent caused by any negligence or wilful misconduct of Member (or any of its directors, officers, staff, subcontractors or anyone for whom it is legally responsible).

The Corporation shall hold the benefit of the foregoing indemnities in trust for the other Corporation Indemnitees.

8.3 Notice of Claim and Process

In the event that a party (the “**Claimant**”) receives notice of a Claim in respect of which it intends to seek indemnification from another party (the “**Indemnifier**”) pursuant to Section 8.1 or 8.2, as the case may be, it shall promptly notify the Indemnifier of such fact and permit the Indemnifier, at the Indemnifier’s option and expense, to conduct the defence (including any settlement discussions) with counsel acceptable to the Claimant, provided that no settlement shall be effective without the approval of the Claimant. The Claimant shall cooperate in any such defence.

8.4 Limitations of Liability

(a) For certainty, in no event shall the Corporation be liable, responsible or accountable in damages or otherwise to any Member for any action taken or failure to act within the scope of the authority conferred on the Corporation by this Agreement, unless such action or omission was performed or omitted fraudulently or in bad faith or constitutes wanton and wilful misconduct or negligence or is in breach of the terms and conditions of this Agreement.

(b) Notwithstanding any other provision of this Agreement, the liability of each party to any other party pursuant to Section 8.1 or 8.2 shall be limited to the direct damages sustained by such other party as a result of the Claim.

(c) In no event will any party be liable to any other party pursuant to or in connection with this Agreement for any indirect or consequential losses (including loss of profits or business interruption losses), or for any aggregated or non-compensatory damages (including punitive or exemplary damages), whether by statute, in tort or contract.

(d) The provisions of this Section 8.4 will apply irrespective of the nature of the cause of action, demand or claim, including breach of contract (including fundamental breach), negligence, tort or any other legal theory, and will survive a fundamental breach and /or failure of essential purpose of this Agreement.

ARTICLE 9 DISPUTE RESOLUTION

9.1 Resolution Procedure

If any question, difference or dispute arises between the parties (or any of them) in respect of any matter arising under this Agreement or in relation to the construction of this Agreement (each, a “**Dispute**”), the parties to the Dispute (the “**Disputing Parties**”) shall use their reasonable commercial efforts to settle such Dispute.

9.2 Mediation Procedure

If the Disputing Parties are not able to reach a settlement within a period of thirty (30) days following notice by one Disputing Party to the other of the Dispute, then, upon a further notice by any one of the Disputing Parties delivered to the other, the Dispute shall be referred to mediation. A single mediator shall be appointed by agreement of the Disputing Parties. If a mediator is not appointed within a period of thirty (30) days or such Disputing Parties are not able to reach a settlement within a period of thirty (30) days of notice being given for the referral of the matter to mediation, any one of the Disputing Parties may give notice of arbitration as set out in the following section.

9.3 Arbitration Procedure

(a) If the Disputing Parties are not able to reach a settlement pursuant to either of Sections 9.1 or 9.2 then, upon notice by one of the Disputing Parties to the other, the Dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act, 1991* (Ontario).

(b) The arbitration tribunal shall consist of one (1) arbitrator appointed by mutual agreement of the Disputing Parties or, in the event of a failure to so agree, the arbitration tribunal shall consist of three (3) arbitrators, one (1) to be appointed by the Corporation, one (1) to be appointed by the Member(s) and the third to be appointed by such two (2) appointees. If either Disputing Party fails to appoint its designated arbitrator, or if the two (2) appointed arbitrators are unable to agree on the third arbitrator, then in each case, such arbitrator(s) shall be chosen by a judge of the Ontario Court of Justice upon application of either of the parties.

(c) The arbitration tribunal shall be instructed that time is of the essence in proceeding with its determination of any Dispute. Each Disputing Party shall bear its own costs (including any legal costs and costs of experts and consultants retained by such party) related to the arbitration and shall share equally in the costs of the arbitrators and any other third party costs or expenses of the arbitration.

(d) The decision of the arbitrator or arbitrators, as the case may be, shall be given in writing and shall be final and binding upon the Disputing Parties, and not subject to appeal.

(e) Arbitrations hereunder shall be held in Toronto, Ontario unless otherwise agreed by the Disputing Parties.

ARTICLE 10 GENERAL PROVISIONS

10.1 Independent Legal Advice

Each Member confirms the following matters to the other parties and acknowledges that the other parties are relying upon such confirmations in connection with the execution, delivery and performance of this Agreement, including the admission of the Member as a member of the Corporation:

- (a) it has been advised by the Corporation to seek independent legal advice prior to entering into this Agreement or into any other agreement, document, certificate

or undertaking to be delivered hereunder or thereunder or in connection herewith or therewith;

- (b) it has sought such independent legal advice or deliberately decided not to do so;
- (c) it understands its rights and obligations under this Agreement (including, in the case of a Racetrack Member, those rights and obligations set forth in the Funding Agreement that are Racetrack Member Obligations), the Act and By-Law No. 1; and
- (d) it executed this Agreement voluntarily with the intention of being bound hereby.

10.2 Excusable Delay/Force Majeure

In the event that a party is prevented, delayed or interrupted in performing its obligations under this Agreement due to any occurrence beyond its control, such as, but not limited to, acts of God, acts of war, riot, fire, flood or other disaster, strikes, walkout or communication line or power failure, then such prevention, delay or interruption shall not be construed to be a default under this Agreement, and no party shall be liable to any other party for any prevention, delay or interruption in the performance of such obligations resulting from such occurrence or any loss or damage resulting therefrom.

10.3 Assignment

Except as provided in Section 4.1(c), no party shall assign or transfer this Agreement or any part hereof, or any of its respective rights or obligations hereunder, without the prior written consent of the other parties.

10.4 Entire Agreement

This document embodies the entire agreement of the parties and, subject to the Act and By-Law No. 1, there are no additional terms, conditions, representations, inducements or warranties of any kind or nature whatsoever existing among the parties or any of them other than as set forth or incorporated or specifically contemplated herein.

10.5 Amendment

Except as provided in Section 4.5(b), this Agreement may not be modified or amended, except by a written document signed by each of the parties.

10.6 Notice

Any notice, consent, approval, agreement, writing or other communication required or permitted under this Agreement (each, a "Notice") shall be in writing. Any Notice delivered or to be delivered by a party shall be sufficiently given if delivered personally to the party at the addresses set out in Schedule 1, and shall be deemed to be received on the day of delivery provided that if such day is not a Business Day, it shall be deemed to have been received on the next following Business Day.

10.7 Law of Contract

This Agreement shall be construed and enforced in accordance with the laws in force in the Province of Ontario, which laws shall govern the rights of the parties.

10.8 Parties in Interest

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

10.9 Third Parties

Except as specifically set forth or referred to herein, nothing herein is intended or shall be construed to confer upon or give to any Person, other than the parties and their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

10.10 Further Assurances

Each of the parties shall upon the reasonable request of any other party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances and assurances as may be reasonably necessary to give full effect to this Agreement.

10.11 Counterparts and Fax Signatures

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement. The execution of this Agreement by any party and the facsimile transmission of such execution to the other parties, or as they may designate, shall be as binding on all of the parties as if an original signature of the relevant party had been provided.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the Effective Date under the hands of their proper officers duly authorized in that behalf.

HORSE RACING ONTARIO

By: _____

Name:


Title:


Name:

Title:

[Signature pages for Members follow.]

HORSE RACING ONTARIO

By: 
Name: James J. Lawson
Title: PRESIDENT


Name: Katherine Givry
Title: Secretary

CLINTON RACEWAY INC.

By: 
Name: Ian Fleming
Title: Manager


Name:
Title:

DRESDEN AGRICULTURAL SOCIETY

By: Lucille Laprise
Name: Lucille Laprise
Title: DAS President

Dwayne McFadden
Name: DWAYNE MCFADDEN
Title: 1st. VICE

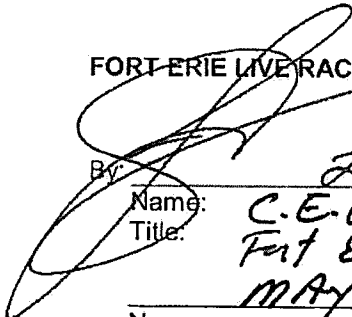
FLAMBORO DOWNS LIMITED

By: 

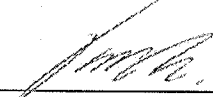
Name: Terrance Doyle
Title:

Name:
Title:

FORT ERIE LIVE RACING CONSORTIUM


By: JAMES A THIBERT
Name: C.E.O. & BOARD SECRETARY
Title: Fort Erie Live Racing Consortium
MAY 1, 2018
~~Name:~~
~~Title:~~


GEORGIAN DOWNS LIMITED

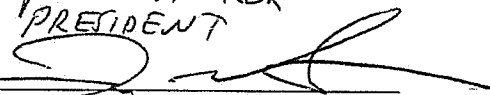
By: 
Name: Terrance Doyle
Title:

Name:
Title:

**GRAND RIVER AGRICULTURAL
SOCIETY**

By: _____


Name: PAUL WALKER
Title: PRESIDENT


Name: JAMES MARTIN
Title: DIRECTOR OF OPERATIONS

HANOVER, BENTINCK AND BRANT
AGRICULTURAL SOCIETY

By: Randy Rier
Name: Randy Rier
Title: President

Rhonda Waechter
Name: Rhonda Waechter
Title: Business Administrator

PICOV DOWNS INC.

By: 

Name: Justin Picov

Title: President

Name:

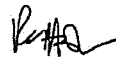
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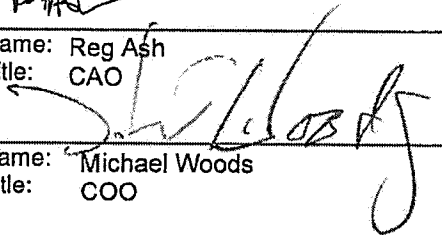
**RIDEAU CARLETON RACEWAY
HOLDINGS LTD.**

By: Richard Gardner
Name: Richard Gardner
Title: Secretary Treasurer

Name:
Title:

THE WFA RACEWAY CORPORATION

By: 
Name: Reg Ash
Title: CAO


Name: Michael Woods
Title: COO

WOODBINE ENTERTAINMENT GROUP

By: William G. Ford

Name: William G. Ford

Title: General Counsel

James J. Lawson

Name: JAMES J. LAWSON

Title: CEO

**QUARTER RACING OWNERS OF
ONTARIO INC.**

By: 

Name: *B. BROADSTOLK*
Title: *PRESIDENT*

Name:
Title:

**STANDARD BRED BREEDERS OF
ONTARIO ASSOCIATION INC.**

By: Walter Parkinson

Name:

Title:

President

Name:

Title:

CENTRAL ONTARIO STANDARD BRED
ASSOCIATION

By: Bill O'Donnell
Name: PRESIDENT, BILL O'DONNELL
Title:
Dave Drew
Name: DAVE DREW
Title: SECRETARY TREASURER

**NATIONAL CAPITAL REGION
HARNESS HORSE ASSOCIATION**

By:



Name: Gordon McDonald P.Eng.
Title: President, NCRHHA

Name:
Title:

THE HORSEMEN'S BENEVOLENT AND
PROTECTIVE ASSOCIATION OF
ONTARIO

By: Sue Leslie - President

Name:

Title:

Name:

Title:

SCHEDULE 1
LIST OF MEMBERS AS OF THE EFFECTIVE DATE

PART A – NAMES AND ADDRESSES OF RACETRACK MEMBERS

Clinton Raceway Inc. ("**Clinton**")
P.O. Box 778
147 Beech Street
Clinton, Ontario N0M 1L0
Attention: Ian Fleming, General Manager
E-mail: ifleming@clintonraceway.com

Dresden Agricultural Society ("**Dresden**")
P.O. Box 790
Dresden, Ontario N0P 1M0
Attention: Lucille Laprise, President
E-mail: ljlaprise@kent.net

Flamboro Downs Limited ("**Flamboro**")
P.O. Box 8200
967 Highway #5 West
Hamilton, Ontario L9H 6Y6
Attention: Bruce Barbour, Executive Director, Racing Operations
E-mail: bbarbour@flamborodowns.com

Fort Erie Live Racing Consortium ("**Fort Erie**")
c/o Fort Erie E.D.T.C.
660 Garrison Rd
Fort Erie, Ontario L2A 6E2
Attention: James A. Thibert, Chief Executive Officer
E-mail: jthibert@forteriecanada.com

Georgian Downs Limited ("**Georgian**")
7485 5th Side Road
Innisfill, Ontario L9S 3S1
Attention: Bruce Barbour, Executive Director, Racing Operations
E-mail: bbarbour@flamborodowns.com

Grand River Agricultural Society ("**Grand River**")
7445 Wellington County Road, 21 RR#2
Elora, Ontario N0B 1S0
Attention: James Martin, Director of Operations
E-mail: jmartin@grandriverraceway.com

Hanover, Bentinck and Brant Agricultural Society ("**Hanover**")
265 5th Street
Hanover, Ontario N4N 3X3
Attention: Rhonda Waechter, Business Administrator
E-mail: rwaechter@wightman.ca

Picov Downs Inc. ("**Ajax**")
50 Alexander's Crossing
Ajax, Ontario L1Z 2E6
Attention: Emilio Trotta, General Manager
E-mail: etrotta@ajaxdowns.com

Rideau Carleton Raceway Holdings Ltd. ("**Rideau Carleton**")
4837 Albion Road
Ottawa, Ontario K1X 1A3
Attention: Peter Andrusek, Racing Manager
E-mail: pandrusek@rcr.net

The WFA Raceway Corporation ("**Western Fair**")
Western Fair District
P.O. Box 7550
318 Rectory Street
London, Ontario N5Y 5P8
Attention: Reg Ash, Chief Administration Officer
E-mail: rash@westernfairdistrict.com

Woodbine Entertainment Group ("**WEG**")
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2
Attention: Bill Ford, General Counsel
E-mail: bford@woodbine.com

PART B – NAMES AND ADDRESSES OF INDUSTRY ASSOCIATION MEMBERS

Quarterhorse Breeder and Horseperson Group

Quarter Racing Owners of Ontario Inc ("**QROOI**")
11 Harwood Avenue South, Suite #202
Ajax, Ontario L1S 2B9
Attention: Bob Broadstock, President
E-mail: bob_broadstock@hotmail.com

Standardbred Breeder Group

Standardbred Breeders of Ontario Association Inc ("**SBOA**")
33618 Roman Line, RR#3
Lucan, Ontario L0M 2J0
Attention: Walter Parkinson, President
E-mail: walter_parkinson@yahoo.ca

Standardbred Horseperson Group

Central Ontario Standardbred Association ("**COSA**")
PO Box 297

36 Main Street North
Campbellville, Ontario L0P 1B0
Attention: Bill O'Donnell, President
E-mail: bill@cosaonline.com

National Capital Region Harness Horse Association ("NCRHHA")
136 - 2446 Bank Street, Suite 651
Ottawa, Ontario K1V 1A8
Attention: Gordon McDonald, P.Eng., President
E-mail: gordon.mcdonald@rogers.com

Thoroughbred Breeder Group

N/A

Thoroughbred Horseperson Group

The Horsemen's Benevolent and Protective Association Of Ontario ("HPBA")
Woodbine Place
135 Queen's Plate Drive, Suite 420
Toronto, Ontario M9W 6V1
Attention: Sue Leslie, President
E-mail: sue.leslie@rogers.com

**SCHEDULE 2
COST ALLOCATION SERVICES**

1. Racing

- (a) Completion and submission of AGCO race date applications, with the assistance of the Racetrack Member where this is required.
- (b) Racing Secretary duties related to scheduling race cards, issuing overnights, accepting entries, drawing post positions, entering the horses into the appropriate racing system, but not verifying program data or capturing race day changes such as scratches or the official result of any race.
- (c) Purse payment processing using funds provided by the Racetrack Member and to the extent required, by ORM.
- (d) TCO² tests

2. On-track Wagering

- (a) Tote System services through the tote supplier required by ORM.
- (b) Contract for all tote interface fees.
- (c) Tote data network required for wagering purposes.
- (d) Decoder rental costs.
- (e) All import and export contracting services.
- (f) Settlement services.
- (g) All CPMA applications required for wagering.
- (h) Thoroughbred Racing Protective Bureau (TRPB) wagering security service costs (Tote Security Initiative).

SCHEDULE 3
PARI-MUTUEL WAGERING REVENUE SHARING ARRANGEMENTS

1. Background

(a) Each Racetrack Member operates its racetrack in Ontario for the conduct of live thoroughbred, quarter-horse or standardbred horse racing.

(b) Each Racetrack Member also operates Guest Facilities to accept pari-mutuel bets from customers.

(c) The Racetrack Members intend for the Corporation to account for and consolidate the Net Revenue earned by each of the Racetrack Members from such pari-mutuel betting at Guest Facilities, as provided in the Agreement and this Schedule 3; provided, however, that to the extent that a betting permit is required for any such activities, a designate acting on behalf of the Corporation (which, as of the Effective Date, shall be WEG) will perform such accounting and consolidation.

(d) The Racetrack Members have agreed to share the Consolidated Net Revenue in the manner and to the extent specified in this Schedule 3.

2. Defined Terms.

For purposes of the Agreement, including this Schedule 3, the following words and phrases shall have the respective meanings specified below and grammatical variations thereof shall have corresponding meanings:

"Breakage" means the net of the rounding of a payout on a winning pari-mutuel wager in accordance with CPMA regulations;

"Commissions" means, for each Racetrack Member for any Funding Year, the aggregate amount of commissions earned from HMA Gross Wagering Handle generated by a Racetrack Member during such Funding Year. For certainty, the commissions earned by a Racetrack Member is equal to the gross takeout as reported by such Racetrack Member's totalizator system, plus all breakage, but does not include the payment of winning wagers or refunds payable by such Racetrack Member, or any Outstanding Ticket Revenue payable by such Racetrack Member;

"Consolidated Net Revenue" means, for each Funding Year, the sum of the Net Revenue of all Racetrack Members during such Funding Year;

"Deductions" means, for each Racetrack Member for any Funding Year, the following costs, expenses and obligations incurred by such Racetrack Member or by the Corporation or ORM for on behalf of, or for the benefit of, such Racetrack Member during such Funding Year:

(a) the following mandatory levies and taxes directly incurred in the normal course of pari-mutuel wagering:

(i) CPMA levy;

- (ii) Ontario tax;
 - (iii) PMTR – Horse Improvement Program levy;
 - (iv) PMTR – AGCO Regulatory Fee; and
 - (v) PMTR – Horseperson’s Share
- (b) host track share of HMA Joint Venture Gross Wagering Handle; and
- (c) the cost of providing cash awards to wagering customers participating in the provincial loyalty program administered by or on behalf of the Corporation;

“HMA Joint Venture Gross Wagering Handle” means the amount of pari-mutuel wagering handle from wagers placed at Racetrack Member tracks, teletheatres or by customers wagering in Ontario using TAB or simulcast or Racetrack Member live terminals;

“Home Market Area” or **“HMA”** means Home Market Area as determined by the AGCO and approved by the CPMA, and for the purposes of this Agreement, the HMA is the Province of Ontario from which a customer places a pari-mutuel bet on races conducted at racetracks located in Ontario or on races conducted at racetracks located outside of Ontario through all available channels (i.e., Live, Simulcast, Teletheatre, TAB/HPI);

“Member’s Ontario Gross Wagering Handle” means, for each Racetrack Member for any Funding Year, the aggregate amount of pari-mutuel wagering handle generated by customers in Ontario betting on live horse racing conducted at such Racetrack Member’s racetrack in Ontario, through any channel (including, for example, Live, Simulcast, Teletheatre and Telephone Account Betting (including HPI), as each such term is defined in the Funding Agreement), during such Funding Year, including pari-mutuel wagering from all Guest Facilities;

“Net Revenue” means, for each Racetrack Member for any Funding Year, the Commissions received by such Racetrack Member during such Funding Year, minus such Racetrack Member’s Deductions for such Funding Year;

“Net Revenue Allocation” means, for each Racetrack Member for any Funding Year, that portion of the Consolidated Net Revenue that accrues and will be paid, as applicable, to such Racetrack Member by the Corporation in respect of such Funding Year, as determined in accordance with Section 3 of this Schedule 3;

“Outstanding Ticket Revenue” means the revenue, as determined in accordance with past practice, from a winning ticket (or voucher) that has not been cashed before the end of the racing day for which it was issued;

“PMTR” also known as “Pari-Mutuel Tax Reduction”, means the forgone government revenue that was made available to the horse racing industry in Ontario following the 1996 amendments to the Racetracks Tax Act (Ontario) which lowered the taxes on a bet placed under the system known as pari-mutuel wagering from 7.4% to 0.5%, and also includes any changes to or replacements of such arrangements;

“**Quarter**” means a calendar quarter during a Funding Year, being a three-month period ending June 30, September 30, December 31 or March 31;

“**Remotes Joint Venture Gross Wagering Handle**” means the amount of pari-mutuel handle wagered at locations outside of the HMA on live races conducted by the Racetrack Members;

“**Top-Up Amount**” means the variances between a Racetrack Member’s Net Revenue Allocation and each Racetrack Member’s payment in Appendix A to this Schedule 3; and

“**Total Ontario Gross Wagering Handle**” means, for each Funding Year, the sum of the Member’s Ontario Gross Wagering Handle of all Racetrack Members during such Funding Year.

3. Net Revenue Allocation

(a) The Corporation shall determine the Net Revenue Allocation for each Racetrack Member in respect of each Funding Year as follows: $(A) / (B) \times C$, where:

(A) = the sum of the Member’s Ontario Gross Wagering Handle plus the Remotes Joint Venture Gross Wagering Handle from betting on live horse racing conducted at such Racetrack Member’s racetrack in Ontario, in each case during such Funding Year

(B) = the sum of the Total Ontario Gross Wagering Handle plus the Remotes Joint Venture Gross Wagering Handle from betting on live horse racing at all Racetrack Members’ racetracks in Ontario, in each case during such Funding Year

(C) = the Consolidated Net Revenue for such Funding Year

(b) The Corporation shall pay to each Racetrack Member its respective Net Revenue Allocation in accordance with this Schedule 3.

(c) The Corporation and the Racetrack Members acknowledge and agree that the Net Revenue Allocation reflects the fact that (i) Racetrack Member share of Remote Joint Venture Gross Wagering Handle earned by a Racetrack Member will be received by WEG from third parties where those Racetrack Members use WEG’s totalizer system, (ii) the Racetrack Members’ track share of each Racetrack Member share of Remote Joint Venture Gross Wagering Handle is exclusively retained for the benefit and use of that Racetrack Member; and (iii) all Racetrack Members, with the exception of WEG, agree to assign 100% of the Racetrack Member share of Remote Joint Venture Gross Wagering Handle to WEG to utilize for funding of the purse deficit of the Racetrack Member to levels consistent with past practice for the Racetrack Member’s level of racing, with any additional incremental money to be utilized for funding of the purse deficit of the collective Racetrack Members.

4. Additional Obligations of Racetrack Members

(a) In connection with the calculation and payment of the Net Revenue Allocation to the Racetrack Members, and the administration thereof by the Corporation, as provided in this Schedule 3, each Racetrack Member covenants and agrees (in respect of itself) to:

- (i) provide to the Corporation all information pertaining to pari-mutuel wagering transactions accepted by such Racetrack Member at its respective Guest Facilities or otherwise, and such Racetrack Member shall electronically transfer such data, in the format specified by the Corporation from time to time, immediately following completion of each Sunday to Saturday period, or at such other time as is determined by the Corporation from time to time, acting reasonably;
- (ii) if applicable, electronically transfer Deductions data in the format specified by the Corporation no less than five Business Days after each Quarter end; and
- (iii) fulfil all obligations under this Schedule 3 on a prompt basis.

(b) Each Racetrack Member that holds a betting permit shall hold the funds for Outstanding Ticket Revenue, refunds and vouchers that it issues and shall be responsible for payment in the event such tickets are cashed.

(c) Each Racetrack Member shall maintain, as a minimum, the following at its race track property:

- (i) Racing Surfaces & Paddock
 - (A) Racetrack Member agrees to meet the requirements of AGCO Policy Directive No. 2-2010 regarding Standardbred Racetrack Surfaces Minimum Standards.
 - (B) Racetrack Member will provide a Paddock of the standard required to maintain AGCO licensing.
 - (C) Racetrack Member will provide the personnel and services required to conduct racing each AGCO-approved race day, except for those items provided by WEG as per the Cost Allocation Services.
- (ii) Wagering Facility
 - (A) Racetrack Member will keep open to the public, at its own cost, the specified portion of their race track property, on such days and times as are scheduled by the Corporation, provided that such days and times do not deviate materially on an ongoing basis from those on which simulcast operations have traditionally been open to the public, and will maintain such areas in reasonable condition for purposes of pari-mutuel wagering.
 - (B) Racetrack Member will as soon as possible after April 1, 2019, permit WEG or its contractor to provide exclusive totalizator system services at its race track provided WEG pays for these expenses. Until such time as this is implemented, Racetrack Member will be responsible for its own costs related to its totalizator system.

- (C) Racetrack Member will as soon as possible after April 1, 2019, transfer its betting permit to WEG or at the request of WEG, cancel its betting permit, in order for WEG to account for all pari-mutuel wagering conducted at its race track facility. Until such time that this is implemented, Racetrack Member will be responsible for all pari-mutuel wagering conducted under its betting permit, including settlements and remittances, as well as for reporting such activity as required in this Schedule 3.

5. Additional Obligations of the Corporation

In connection with the calculation and payment of the Net Revenue Allocation to the Racetrack Members, and the administration thereof by the Corporation, as provided in this Schedule 3, the Corporation covenants and agrees to:

- (a) hold in trust for the benefit of all Racetrack Members the Commissions (less Deductions) comprising the Consolidated Net Revenue;
- (b) provide to each Racetrack Member for each Quarter, by no later than 45 days following the end of each Quarter, an accurate accounting of all Commissions contributed by all Racetrack Members during such Quarter together with a breakdown of the Deductions related thereto;
- (c) pay to each Racetrack Member interim payments in accordance with Appendix A to this Schedule 3, subject to any annual adjustment following the final accounting of the actual Net Revenue Allocation payable to each Racetrack Member as calculated in accordance with this Schedule 3 for each Funding Year; provided, however, that (i) the amounts referred to in Appendix A are contingent upon completion of the race dates as set forth in the applicable Approved Annual Business Plan and are subject to adjustment with respect to any variances that result in fewer race dates completed than those contemplated in the Approved Annual Business Plan, and (ii) beginning with the third Funding Year, the amounts referred to in Appendix A will be subject to review and change by the Board;
- (d) within 120 days following the end of each Funding Year, provide to each Racetrack Member a final accounting of the Net Revenue Allocation payable to each Racetrack Member in accordance with this Schedule 3 for such Funding Year, including details of the calculation of each Racetrack Member's Net Revenue Allocation; and
- (e) settle with any person that becomes a Racetrack Member after the Effective Date the interim payments applicable to such Racetrack Member for purposes of Appendix A to this Schedule 3.

6. Payment Adjustments

- (a) Subject to the conditions in Section 6(c), the Corporation shall pay any Top-Up Amount in a Racetrack Member's favour on the next interim payment date that follows the 120-day period referred to in Section 5(d).

(b) Each Racetrack Member shall pay any adjustment in favour of the Corporation by no later than the next interim payment date, or at the option of the Corporation, the Corporation may deduct the applicable adjustment amount from the next interim payment or payments, as the case may be, until the Racetrack Member's Net Revenue Allocation has been reconciled for the preceding Funding Year.

(c) Each Racetrack Member shall assign to the Corporation the Top-Up Amount to which it is entitled in respect of the first two Funding Years of the Funding Agreement Term. The Corporation shall use the Top-Up Amounts to fund the Racetrack Members' collective purse deficit during such two Funding Years. In the event that no purse deficit exists, or that funds comprising the Top-Up Amounts remain after any purse deficit has been satisfied, the Corporation shall pay the Top-Up Amounts or the remaining portions thereof to the Racetrack Members that assigned such funds to the Corporation pursuant to this Section 6(c), in accordance with the Net Revenue Allocation. Subsequent to the first two Funding Year, the Corporation will review the assignment of the Top-Up Amount and determine any adjustments thereof.

**APPENDIX A TO SCHEDULE 3
INTERIM PAYMENTS**

Racetrack	Net Revenue Allocation (a)	Operational Support Allocation (b)	Annualized Payment (c)* a + b = c
Clinton	\$260,004	-	\$260,004
Flamboro	\$3,500,004	-	\$3,500,004
Georgian	\$1,200,000	-	\$1,200,000
Grand River	\$1,200,000	-	\$1,200,000
Hanover	\$260,004	-	\$260,004
Western Fair	\$3,500,004	-	\$3,500,004
Rideau Carleton	\$1,800,000	-	\$1,800,000
Fort Erie	\$601,000	\$5,214,000	\$5,815,000
Ajax Downs	\$790,000	\$2,000,000	\$2,790,000
Dresden	\$19,000	\$286,000	\$305,000
Totals	\$13,130,016	\$7,500,000	\$20,630,016

*Timing of payments through an annual period to be coordinated with each Racetrack Member.

EXHIBIT A
STATEMENT OF THE PURPOSE OF THE CORPORATION

(attached)

Schedule / Annexe
Purpose Of Corporation / Déclaration d'intention de l'organisation

- (i) to support a vibrant and sustainable, quality driven, high integrity live horse racing program that has the strongest possible customer appeal for pari-mutuel wagering (both domestic and worldwide) and supports significant economic returns for Ontario;
- (ii) to operate live horse racing in Ontario within one province-wide "Home Market Area";
- (iii) to allow Racetrack members to conduct races at their respective racetracks independently, but with a common slate of procedures and protocols;
- (iv) to promote the development of a more stable and sustainable live horse racing industry in Ontario, with increased responsibility for the industry to become self-governing and manage its business towards such greater sustainability, including by putting a focus on growth of its customer base across all wagering channels for the betterment of the industry as a whole;
- (v) to work with regulators to generate new revenue for the horse racing industry via new pari-mutuel wagering products or other revenue streams and the leveraging of technology;
- (vi) to promote the horse racing industry and to educate the public and stakeholders about the financial, employment and community benefits of the industry;
- (vii) to enable and encourage horse racing industry participants to operate their respective businesses in a fiscally sound and responsible manner with some degree of certainty for the future, with a view to fostering a sustainable live horse racing industry in Ontario;
- (viii) to enter into, carry on, otherwise participate in, engage in or invest in, directly or indirectly, such commercial activities, whether for profit or not-for-profit, as may advance, sustain or support, in whole or in part, any one or more of the purposes of the Corporation, including, without limitation, such activities as may develop or enhance any of the Corporation's assets; and
- (ix) to do all things as are incidental or ancillary to the attainment of the above purposes and such other complementary purposes not inconsistent with these purposes.

EXHIBIT B
BY-LAW NO. 1 OF THE CORPORATION

(attached)

HORSE RACING ONTARIO

BY-LAW NO. 1

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HORSE RACING ONTARIO
(the "Corporation")

BY-LAW NO. 1

A by-law relating generally to the transaction of the activities and affairs of the Corporation.

Article 1
Interpretation

1.1 Interpretation

In this by-law, in addition to any other words or phrases defined in the text of this by-law:

- (a) "**Act**" means the *Canada Not-for-profit Corporations Act* (Canada), S.C. 2009, c. C-23, and the regulations made under it, each as amended or re-enacted from time to time;
- (b) "**articles**" includes the articles of incorporation or continuance of the Corporation, as amended from time to time;
- (c) "**board**" means the board of directors of the Corporation and "**director**" means a member of the board;
- (d) "**by-law**" means any by-law of the Corporation in effect from time to time;
- (e) "**meeting of members**" means an annual or special meeting of members of the Corporation;
- (f) "**ordinary resolution**" means a resolution passed by a majority of the votes cast on that resolution;
- (g) "**soliciting corporation**" means a corporation referred to in subsection 2(5.1) of the Act;
- (h) "**special resolution**" means a resolution passed by a majority of not less than two thirds of the votes cast on that resolution;
- (i) unless otherwise specified, all words and expressions contained in this by-law and that are defined in the Act have the meanings given to them in the Act;
- (j) any reference to gender includes all genders and words importing the singular number include the plural and vice versa; and
- (k) the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this by-law.

1.2 Conflicts with the Act

If any provision in this by-law (or any other by-law) contravenes any provision in the Act, the provision in the Act will govern.

Article 2 **Activities of the Corporation**

2.1 Registered Office

Unless changed in accordance with the Act, the registered office of the Corporation will be in the province in Canada specified in the articles.

2.2 Financial Year

The financial year of the Corporation will be as determined by the board from time to time.

2.3 Banking Arrangements

Banking transactions will be made with the bank(s) or other financial institution(s) approved by the board from time to time, and banking transactions will be made on the Corporation's behalf by the director(s), officer(s) or other person(s) designated, directed or authorized by the board from time to time and to the extent so designated, directed or authorized.

2.4 Execution of Contracts, Documents and Instruments in Writing by the Corporation

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by: any two directors; or any one director together with either the Chair or the President; or the Chair and the President together. In addition, the board may from time to time authorize any officer or officers of the Corporation, any director or directors of the Corporation, or any other person or persons, either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing, and direct the manner in which those contracts, documents or instruments in writing may or will be signed.

2.5 Execution of Documents in Counterparts

Any articles, notice, resolution, requisition, statement or other document required or permitted to be executed or signed by more than one individual for the purposes of the Act may be executed or signed in several documents of similar form, each of which is executed or signed by one or more of the individuals, and those documents, when duly executed or signed by all individuals required or permitted, as the case may be, to do so, will be deemed to constitute one document for the purposes of the Act.

2.6 Electronic Documents

The Corporation may create and provide electronic documents in accordance with the Act.

2.7 Annual Financial Statements

The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

Article 3 **Borrowing**

3.1 Borrowing

Without limiting the powers of the board as provided in the Act, unless the articles or by-laws otherwise provide, the board may from time to time on behalf of the Corporation, without authorization of the members:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation;
- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

3.2 Delegation of Borrowing Powers

Unless the articles or by-laws otherwise provide, the board may, by resolution, delegate any or all of the powers referred to in section 3.1 of this by-law to a director, a committee of the board or an officer of the Corporation.

Article 4 **Directors**

4.1 Powers and Duties of Directors

Subject to the Act, the articles and the by-laws, the directors shall manage or supervise the management of the activities and affairs of the Corporation. Every director of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director of the Corporation shall comply with the Act, the articles and the by-laws.

4.2 Number of Directors

4.2.1 As a minimum and maximum number of directors is provided for in the articles, the members may, from time to time by ordinary resolution, fix the number of directors of the Corporation and the number of directors to be elected at annual meetings of the members or delegate those powers to the board, but no decrease in the number of directors will shorten the term of an incumbent director. As the Corporation is a soliciting corporation, the board must consist of not fewer than three directors, at least two of whom shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

4.2.2 Subject to the Act, a special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to increase or decrease the minimum or maximum number of directors fixed by the articles.

4.3 Qualifications

No person may be a director if that person (i) is less than eighteen years of age, (ii) has been declared incapable by a court in Canada or in another country, (iii) is not an individual, or (iv) has the status of a bankrupt. A director of the Corporation is not required to be a member of the Corporation. Honorary or *ex officio* directors may not be appointed or otherwise serve as directors of the Corporation. No person shall act for an absent director at a meeting of the board. As the Corporation is a soliciting corporation, at least two of the directors shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

4.4 Election and Term

Subject to the Act, the members of the Corporation shall, by ordinary resolution at each annual meeting of members at which an election of directors is required, elect directors to hold office for a term expiring within three (3) years. It is not necessary that all directors elected at a meeting of members hold office for the same term. A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of members following the director's election. A director who ceases to hold office upon the expiry of his or her term but who remains qualified to serve as a director is eligible for re-election. If directors are not elected at a meeting of members, the incumbent directors continue in office until their successors are elected.

4.5 Ceasing to Hold Office

A director automatically ceases to hold office at the earliest of (i) his or her death, (ii) his or her being found by the board to be not in compliance with the board's then current code of conduct, (iii) his or her removal from office by the members of the Corporation in accordance with section 4.6 of this by-law, (iv) his or her becoming disqualified for election as a director, or (v) his or her resignation, which resignation is effective when his or her written resignation is sent to the Corporation or, if a later time is specified in the resignation, at the later time. For purposes of subsection (ii) of this section 4.5, a director shall be deemed to have been found to be not in compliance with the then current code of conduct by the passage of a resolution of the board at a properly constituted meeting of the board, at which two-third (2/3) of the directors participating in the meeting vote in favour of such resolution.

4.6 Removal of Directors

The members of the Corporation may by ordinary resolution at a special meeting of members remove any director or directors from office, but a director elected by a class or group of members that has an exclusive right to elect the director may only be removed by an ordinary resolution of those members. A vacancy created by the removal of a director may be filled at the meeting of the members at which the director is removed or, if not so filled, may be filled by the board in accordance with the Act. Subject to the Act, if all of the directors of the Corporation have resigned or have been removed without replacement, a person who manages or supervises the management of the activities or affairs of the Corporation is deemed to be a director for the purposes of the Act.

4.7 Vacancies

Notwithstanding any vacancy among the directors, the remaining directors may exercise all the powers of the directors so long as a quorum of the number of directors remains in office.

4.8 Remuneration and Expenses of Directors

Subject to the articles, the board may fix the reasonable remuneration of the directors of the Corporation. A director may receive reasonable remuneration and expenses for any services to the Corporation that

are performed in any other capacity. A director may receive indemnification for their expenses incurred on behalf of the Corporation as a director.

Article 5 **Meetings of Directors**

5.1 Transaction of Affairs

The powers of the board may be exercised at a meeting at which a quorum is present or by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board.

5.2 Quorum

Subject to the articles, a majority of the number of directors determined in accordance with section 4.2 of this by-law constitutes a quorum for the transaction of affairs at any meeting of the board, and, despite any vacancies on the board, a quorum of directors may exercise all the powers of the board.

5.3 Place of Meetings

Unless the articles otherwise provide, the board may meet at any place.

5.4 Meetings by Electronic Means

A director may, in accordance with the Act, and if all the directors of the Corporation consent, participate in a meeting of the board or of a committee of the board by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director so participating in a meeting is deemed for the purposes of the Act to be present at that meeting.

5.5 Calling of Meetings

Meetings of the board may be called at any time by the Chair of the board (if any), the President (if the President is a director), a Vice-President who is a director or any two directors.

5.6 Notice of Meetings

Unless the articles otherwise provide, notice of the time and place of the meeting must be sent to every director not less than 48 hours before the time when the meeting is to be held. Notice of an adjourned meeting of directors need not be given if the time and place of the adjourned meeting is announced at the original meeting. A notice of a meeting of the board need not specify the purpose of or the business to be transacted at the meeting unless the Act requires that purpose or business to be specified.

5.7 Waiver of Notice

A director may waive notice of a meeting of the board, and attendance of a director at a meeting of the board is a waiver of notice of the meeting, except if the director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

5.8 Omission of Notice

The accidental omission to give notice of any meeting of the board or any irregularity in the notice of any meeting or the non-receipt of any notice by any director will not invalidate any resolution passed or any proceeding taken at that meeting.

5.9 Voting at Meetings

Questions arising at any meeting of the board will be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting will be entitled to a second or casting vote. Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

5.10 Chair and Secretary

The Chair of the board will, when present, preside as chair at meetings of the board. If the Chair of the board is absent or unable or unwilling to preside as chair, the directors present shall choose one from among them to preside as chair for that meeting. The Secretary of the Corporation (if any) will, when present, act as secretary at meetings of the board. If the Secretary is absent or unable or unwilling to act as secretary, the chair of the meeting shall appoint a person who need not be a director to act as secretary for that meeting.

5.11 Adjournment

The chair of a meeting of the board may, with the consent of the meeting, adjourn the meeting to a fixed time and place. If there is a quorum at the adjourned meeting, the meeting will be considered duly constituted and the board may deliberate and transact business in accordance with the procedures established at the original meeting. The directors constituting a quorum at the original meeting need not constitute the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting will be deemed to have ended immediately after its adjournment.

5.12 Conflicts of Interest

A director of the Corporation who is a party to, or who is a director or an officer, or an individual acting in a similar capacity, of a party to, or who has a material interest in a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act. No such director shall vote on any resolution to approve the contract or transaction except as permitted under the Act.

5.13 Written Resolution In Lieu of Meeting

A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of the board, is as valid as if it had been passed at a meeting of the board or a committee of the board.

Article 6 **Committees of the Board**

6.1 Committees of Directors

The board may appoint from their number one or more committees of directors, however designated. Subject to the Act, the board may delegate to those committees the powers and responsibilities resolved by the board, including making recommendations to the board for its consideration. The business and operations of the Corporation shall be supported by a robust committee structure.

6.2 Committee Structure

Without limiting the provisions of Section 6.1 and subject to the other provisions of this by-law, initially the directors shall establish the following committees comprised of directors and others, as determined by the directors:

- (a) a standardbred HIP administration committee;
- (b) a thoroughbred HIP administration committee;
- (c) a quarterhorse HIP administration committee;
- (d) a stakeholder and government relations committee;
- (e) a racetrack operations committee;
- (f) an equine welfare advisory committee;
- (g) a horseplayers / customer advisory committee;
- (h) an advisory committee on new products, technology and revenue; and
- (i) an executive committee.

Each such committee will be comprised of not less than three (3) and not more than five (5) individuals, of whom at least one (1) shall be a director. Subject to Section 6.3, the Chair of each committee shall be a director who is approved by the board.

6.3 Executive Committee

The executive committee that is established by the board will have the following mandate and authority:

- (a) act to supervise implementation of the board's strategic planning and core principles;
- (b) act to supervise, implement and enforce the board's fiduciary and code of conduct responsibilities and principles;
- (c) oversee regular performance review of board members;
- (d) act with full authority of the board in emergencies and between full board meetings;
- (e) oversee the chief executive officer evaluation process;
- (f) propose the Chair, any lead director and the chief executive officer for approval by a majority of the full board;
- (g) approve the strategic plan, all program initiatives and changes to either for consideration by the full board;
- (h) approve any reallocation of funding for consideration by the full board;
- (i) approve any new member categories or director organizational entitlements;
- (j) assist the Chair in establishing agendas for board meetings;
- (k) approve any committee Chairs for consideration by the full board;
- (l) approve and appoint committees for consideration by the full board;
- (m) approve annual budgets for consideration by the full board; and

- (n) approve executive compensation and report thereon to full board.

6.4 Transaction of Business

The powers of a committee of the board may be exercised at a meeting at which a quorum is present. Unless the articles otherwise provide, meetings of committees of the board may be held at any place.

6.5 Meetings by Electronic Means

The provisions of section 5.4 of this by-law apply to meetings of committees of the board.

6.6 Procedures

Unless otherwise determined by the board, each committee of the board has the power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

Article 7 **Officers**

7.1 Designation and Appointment

Subject to the articles, the board may designate the offices of the Corporation, appoint as officers persons of full capacity, specify their duties and, subject to the Act, delegate to them powers to manage the activities and affairs of the Corporation. Subject to the articles, a director may be appointed to any office of the Corporation and two or more offices of the Corporation may be held by the same person.

7.2 Powers and Duties

Every officer of the Corporation shall:

- (a) perform all powers and duties incident to his or her respective office and such other powers and duties respectively as may from time to time be assigned to him or her by the board;
- (b) in exercising his or her powers and discharging his or her duties, act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) comply with the Act, the articles and the by-laws of the Corporation, and all policies established by the board.

7.3 Term of Office

An officer ceases to hold office at the earliest of (i) his or her death, (ii) his or her removal from office by the board, (iii) his or her ceasing to be a director if being a director is a necessary qualification of that officer's appointment, (iv) his or her resignation, which resignation is effective when his or her written resignation is sent to the Corporation or, if a later time is specified in that resignation, at the later time, (v) the appointment of his or her successor, or (vi) the close of the first meeting following his or her appointment at which the board annually appoints the officers of the Corporation.

7.4 **Vacancies**

If the office of any officer of the Corporation becomes vacant for any reason, the board may appoint a person to fill that vacancy.

7.5 **Chair of the Board**

The Director elected by the members as the independent director of the Corporation shall be appointed as the Chair of the board, and will preside as chair at meetings of the board and meetings of members in accordance with sections 5.10 and 10.11 of this by-law, respectively. The Chair of the board will have such other powers and duties as the board determines from time to time.

7.6 **President**

If appointed, the President will have general powers and duties of supervision of the activities and affairs of the Corporation. The President will have such other powers and duties as the board determines from time to time. If no Treasurer or Secretary is appointed, the President will also have the powers and duties of the office of Treasurer or Secretary, as the case may be.

7.7 **Secretary**

If appointed, the Secretary (i) will act as secretary at meetings of the board and meetings of members in accordance with sections 5.10 and 10.11 of this by-law, respectively, (ii) shall give or cause to be given notices for all meetings of the board, any committee of the board and the members when directed to do so, and (iii) will have charge of the minute books of the Corporation and the other corporate records required to be maintained under the Act, except when another officer or agent has been appointed for that purpose. The Secretary will have such other powers and duties as the board determines from time to time.

7.8 **Treasurer**

If appointed, the Treasurer, subject to any resolution of the board (i) shall keep or cause to be kept the accounting records required to be kept by the Corporation in accordance with the Act, and (ii) will be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The Treasurer will have such other powers and duties as the board determines from time to time.

7.9 **Remuneration and Expenses of Officers**

Subject to the articles, the board may fix the reasonable remuneration of the officers of the Corporation. An officer may receive reasonable remuneration and expenses for any services to the Corporation that are performed in any other capacity. An officer may receive indemnification for their expenses incurred on behalf of the Corporation as an officer.

7.10 **Conflicts of Interest**

An officer of the Corporation who is a party to, or who is a director or an officer, or an individual acting in a similar capacity, of a party to, or who has a material interest in a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act.

Article 8
Protection of Directors and Officers

8.1 Indemnification

8.1.1 Subject to the Act, the Corporation shall indemnify a present or former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or an officer or in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

8.1.2 Subject to the Act, the Corporation may, if authorized by the board, advance money to an individual referred to in subsection 8.1.1 for the costs, charges and expenses of a proceeding referred to in that subsection. The individual shall repay the money if the individual does not fulfill the conditions set out in clauses 8.1.3(a) and 8.1.3(b).

8.1.3 The Corporation shall not indemnify an individual under subsection 8.1.1 unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful.

8.1.4 The Corporation shall also indemnify an individual referred to in subsection 8.1.1 in such other circumstances as the Act permits or requires. Nothing in this by-law limits the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

8.2 Insurance

The Corporation may purchase and maintain insurance for the benefit of an individual referred to in subsection 8.1.1 of this by-law against any liability incurred by that individual, (i) in the individual's capacity as a director or an officer of the Corporation, or (ii) in the individual's capacity as a director or an officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

Article 9 **Membership**

9.1 Eligibility

Any persons interested in furthering the purposes of the Corporation who satisfy the conditions of membership set out in section 9.2 of this by-law are eligible to be members of the Corporation.

9.2 Classes and Conditions of Membership

Subject to the articles, membership will be open to the persons or entities who have applied for and been admitted to membership in accordance to the conditions set out in this Section 9.2. The Corporation will have two (2) classes of members as set out in the articles. The following conditions of membership for each class will apply:

- (a) The Racetrack Members' membership class will only be open to any owner or operator of a horse racing track in the Province of Ontario that (i) is licensed by the Alcohol and Gaming Commission of Ontario to conduct live racing, (ii) has conducted live racing at such horse racing track during the immediately preceding 12-month period, (iii) has and is in good standing under all regulatory approvals required by such person to conduct live horse races or pari-mutuel wagering in Ontario, and (iv) has applied for and been admitted to the Racetrack Members' membership class in accordance with section 9.3 of this by-law.
- (b) The Industry Association Members' membership class will only be open to any industry association which is based in Ontario and which has the support of horse racing as its primary objective and such other industry association or associations as may from time to time be identified by the board of directors as a qualifying industry association, and which has applied for and been admitted to the Industry Association Members' membership class in accordance with section 9.3 of this by-law.

It is a condition of membership of every member of all classes of members that such member:

- (i) enter into a membership agreement with the Corporation and the other members, and at all times comply with its obligations set out in, and otherwise be in good standing under, such membership agreement (as determined by the board from time to time); and
- (ii) is not bankrupt or insolvent,

together with such other conditions of membership as may be established by the board from time to time, subject to section 9.9(b) of this by-law.

Notwithstanding anything to the contrary in this section 9.2, the members may, by special resolution, waive any of the foregoing conditions for membership.

9.3 Application for Membership

A person may apply to become a member of the Corporation by submitting to the board a signed membership agreement, in the form established by the board from time to time. Subject to the articles, an applicant who satisfies the conditions of membership set out in section 9.2 of this by-law for the class of membership for which the applicant is applying will become a member of the Corporation in that class

on the date its signed membership agreement is accepted by resolution of the board or at such other time and in such other manner as may be determined by the board from time to time.

9.4 Voting Rights of Members

Subject to the articles:

- (a) the Racetrack Members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Racetrack Member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class; and
- (b) the Industry Association Members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Industry Association Member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class.

9.5 Transfer of Membership

Memberships are not transferable.

9.6 Term of Membership

The term of membership will be annual, and shall, unless otherwise terminated in accordance with the articles or by-laws (including, for certainty, provided that the member continues to satisfy the conditions of membership in section 9.2 of this by-law), be automatically renewed each year (in which case such term of membership will be deemed not to have expired) until terminated in accordance with the article and by-laws.

9.7 Termination of Membership

Unless the articles otherwise provide, a membership is automatically terminated when (a) the member resigns; (b) the member is expelled or their membership is otherwise terminated in accordance with the articles or by-laws, including when the member ceases to meet the conditions of membership in respect of the class of which they were a member, unless the members otherwise determine by a special resolution; (c) the Corporation is liquidated and dissolved under the Act; (d) the member becomes bankrupt or insolvent; (e) the member ceases to carry on business in the normal and ordinary course; or (f) in the case of a Racetrack Member, (1) the member ceases to conduct live horse racing at one or more of its racetracks in Ontario or (2) any regulatory approvals required by the member to continue to conduct live horse races or pari-mutuel wagering in Ontario is withdrawn or terminated, in both cases unless the members otherwise determine by a special resolution. Unless the articles otherwise provide, the rights of a member, including any rights in the property of the Corporation, cease to exist on termination of the membership. If a member resigns as a member of the Corporation, that member will remain liable for payment of any outstanding amounts that are owed to the Corporation by such member at the time of such member's resignation, including annual dues or membership fees payable by such member in accordance with section 9.8 of this by-law.

9.8 Annual Dues or Membership Fees

The board may from time to time fix the annual dues or membership fees payable by members of the Corporation and determine the manner of payment. Each member shall pay the annual dues or membership fees in the manner, at the times and in the amounts as may be determined by the board from time to time.

9.9 Amendments Affecting Membership

A special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to:

- (a) create a new class or group of members,
- (b) change a condition required for being a member,
- (c) change the designation of any class or group of members or add, change or remove any rights and conditions of any such class or group,
- (d) divide any class or group of members into two or more classes or group and fix the rights and conditions of each class or group,
- (e) add, change or remove a provision respecting the transfer of a membership, or
- (f) add, change or remove any other provision that is permitted by the Act to be set out in the articles.

Article 10 **Meetings of Members**

10.1 Annual Meetings

The board shall call an annual meeting of members not later than eighteen months after the Corporation comes into existence and, subsequently, not later than fifteen months after the last preceding annual meeting but not later than six months after the end of the Corporation's preceding financial year, for the purpose of placing before the annual meeting the financial statements, reports and any further information required by the Act to be placed before the annual meeting, electing directors, appointing a public accountant and transacting any other business that may be properly brought before the meeting.

10.2 Special Meetings

The board may at any time call a special meeting of members, and a special meeting of members may be held in conjunction with an annual meeting of members.

10.3 Place of Meetings

Meetings of members will be held at such place within Ontario, Canada as the board determines. Alternatively, a meeting of members may be held at a place outside Canada if the place is specified in the articles or all the members entitled to vote at that meeting agree that the meeting is to be held at that place. A member who attends a meeting of members held outside Canada is deemed to have agreed to it being held outside Canada except when the member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

10.4 Quorum

A quorum at any meeting of members will be three (3) persons present in person who are members entitled to vote at that meeting or who represent by proxy such members and who collectively represent not less than fifty percent (50%) of all of the members who are entitled to vote at that meeting; provided that not less than fifty percent (50%) of the members who are Racetrack Members are present or represented by proxy at that meeting. If the Corporation has only one member in any class of members, the member present in person or who submits a vote in accordance with section 10.13 of this by-law

constitutes a meeting of that class. If a quorum is present at the opening of a meeting of members, the members present may proceed with the business of the meeting, even if a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of members, the members present may adjourn the meeting to a fixed time and place but may not transact any other business.

10.5 Written Resolution in Lieu of Meeting

Subject to the Act, a resolution in writing signed by all the members of the Corporation entitled to vote on that resolution at a meeting of members is as valid as if it had been passed at a meeting of members.

10.6 Participation in Meeting by Electronic Means

Any person entitled to attend a meeting of members may participate in the meeting, in accordance with the Act, by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility, and a person so participating in a meeting is deemed for the purposes of the Act to be present at the meeting.

10.7 Meeting Held by Electronic Means

If the board or members of the Corporation call a meeting of members under the Act, those directors or members, as the case may be, may determine that the meeting will be held, in accordance with the Act, entirely by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.8 Notice of Meetings

10.8.1 Subject to section 10.9 of this by-law, the Corporation shall give members entitled to vote at a meeting of members notice of the time and place of the meeting in one or more of the following manners:

- (a) by mail, courier or personal delivery to each member entitled to vote at the meeting at the member's latest address as shown in the records of the Corporation, during a period of 21 to 60 days before the day on which the meeting is to be held; or
- (b) subject to subsection 10.8.2, by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, during a period of 21 to 35 days before the day on which the meeting is to be held.

10.8.2 If a member requests that notice of a meeting of members be given by non-electronic means, the Corporation shall send the notice to that member in the manner described in clause 10.8.1(a).

10.8.3 The Corporation shall send the public accountant and the board notice of the time and place of any meeting of members during a period of 21 to 60 days before the day on which the meeting is to be held.

10.8.4 Notice of a meeting of members at which special business (as defined in the Act) is to be transacted must state the nature of that business in sufficient detail to permit a member to form a reasoned judgment on the business and state the text of any special resolution to be submitted to the meeting.

10.9 Waiver of Notice

Any person who is entitled to notice of a meeting of members may waive notice, and attendance of the person at the meeting is a waiver of notice of the meeting, unless the person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 Persons Entitled to Attend

The only persons entitled to attend a meeting of members are those entitled to vote at that meeting, the directors and the public accountant of the Corporation and others who, although not entitled to vote, are entitled or required under the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only with the consent of the chair of the meeting.

10.11 Chair and Secretary

10.11.1 The Chair of the board will, when present, preside as chair at meetings of members. If the Chair of the board is absent or unable or unwilling to preside as chair, the persons present and entitled to vote at the meeting shall choose a director present at the meeting to be the chair for that meeting, and if no director is present or if all the directors present decline to take the chair, then the persons present and entitled to vote shall choose one of their number to be the chair for that meeting.

10.11.2 The Secretary of the Corporation (if any) will, when present, act as secretary at meetings of members, but if the Secretary is not present at a meeting, the chair of the meeting shall appoint a person who need not be a member to act as secretary at that meeting.

10.12 Voting at Meetings

10.12.1 Subject to section 10.13 of this by-law, voting at a meeting of members will be by show of hands, except if a ballot is demanded by a member entitled to vote at the meeting or a proxyholder of such a member. Such a member or proxyholder may demand a ballot either before or after any vote by show of hands. A demand for a ballot may be withdrawn.

10.12.2 On a show of hands, every person present at the meeting who is a member entitled to vote at the meeting or a proxyholder of such a member will have one vote. If a ballot is taken on a question, every person who is a member entitled to vote at the meeting or a proxyholder of such a member will have, subject to the Act or the articles, one vote.

10.12.3 No member may vote, either in person or by proxy, at a meeting of members unless the member has paid all dues or fees, if any, then payable by the member.

10.12.4 If at any meeting a ballot is demanded on the election of a chair or on the question of adjournment, it will be taken immediately without adjournment. If at any meeting a ballot is demanded on any other question, including the election of directors, the vote will be taken by ballot in the manner and at the time (at once, later in the meeting or after adjournment) as the chair of the meeting directs. The result of a ballot on a question will be the decision of the members on that question.

10.12.5 Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.12.6 Unless otherwise required by the Act or the articles, questions arising at any meeting of the members will be decided by a consensus of the members present at the meeting. A consensus will be considered to have been reached when no member objects to the question on the floor before the meeting. Should the chair of the meeting determine, after a reasonable effort to achieve consensus has been made, that a consensus will not be reached regarding a particular question, then the chair shall refer the question to be determined by a majority of the votes cast on the question, where each member has one vote. In case of an equality of votes, either on a show of hands or on a ballot, the chair of the meeting will be entitled to a second or casting vote.

10.13 **Absentee Voting**

10.13.1 Members of the Corporation not in attendance at a meeting of members and who are entitled to vote at that meeting may vote by appointing in writing a proxyholder, and one or more alternate proxyholders, who are not required to be members, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by it subject to the requirements set out in Act.

10.13.2 Subject to the Act, a proxy may be in the following form:

The undersigned member of <> hereby appoints <> of <> or failing him, <> of <> as the proxy of the undersigned to attend and act at the <> meeting of the members of the said Corporation to be held on the <> day of <>, <>, and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournment thereof.

DATED the <> day of <>, <>.

Signature of Member

Print Name of Member:

10.13.3 The board may from time to time make regulations regarding the lodging of proxies at a place other than the place at which a meeting of members is to be held and for particulars of those proxies to be provided before the meeting to the Corporation or any agent of the Corporation for the purpose of receiving those particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting, and votes given in accordance with those regulations will be valid and will be counted. The chair of any meeting of members may, subject to any such regulations, in its discretion, accept any legible form of communication as to the authority of any person claiming to vote on behalf of and to represent a member notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with the communication accepted by the chair of the meeting will be valid and will be counted.

10.13.4 Subject to the Act, a special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to change the method of voting by members not in attendance at a meeting of members.

10.14 **Adjournment**

The chair of a meeting of members may, with the consent of the meeting, adjourn the meeting to a fixed time and place. If a meeting is adjourned for less than 31 days, it is not necessary that any person be

notified of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of members is adjourned by one or more adjournments for an aggregate of more than 30 days, notice of the adjournment must be given to members entitled to vote at the meeting, the board and the public accountant in the manner referred to in section 10.8 of this by-law (subject to the provisions respecting waiver of notice of a meeting in section 10.9). If a meeting is adjourned and no notice is required, any business that may have been brought before or dealt with at the original meeting in accordance with the notice calling that meeting may be brought before or dealt with at the adjourned meeting. Any adjourned meeting will be duly constituted if held in accordance with the terms of the adjournment and a quorum is present at that meeting. The persons constituting a quorum at the original meeting need not constitute the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting will be deemed to have ended immediately after its adjournment.

10.15 One Member

If the Corporation has only one member in any class of members, the member present in person or who submits a vote in accordance with section 10.13 of this by-law constitutes a meeting of that class.

Article 11 **Books and Records**

11.1 Corporate Records

In addition to any other requirements set out in the Act, the Corporation shall prepare and maintain at its registered office or at any other place in Canada designated by the board (or, subject to the Act, at a place outside Canada), records containing:

- (a) the articles and the by-laws, and amendments to them;
- (b) the minutes of meetings of members and any committee of members;
- (c) the resolutions of members and any committee of members;
- (d) a register of directors that complies with section 11.3 of this by-law;
- (e) a register of officers that complies with section 11.4 of this by-law; and
- (f) a register of members that complies with section 11.5 of this by-law,

each in accordance with the Act.

11.2 Directors' Records

The Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings of the board and any committee of the board as well as resolutions adopted by the board or any committee of the board. These records must be kept at the registered office of the Corporation or, subject to the Act, at any other place that the board thinks fit.

11.3 Register of Directors

The register of directors maintained by the Corporation must contain the following information: (a) the name of each director; (b) the current residential address of each director; (c) an email address if the director has consented to receiving information or documents by electronic means; and (d) for each person named in the register, the date on which that person became a director and, if applicable, the date on which that person ceased to be a director.

11.4 **Register of Officers**

The register of officers maintained by the Corporation must contain the following information: (a) the name of each officer; (b) the current residential address of each officer; (c) an email address if the officer has consented to receiving information or documents by electronic means; and (d) for each person named in the register, the date on which that person became an officer and, if applicable, the date on which that person ceased to be an officer.

11.5 **Register of Members**

The register of members maintained by the Corporation must contain the following information: (a) the name of each member; (b) the current residential or business address of each member; (c) an email address if the member has consented to receiving information or documents by electronic means; (d) for each person named in the register, the date on which that person became a member and, if applicable, the date on which that person ceased to be a member; and (e) the class or group of membership of each member, if any.

11.6 **Form of Records**

All registers and other records required by the Act to be prepared and maintained may be in any form, provided that the records are capable of being reproduced in intelligible written form within a reasonable time.

Article 12 **Notices**

12.1 **Method of Giving Notices**

12.1.1 This section 12.1 does not apply to notices of meetings of members sent to members under section 10.8 of this by-law.

12.1.2 A notice or other document required by the Act, the articles or the by-laws to be sent to a member or director may be sent by prepaid mail addressed to, or may be delivered personally to,

- (a) the member at the member's latest address as shown in the records of the Corporation; and
- (b) the director at the director's latest address as shown in the records of the Corporation or in the last notice that was sent by the Corporation in accordance with the Act and received by the Director.

12.1.3 A notice or other document sent by prepaid mail to a member in accordance with clause 12.1.2(a) or to a director in accordance with clause 12.1.2(b) is deemed to be received at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the member or director did not receive the notice or document at that time or at all.

12.2 **Sending Notices by Electronic Means**

12.2.1 This section 12.2 does not apply to notices of meetings of members sent to members under section 10.8 of this by-law.

12.2.2 Subject to subsection 12.2.3, a notice, document or other information may be sent to an addressee (i) by fax, (ii) by electronic mail, or (iii) in another form of electronic document.

12.2.3 A notice, document or other information may be sent to an addressee by fax, by electronic mail or in another form of electronic document only if the addressee has consented in writing and all other requirements under the Act in respect of the creation and provision of electronic documents have been complied with. An addressee may revoke consent in writing. If an addressee revokes consent to receive notices, documents or other information in an electronic document (including by fax or electronic mail), the Corporation shall send notices, documents and other information to that addressee in the manner described in section 12.1.

12.3 **Waiver of Notice**

Where a notice or other document is required by the Act to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to the notice.

Article 13 **Enactment, Amendment and Repeal of By-Laws**

13.1 **Approval and Confirmation**

Unless the articles or the by-laws otherwise provide, the board may, by resolution, make, amend or repeal any by-laws that regulate the activities or affairs of the Corporation, except in respect of matters referred to in the Act that require a special resolution of the members of the Corporation. If the board makes, amends or repeals a by-law, the board shall submit the by-law, amendment or repeal to the members at the next meeting of members, and the members may, by ordinary resolution, confirm, reject or amend that by-law, amendment or repeal.

13.2 **Effective Date**

Subject to this Article 13, a by-law or an amendment or repeal of a by-law is effective from the date of the resolution of the board, and if it is confirmed, or confirmed as amended, by the members of the Corporation it remains effective in the form in which it was confirmed. A by-law or an amendment or repeal of a by-law ceases to have effect if it is not submitted by the board to the members of the Corporation as required under the Act or if it is rejected by the members. If a by-law or an amendment or repeal of a by-law ceases to have effect, a subsequent resolution of the board that has substantially the same purpose or effect is not effective until it is confirmed, or confirmed as amended, by the members of the Corporation.

MADE by the board on the 3rd day of May, 2018.

**EXHIBIT C
FUNDING AGREEMENT**

(attached)

EXECUTION VERSION

FUNDING AGREEMENT FOR LIVE HORSE RACING

ONTARIO LOTTERY AND GAMING CORPORATION

- and -

HORSE RACING ONTARIO

- and -

ONTARIO RACING MANAGEMENT INC.

- and -

WOODBINE ENTERTAINMENT GROUP

**Effective as of
May 7, 2018**

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FUNDING AGREEMENT FOR LIVE HORSE RACING

THIS AGREEMENT made effective as of the 7th day of May, 2018.

BETWEEN:

**ONTARIO LOTTERY AND GAMING
CORPORATION,**

a corporation established pursuant to the Enabling
Legislation,

(hereinafter referred to as "**OLG**"),

- and -

HORSE RACING ONTARIO,

a non-share capital corporation incorporated under
the laws of Canada,

(hereinafter referred to as "**Ontario Racing**"),

- and -

ONTARIO RACING MANAGEMENT INC.,

a corporation incorporated under the laws of the
Province of Ontario,

(hereinafter referred to as "**ORM**"),

- and -

WOODBINE ENTERTAINMENT GROUP,

a non-share capital corporation incorporated under
the laws of the Province of Ontario,

(hereinafter referred to as "**WEG**").

WHEREAS capitalized terms have the respective meanings specified in Section 1.1 unless the context otherwise requires;

AND WHEREAS pursuant to the Enabling Legislation, the objects of OLG include undertaking activities with respect to the support of live horse racing in Ontario;

AND WHEREAS providing financial support for the funding of purses for live horse racing in Ontario and certain related costs and expenses pursuant to this Agreement is expected to help build the foundation for a more stable and sustainable live horse racing industry in Ontario, with increased responsibility for the industry to become self-governing and manage

its business towards such greater sustainability, including by putting a focus on growth in its customer base across all wagering channels for the betterment of the industry as a whole (the "**Funding Purpose**");

AND WHEREAS Ontario Racing was incorporated with the name "Horse Racing Ontario" but intends to carry on its operations as "Ontario Racing";

AND WHEREAS Ontario Racing was formed by, and has as its members, among others, horse racing tracks in Ontario that conduct live horse racing;

AND WHEREAS ORM, a wholly-owned subsidiary of WEG, is responsible for the management of Ontario Racing;

AND WHEREAS in furtherance of the Funding Purpose, OLG, Ontario Racing, ORM and WEG are entering into this Agreement to implement a funding model in which payments will be made by OLG to Ontario Racing, and Ontario Racing will distribute the money received from OLG to or for the benefit of the OR Racetrack Members, in each case subject to the terms and conditions of this Agreement (including with respect to the permitted uses of the funds comprising the Annual Payments) and the Organizational Documents of Ontario Racing;

AND WHEREAS OLG's funding obligations under this Agreement will commence as of April 1, 2019, being the first day of the Term, subject to the satisfaction of certain conditions during the Pre-Funding Period;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the Parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each Party), the Parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions**

For purposes of this Agreement, unless the context otherwise requires, the following terms shall have the respective meanings specified below and grammatical variations of such terms shall have corresponding meanings;

"**Act of Insolvency**" means, when used in relation to any person, that such person:

- (a) becomes insolvent, makes an assignment for the benefit of its creditors, makes a proposal or takes the benefit of any Debtor Relief Laws or an actual or deemed entry of an order for relief is made under any Debtor Relief Laws in respect of such person;
- (b) has a receiver, trustee, interim receiver, receiver and manager or other officer with like powers appointed for all or any substantial part of its assets; or

- (c) has a resolution passed in respect of it or an application or petition is made seeking any reorganization, arrangement, composition, cancellation, dissolution, liquidation, revocation or winding-up of it under any Debtor Relief Laws;

"Additional Purse Enhancement Payment" has the meaning specified in Section 2.1(a);

"Administration Payment" has the meaning specified in Section 2.1(a);

"Affiliate" means with respect to any person, any other person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person, where **"control"** refers to the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities or other voting interests, by contract or otherwise;

"AGCO" means the Alcohol and Gaming Commission of Ontario;

"Agreement Event of Default" means any of the events or circumstances described in Section 11.1;

"Agreement Records" has the meaning specified in Section 8.1(a);

"Annual Payment" has the meaning specified in Section 2.1(a);

"Annual WEG Rent Report" has the meaning specified in Section 4.2(b);

"Applicable Law" means:

- (a) any domestic or foreign statute, law, treaty, code, ordinance, rule, regulation, restriction or by-law;
- (b) any judgement, order, writ, injunction, decision, ruling, decree or award, guideline, policy, standard, directive or bulletin, in each case, of any Governmental Authority; and
- (c) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority,

in each case, having the force of law and binding on the person referred to in the context in which the term is used, or any provision of any of the foregoing, including general principles of common law, civil law and equity;

"Approved Annual Business Plan" has the meaning specified in Section 5.2(a);

"Bank Account Notice" has the meaning specified in Section 2.3(a);

"Breakage" means the net of the rounding of a payout on a winning pari-mutuel wager in accordance with CPMA regulations;

"Business Day" means any day other than a Saturday, Sunday, statutory or civic holiday in the Province of Ontario or any day on which banks are generally not open for business in the City of Toronto;

"Capital Improvements Payment" has the meaning specified in Section 2.1(a);

"Casino Gaming" means:

- (a) games operated by a live dealer at a single gaming table; and
- (b) reel-type slot machines, video-type slot machines and all table games that utilize a random number generator to calculate or otherwise determine such game's outcome, whether or not a live dealer is present to enable or control game play,

in each case, that are conducted and managed by OLG;

"Claim" means any actual civil, criminal, administrative, regulatory or arbitral action, suit, application, hearing, grievance, litigation or proceeding and, in each case, any claim or demand resulting therefrom;

"Commencement Date" has the meaning specified in Section 12.1;

"Confidential Information" has the meaning specified in Section 15.1;

"CPMA" means the Canadian Pari-Mutuel Agency and also includes (a) any successor to the Canadian Pari-Mutuel Agency that collects or compiles wagering data in a manner similar thereto, and (b) if the Canadian-Pari Mutuel Agency ceases to collect or compile wagering data to the extent required by this Agreement, any other Governmental Authority or person identified by OLG, acting in good faith, as capable of collecting or compiling the wagering data that is required for purposes of this Agreement, or such other person as OLG and Ontario Racing mutually agree;

"Crown" means Her Majesty the Queen in right of Ontario;

"Debtor Relief Laws" means the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) and any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, arrangement, rearrangement, receivership, insolvency, reorganization, or analogous laws of Canada, in each case, from time to time in effect and affecting the rights of creditors generally;

"Disclosing Party" has the meaning specified in Section 15.1;

"Dispute" has the meaning specified in Section 14.1(a);

"Dispute Resolution Procedure" has the meaning specified in Section 14.1(a);

"Eligible Capital Costs" means, with respect to any funds comprising the Capital Improvements Payment, capital costs (not operating costs and expenses) actually incurred by or on behalf of any OR Racetrack Member (other than WEG) from and after the Commencement Date for the improvement of facilities used in connection with the operation of a Member Racetrack where such improvements are intended to improve the horse racing experience for customers and horse people at such Member Racetrack, regardless of the Funding Year in which such costs and expenses were incurred;

"Eligible Costs" means, with respect to any funds comprising the Racetracks Payment or the Additional Purse Enhancement Payment:

- (a) the funding of purses for live horse races run by the OR Racetrack Members (other than WEG in the case of the Additional Purse Enhancement Payment) at Member Racetracks during the Term;
- (b) the purse-related and other costs and expenses described in Schedule A that are incurred during the Term; and
- (c) such other costs and expenses as OLG may from time to time deem to be Eligible Costs in accordance with Section 3.1(c) or Section 3.1(d);

"Eligible Uses" means, with respect to any funds comprising the Administration Payment:

- (a) the payment or disbursement of funds in connection with the costs and expenses described in Schedule B that are incurred during the Term; and
- (b) such other costs, expenses, distributions or other uses as OLG may from time to time deem to be Eligible Uses in accordance with Section 3.3(c) or Section 3.3(d).

"Enabling Legislation" means the *Ontario Lottery and Gaming Corporation Act, 1999*;

"Executive Management Committee" has the meaning specified in Section 10.2(a)(i);

"FIPPA" has the meaning specified in Section 15.6;

"First Capital Continuation Proposal" has the meaning specified in Section 2.1(b);

"First Extended Term" has the meaning specified in Section 12.2(a);

"First Extension Option" has the meaning specified in Section 12.2(a);

"First Term Notice" has the meaning specified in Section 12.2(a);

"Full Time Equivalentents" or **"FTEs"** means employees individually or collectively working 2,080 hours per year;

"Funding Purpose" has the meaning specified in the recitals to this Agreement;

"Funding Year" means the 12-month period commencing on April 1st and ending on March 31st;

"GAAP" means those accounting principles generally accepted in Canada as recommended by the Chartered Professional Accountants of Canada handbook at such relevant time, including the International Financial Reporting Standards as adopted by the Chartered Professional Accountants of Canada until such time as such standards are no longer recommended by the Chartered Professional Accountants of Canada or a successor organization;

"Governmental Authority" means the government of Canada or of any other nation, or any political subdivision thereof, whether provincial, territorial, state, municipal or local, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, ministry, authority, instrumentality, commission, board, bureau or similar body, whether federal, provincial, territorial, state, municipal or local, and whether foreign or domestic, in each case, having jurisdiction in the relevant circumstances, other than OLG;

"Governmental Consent" means any licence, right, permit, franchise, privilege, registration, direction, decree, consent, order, permission, approval or authority issued or provided, or to be issued or provided, by any Governmental Authority;

"Gross Wagering Handle" means the sum of the HMA Joint Venture Gross Wagering Handle plus the Remotes Joint Venture Gross Wagering Handle;

"Ground Lease" has the meaning specified in Section 4.2(a)(i);

"GWH Notice" has the meaning specified in Section 4.1(c);

"HMA Joint Venture Gross Wagering Handle" has the meaning specified in Section 4.1(a);

"HMA Racetracks Payment Deduction" has the meaning specified in Section 4.1(a);

"Initial Term" has the meaning specified in Section 12.1;

"Joint Venture Revenue" means wagering revenue earned through arrangements with establishments located outside of Ontario;

"Key Performance Indicators" has the meaning specified in Section 7.3;

"Live" means on-site wagering on live horse races occurring at a specific racetrack, which is conducted at a racetrack and allows a patron to place bets through an account established at that particular racetrack or by purchasing tickets with lawful currency;

"Long Term Track Lease" has the meaning specified in Section 4.2(a)(ii);

"Losses" means all losses, damages, penalties, deficiencies, obligations, liabilities (whether accrued, actual, contingent, latent or otherwise), assessments, Taxes, judgements, awards, orders, decrees, rulings, settlements, dues, fines, costs, fees and expenses (including interest, court costs and reasonable fees and expenses of lawyers, accountants and other experts and professionals, and all costs and expenses incurred in any investigation, collection, prosecution or defence of any Claim);

"Make-Up Tactic" has the meaning specified in Section 6.1(h);

"Material Adverse Effect" means any change, event, circumstance, occurrence, violation, inaccuracy, misrepresentation failure, breach, Claim, Loss or other matter that (alone or in combination) is or could reasonably be expected to be:

- (a) materially adverse to the business, assets, liabilities, financial condition, results of operations or prospects of Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any of the Member Racetracks, as applicable; or
- (b) contrary to the public interest in any material respect or materially adverse or materially prejudicial to the reputation or integrity of OLG, the Crown or the live horse racing industry in Ontario;

"Material Agreements" means the OR Membership Agreement and the ORM Management Agreement;

"Maximum WEG Reduction Amount" has the meaning specified in Section 4.2(a);

"Member Obligations" has the meaning specified in Section 8.5;

"Member Racetracks" means the OR Racetrack Members' respective horse racing tracks in Ontario that conduct live horse racing;

"Minister" has the meaning specified in the Enabling Legislation;

"Non-Member Racetracks" means the duly licensed operators of horse racing tracks in Ontario that conduct live horse racing but are not members of Ontario Racing as of the date of this Agreement, all of which are identified in Part B of Schedule 9.2(b), in each case until such time as the applicable operator becomes an OR Racetrack Member (if ever);

"OLG Indemnitees" has the meaning specified in Section 6.4;

"OR Membership Agreement" means the Membership Agreement dated as of May 7, 2018 between Ontario Racing, the OR Racetrack Members and the other members of Ontario Racing, as contemplated in the by-laws of Ontario Racing;

"OR Racetrack Members" means the duly licensed operators of horse racing tracks in Ontario that conduct live horse racing and that are members of Ontario Racing from time to time, including WEG;

"Organizational Documents" means the organizational documents of Ontario Racing, including its articles of incorporation and by-laws, and the OR Membership Agreement;

"ORM Management Agreement" means the management agreement dated as of May 3, 2018 between Ontario Racing and ORM pursuant to which Ontario Racing retains ORM to be, and ORM agrees to be, responsible for the management of Ontario Racing, including the performance of certain agreements, covenants and obligations of Ontario Racing contained in this Agreement;

"Parties" means, collectively, OLG, Ontario Racing, ORM and WEG, unless otherwise expressly provided herein, and **"Party"** means any of the Parties;

"PMTR", also known as **"Pari-Mutuel Tax Reduction"**, means the forgone government revenue that was made available to the horse racing industry in Ontario following the 1996 amendments to the *Racetracks Tax Act* (Ontario) which lowered the taxes on a bet placed under the system known as pari-mutuel wagering from 7.4% to 0.5%, and also includes any changes to or replacements of such arrangements;

"Pre-Funding Period" means the period beginning on the date hereof and ending on the Commencement Date which, subject to Section 1.14, will be the first day of the first Funding Year of the Term;

"Proposed Annual Business Plan" has the meaning specified in Section 5.1(a);

"Provincial Entity" means the Crown or any agency, ministry, department or Affiliate thereof;

"Racetracks Payment" has the meaning specified in Section 2.1(a);

"Racetracks Payment Deduction" means the sum of the HMA Racetracks Payment Deduction plus the Remotes Racetracks Payment Deduction;

"Receiving Party" has the meaning specified in Section 15.1;

"Relationship Committees" has the meaning specified in Section 10.2(a);

"Relationship Leads" has the meaning specified in Section 10.1;

"Relationship Management Committee" has the meaning specified in Section 10.2(a)(ii);

"Remaining Transfer Payment Agreements" has the meaning specified in Section 1.14(b);

"Remotes Joint Venture Gross Wagering Handle" has the meaning specified in Section 4.1(b);

"Remotes Racetracks Payment Deduction" has the meaning specified in Section 4.1(b);

"Second Capital Continuation Proposal" has the meaning specified in Section 2.1(c);

"Second Extended Term" has the meaning specified in Section 12.2(b);

"Second Extension Option" has the meaning specified in Section 12.2(b);

"Second Term Notice" has the meaning specified in Section 12.2(b);

"Simulcast" means wagering at one racetrack on live horse races occurring at another racetrack, in circumstances in which the race is broadcast, and includes simulcasts that involve the transmission of wagering information to a central site, so that all bettors may bet in the same betting pool;

"Standard of Care" means the performance of the obligations, covenants and agreements hereunder:

- (a) exercising a reasonable degree of skill, care, diligence, prudence, foresight and judgement that would, in light of the facts known at the time the decision was made, ordinarily be expected from a skilled, experienced and prudent owner, manager or operator of a live horse racing track in Ontario;
- (b) in a timely and professional manner; and
- (c) in all dealings with third parties, avoiding conflicts of interest;

"Tax" or **"Taxes"** means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, HST, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans or similar charges in the nature of a tax, including Canada Pension Plan contributions and equivalent contributions under provincial or foreign Applicable Law, employment insurance premiums and workers compensation premiums, together with any instalments, and any interest, fines, penalties, or addition to tax imposed by any Governmental Authority, whether disputed or not;

"Telephone Account Betting" or **"TAB"** means wagering on live horse races via telephone or computer to a racetrack at which a patron has an account, including bets placed using platforms that rely on computers (including internet betting) or any similar or replacement technologies and all on-line and digital platforms and other electronic technologies that generate, store and process data;

"Teletheatre" means wagering on live horse races that is conducted at a site other than a racetrack, which allows patrons to place a bet at a licensed location that displays the

odds, the results and pay-outs prices of each race, and also includes such site at which the wagering occurs;

"Term" means the Initial Term and, if applicable, the First Extended Term and the Second Extended Term;

"Terminated Transfer Payment Agreements" has the meaning specified in Section 1.14(b);

"Three-Year Strategic Plan" has the meaning specified in Section 5.4(a);

"Track Lease" has the meaning specified in Section 4.2(a)(iii);

"Transition Payment" has the meaning specified in Section 5.6(a);

"Transition Payment Eligible Costs" means, with respect to any funds comprising the Transition Payment, to the extent set forth in Schedule 5.6(a)(ii) in respect of any Transition Payment Recipient:

- (a) the funding of base purses for live horse races run by the Transition Payment Recipient at its Member Racetrack during the applicable Funding Year during the Term ("**TP Purses**");
- (b) the funding of purse enhancements for live horse races run by the Transition Payment Recipient at its Member Racetrack during the applicable Funding Year during the Term, provided that the funds are used as additional purse enhancements to current levels and not to offset base purse funding levels ("**TP Purse Enhancements**"); and
- (c) the operating costs described in item 2 of Schedule A that are properly and reasonably incurred and necessary for the operation of the Transition Payment Recipient's Member Racetrack during the applicable Funding Year during the Term ("**TP Operating Costs**"), and

such other costs and expenses as OLG may from time to time deem to be Transition Payment Eligible Costs following a written request from or on behalf of Ontario Racing;

"Transition Payment Recipients" has the meaning specified in Section 5.6(a)(ii);

"WEG Receipts" has the meaning specified in Section 4.2(a); and

"West GTA Gaming Service Provider" means the service provider retained by OLG to provide services relating to the operation of Casino Gaming in the geographic area designated by OLG as gaming zone C4 in the West GTA gaming bundle, and also includes any Affiliate of such service provider and any assignee of such service provider or such Affiliate.

1.2 Rules of Construction

Except as otherwise specifically provided in this Agreement and unless the context otherwise requires, the following rules of construction will apply to this Agreement:

- (a) the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement;
- (b) references in this Agreement to "Articles", "Sections", "Schedules" and "Exhibits" refer, respectively, to Articles and Sections of, and Schedules and Exhibits to, this Agreement;
- (c) "hereunder", "herein", "hereto" and "hereof", when used in this Agreement, refer to this Agreement and not to a particular Section or clause of this Agreement;
- (d) "including" means "including, but not limited to" and "include" or "includes" means "include, without limitation" or "includes, without limitation";
- (e) words importing persons include individuals, firms, corporations, bodies corporate, limited and unlimited liability companies, general and limited partnerships, associations, trusts, trustees, unincorporated organizations, syndicates, joint ventures and Governmental Authorities;
- (f) words importing the singular number only will include the plural and *vice versa* and words importing the use of any gender will include all genders;
- (g) references to any document, instrument or agreement, including this Agreement, (i) will include all exhibits, schedules and other attachments thereto, (ii) will include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) will mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, restated, amended and restated, modified or supplemented from time to time (to the extent permitted hereunder) and in effect at the given time;
- (h) references to any person will include such person's successors and assigns (to the extent permitted hereunder). References to any Governmental Authority will include its successors and assigns, and if a Governmental Authority ceases to exist or ceases to perform its functions without a successor or assign, references to such Governmental Authority will be deemed to include a reference to any Governmental Authority or any organization or entity that has taken over either or both the functions and responsibilities of such Governmental Authority;
- (i) any time period within which a payment is to be made or any other action is to be taken hereunder will be calculated excluding the day on which the period commences and including the day on which the period ends;

- (j) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment will be made, action will be taken or period will expire on the next following Business Day;
- (k) "month" means "calendar month";
- (l) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada; and
- (m) references to "discretion" or "sole discretion" mean the absolute, sole, unqualified, subjective discretion of the Party having or exercising such discretion, and all references to "judgement" or "satisfaction" mean the absolute, sole, unqualified, subjective judgement or satisfaction of the Party having, exercising, or entitled to such judgement or satisfaction, which judgement or satisfaction will not be subject to the Dispute Resolution Procedure.

1.3 Statutes

Unless otherwise indicated, all references in this Agreement to any statute, including the Enabling Legislation, include the regulations thereunder and all applicable guidelines, policies, standards, directives and bulletins made in connection therewith and that are legally binding, in each case, as amended, re-enacted, consolidated or replaced from time to time and, in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision will be read as referring to such amended, re-enacted, consolidated or replaced provision.

1.4 No Interference with Statutory Powers and Duties

Nothing in this Agreement, including any requirement for OLG to act reasonably, will be interpreted as requiring OLG to act in any manner contrary to the Enabling Legislation or any other Applicable Law, or in a manner that interferes with the exercise by OLG of any legislative or statutory power or duty, whether existing prior to, on or after the date hereof.

1.5 Conflict of Terms

In the event of ambiguities, conflicts or inconsistencies between or among any of the provisions of this Agreement:

- (a) any provision establishing a higher standard of performance shall take precedence over a provision establishing a lower standard of performance; and
- (b) the provisions of the body of this Agreement shall take precedence over those contained in any of the Schedules or Exhibits.

1.6 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and cancels and supersedes any prior communications, understandings and agreements, oral or written, between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

1.7 Invalidity

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any of the Parties.

1.8 Governing Law; Attornment

This Agreement will be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings, this Agreement will be deemed to have been performed in the Province of Ontario and, subject to the Dispute Resolution Procedure, the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement.

1.9 Schedules and Exhibits

(a) The following Schedules are incorporated into and form an integral part of this Agreement, and any reference to this Agreement shall be deemed to include a reference to all Schedules unless otherwise indicated:

- Schedule A - List of Purse-Related and Other Eligible Costs
- Schedule B - List of Eligible Uses of Administration Payment
- Schedule 1.14 - List of Terminated Transfer Payment Agreements and Remaining Transfer Payment Agreements
- Schedule 5.1(a) - Content for Proposed Annual Business Plan
- Schedule 5.4 - Three-Year Strategic Plan Requirements and Template
- Schedule 5.6(a)(ii) - List of Transition Payment Recipients
- Schedule 7.2(a) - Quarterly Wagering Reports
- Schedule 7.2(b)(ii) - Semi-Annual Financial Reporting Requirements (OR Racetrack Members)

- Schedule 7.3 - Key Performance Indicators
- Schedule 7.4 - Form of Annual Compliance Certificate
- Schedule 7.6(a) - Semi-Annual Operational Reporting
- Schedule 9.2(b) - List of OR Racetrack Members and Non-Member Racetracks as of the date of the Agreement and the Commencement Date

(b) The following Exhibits are attached to this Agreement for reference purposes only but are not incorporated into this Agreement:

- Exhibit 9.2(h)(i) - Articles and By-laws of Ontario Racing
- Exhibit 9.2(h)(ii) - OR Membership Agreement
- Exhibit 9.2(h)(iii) - ORM Management Agreement

1.10 Relationship Between the Parties

The Parties are independent contractors. This Agreement is not intended to and does not create or establish between the Parties, or between OLG and any of the OR Racetrack Members or any employee of Ontario Racing, ORM, WEG or any other OR Racetrack Member, any relationship as partners, joint venturers, employer and employee or of principal and agent. Without limiting the generality of the foregoing, none of Ontario Racing, ORM or WEG will be, or will be deemed to be, an agent of OLG, and none of them will have authority under this Agreement or represent that it is an agent of OLG.

1.11 OR Racetrack Members' Obligations

(a) Except as otherwise expressly provided in this Agreement, to the extent that any provision of this Agreement includes an obligation, covenant or agreement that is expressed to be an obligation, covenant or agreement of any of the OR Racetrack Members, such provision shall be deemed to be a covenant of Ontario Racing to cause the relevant OR Racetrack Member to comply with or perform, as applicable, such obligation, covenant or agreement, regardless of the amount of funds comprising any Annual Payment that will be used to pay Eligible Costs or Eligible Capital Costs for or on behalf of, or for the benefit of, such OR Racetrack Member during such Funding Year, and such provision shall be construed accordingly.

(b) Nothing in this Agreement shall limit or otherwise restrict OLG's ability to engage with the OR Racetrack Members in connection with the Funding Purpose, the operation of their respective Member Racetracks or the live horse racing industry generally. If requested by OLG, Ontario Racing shall facilitate such engagement by OLG and the OR Racetrack Members.

1.12 ORM Management Agreement

OLG acknowledges that, pursuant to the ORM Management Agreement, ORM will perform certain of the covenants and obligations of Ontario Racing contained herein for and on behalf of Ontario Racing. The Parties acknowledge and agree that, notwithstanding ORM's obligations under the ORM Management Agreement, Ontario Racing shall be responsible for the covenants and obligations of Ontario Racing contained herein that are performed for and on behalf of Ontario Racing by ORM as if such covenants and obligations were performed by Ontario Racing directly.

1.13 Crown Liabilities

(a) The Parties acknowledge and agree that the remedies, recourse and rights of Ontario Racing, ORM and WEG under or in connection with this Agreement are intended by them to be, and will be, limited to their respective remedies, recourse and rights as against OLG or any successor or permitted assignee of OLG that becomes party to or otherwise assumes OLG's obligations under this Agreement. In furtherance of the foregoing:

- (i) Ontario Racing, ORM and WEG covenant and agree with OLG that, notwithstanding that OLG is an agent of the Crown or that any successor or permitted assignee of OLG that becomes party to or otherwise assumes OLG's obligations under this Agreement may be an agent of the Crown, none of them will make any Claim or seek to enforce any remedy, recourse or right against any Provincial Entity other than OLG or such successor or permitted assignee; and
- (ii) Ontario Racing, ORM and WEG hereby waive and release all Claims, remedies, recourse and rights that any of them ever had, now has or may hereafter have against any Provincial Entity other than OLG or any successor or permitted assignee of OLG that becomes party to or otherwise assumes OLG's obligations under this Agreement,

in each case (A) in respect of OLG's (or in respect of such successor's or permitted assignee's) obligations under or in connection with this Agreement, or (B) for any act, omission or liability of OLG (or of any such successor or permitted assignee) or for which OLG (or such successor or permitted assignee) is responsible, whether relating to or otherwise in accordance with this Agreement.

(b) Ontario Racing, ORM and WEG acknowledge that the Provincial Entities shall be entitled to the benefit of, and to rely on, this Section 1.13.

1.14 Pre-Funding Period Conditions

(a) The commencement of the Term on the Commencement Date will be conditional upon the satisfaction or waiver of the conditions in this Section 1.14 prior to or on the Commencement Date.

(b) The commencement of the Term will be conditional upon each of the transfer payment agreements listed in Part A of Schedule 1.14 to which any of the OR Racetrack Members are parties (the "**Terminated Transfer Payment Agreements**") being terminated or cancelled prior to or with effect as of the Commencement Date. For greater certainty, each of the transfer payment agreements listed in Part B of Schedule 1.14 to which any of the Non-Member Racetracks is a party (the "**Remaining Transfer Payment Agreements**") will remain in effect in the accordance with the terms thereof as of the Commencement Date, unless or until the applicable Non-Member Racetrack becomes an OR Racetrack Member (if ever), in which case the applicable Remaining Transfer Payment Agreement will be terminated or cancelled if it is still in existence in accordance with its terms and will thereafter be deemed to be a Terminated Transfer Payment Agreement as a condition precedent to the Non-Member Racetrack becoming an OR Racetrack Member for purposes of this Agreement.

(c) The commencement of the Term will be conditional upon each of the representations and warranties of each of Ontario Racing, ORM and WEG in Section 9.2 being true and correct as of the Commencement Date as if made at such date, and each of Ontario Racing, ORM and WEG shall have delivered to OLG a certificate of a senior officer thereof, dated as of the Commencement Date, to that effect, such certificate to be in form and substance satisfactory to OLG, acting reasonably; provided, however, that, if applicable, such representations and warranties of Ontario Racing may be updated as required to reflect the fact that a Non-Member Racetrack has become an OR Racetrack Member.

(d) The commencement of the Term will be conditional upon OLG and Ontario Racing agreeing with respect to the Approved Annual Business Plan for the first Funding Year of the Term. In furtherance of the satisfaction of such condition, Ontario Racing shall deliver to OLG:

- (i) prior to or on October 15, 2018, those portions of the Proposed Annual Business Plan in respect of the first Funding Year of the Term that are subject to OLG's approval in accordance with Section 5.1(b); and
- (ii) prior to or on February 1, 2019, the remaining portions of the Proposed Annual Business Plan in respect of the first Funding Year of the Term.

The provisions of Sections 5.1, 5.2, 5.5 and 5.6 will apply to the preparation, delivery, review and approval of the Proposed Annual Business Plan; provided, however, that if OLG does not approve in writing any portion of the Proposed Annual Business Plan that is subject to OLG's approval in accordance with Section 5.1(b), then (A) OLG shall discuss with Ontario Racing the reasons therefor, (B) OLG and Ontario Racing shall cooperate in an attempt to resolve their disagreements, (C) the Dispute Resolution Procedure shall not be used to resolve the Dispute, and (D) the deeming provisions in Section 5.2 shall not apply thereto. If OLG and Ontario Racing are unable to resolve any disagreement with respect to the Proposed Annual Business Plan prior to the Commencement Date, then the condition in this Section 1.14(d) shall not have been satisfied. If approved by OLG, such Proposed Annual Business Plan will be the Approved Annual Business Plan for the first Funding Year.

(e) Contemporaneously with the delivery of the portions of the Proposed Annual Business Plan in respect of the first Funding Year of the Term in accordance with Section 1.14(d)(i), Ontario Racing shall delivery to OLG a Three-Year Strategic Plan for the first three Funding Years of the Term. The provisions of Section 5.4 will apply to the preparation and delivery of the Three-Year Strategic Plan.

(f) If any of the conditions in this Section 1.14 are not satisfied prior to or on the Commencement Date or waived in writing by OLG (any such waiver to be in OLG's sole discretion):

- (i) this Agreement shall automatically terminate as of the Commencement Date;
- (ii) all of the Parties shall be released of their obligations under this Agreement; and
- (iii) no termination fee or other compensation whatsoever will be paid or payable by OLG to Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any other person as a consequence of the termination of this Agreement.

1.15 Non-Member Racetracks

Notwithstanding anything to the contrary herein, none of the parties shall have any rights or obligations hereunder in respect of any Non-Member Racetrack until such time as such Non-Member Racetrack becomes an OR Racetrack Member (if ever). Without limiting the generality of the foregoing, Ontario Racing shall not use any funds comprising the Annual Payment for the purpose of paying any Eligible Cost, any Eligible Capital Cost or any Transition Payment Eligible Cost for and on behalf of, or for the benefit of, such Non-Member Racetrack, and Ontario Racing shall not be required to forecast, business plan or report on any matters relating to such Non-Member Racetrack or to cause such Non-Member Racetrack to comply with any covenant or obligation of Ontario Racing or the OR Racetrack Members hereunder, in each case until such time as such Non-Member Racetrack becomes an OR Racetrack Member (if ever) and its Remaining Transfer Payment Agreement expires or is terminated or cancelled (following which such Remaining Transfer Payment Agreement will be deemed to be a Terminated Transfer Payment Agreement for purposes of this Agreement).

ARTICLE 2

OLG'S FUNDING ROLE UNDER AGREEMENT

2.1 Annual Payment

(a) In furtherance of the Funding Purpose, OLG agrees, subject to the terms and conditions of this Agreement (including Sections 2.1(b), 2.1(c) and 5.6 and the adjustments permitted under Article 4, Section 6.1(g) and Section 6.1(h)), to pay to Ontario Racing during each Funding Year of the Term, an aggregate amount not to exceed \$104,800,000 (the "**Annual Payment**"), comprised of \$91,400,000 (the "**Racetracks Payment**"), \$4,000,000 (the

"**Additional Purse Enhancement Payment**"), \$6,000,000 (the "**Capital Improvements Payment**") and \$3,400,000 (the "**Administration Payment**").

(b) If the Initial Term is extended for the First Extended Term in accordance with Section 12.2(a), then by no later than August 31st of the sixth Funding Year of the Term, Ontario Racing shall deliver to OLG a written proposal that provides a detailed rationale for the continuation of the portion of the Annual Payment comprised of the Capital Improvements Payment during the First Extended Term (the "**First Capital Continuation Proposal**"). Within 30 days following the delivery of the First Capital Continuation Proposal by Ontario Racing (or at such other time as OLG may direct upon reasonable notice to Ontario Racing), representatives of OLG and Ontario Racing will meet for a discussion thereof. OLG, acting reasonably, shall consider the merits of the First Capital Continuation Proposal and, within 30 days following the meeting of the representatives of OLG and Ontario Racing referred to in this Section 2.1(b), OLG shall notify Ontario Racing, in writing, whether OLG accepts or rejects the First Capital Continuation Proposal. If OLG accepts the First Capital Continuation Proposal, then OLG shall continue to pay the portion of the Annual Payment comprised of the Capital Improvements Payment during the First Extended Term in accordance with Section 2.1(a). If OLG rejects the First Capital Continuation Proposal, or if Ontario Racing fails to deliver a First Capital Continuation Proposal to OLG in accordance with this Section 2.1(b), then notwithstanding anything to the contrary in Section 2.1(a), the portion of the Annual Payment comprised of the Capital Improvements Payment shall be deemed to be zero during the First Extended Term and, if applicable, the Second Extended Term. OLG's decision to accept or reject the First Capital Continuation Proposal delivered by Ontario Racing in accordance with this Section 2.1(b) shall be final, provided that OLG has acted reasonably in making such decision.

(c) If the First Extended Term is extended for the Second Extended Term in accordance with Section 12.2(b), and if OLG accepted the First Capital Continuation Proposal, then by no later than August 31st of the twelfth Funding Year of the Term (i.e., the fifth Funding Year of the First Extended Term), Ontario Racing shall deliver to OLG a written proposal that provides a detailed rationale for the continuation of the portion of the Annual Payment comprised of the Capital Improvements Payment during the Second Extended Term (the "**Second Capital Continuation Proposal**"). Within 30 days following the delivery of the Second Capital Continuation Proposal by Ontario Racing (or at such other time as OLG may direct upon reasonable notice to Ontario Racing), representatives of OLG and Ontario Racing will meet for a discussion thereof. OLG, acting reasonably, shall consider the merits of the Second Capital Continuation Proposal and, within 30 days following the meeting of the representatives of OLG and Ontario Racing referred to in this Section 2.1(c), OLG shall notify Ontario Racing, in writing, whether OLG accepts or rejects the Second Capital Continuation Proposal. If OLG accepts the Second Capital Continuation Proposal, then OLG shall continue to pay the portion of the Annual Payment comprised of the Capital Improvements Payment during the Second Extended Term in accordance with Section 2.1(a). If OLG rejects the Second Capital Continuation Proposal, or if Ontario Racing fails to deliver a Second Capital Continuation Proposal to OLG in accordance with this Section 2.1(c), then notwithstanding anything to the contrary in Section 2.1(a), the portion of the Annual Payment comprised of the Capital Improvements Payment shall be deemed to be zero during the Second Extended Term. OLG's decision to accept or reject the Second Capital Continuation Proposal delivered by Ontario

Racing in accordance with this Section 2.1(c) shall be final, provided that OLG has acted reasonably in making such decision.

(d) For any Funding Year that commences after April 1 or that ends prior to March 31, the Administration Payment will be decreased proportionately to reflect the actual number of days in such Funding Year.

2.2 Timing of Payments

(a) Subject to Article 4, OLG shall pay each Racetracks Payment and each Additional Purse Enhancement Payment to Ontario Racing in monthly instalments in accordance with the payment schedule that is included in the Approved Annual Business Plan, which will reflect the approved race schedule that is included therein, subject to the terms and conditions of this Agreement. Each such instalment payment shall be made prior to or on the last Wednesday of each month during each Funding Year.

(b) OLG shall pay each Capital Improvements Payment to Ontario Racing in accordance with the payment schedule that is included in the Approved Annual Business Plan, which will reflect when the applicable OR Racetrack Member will incur Eligible Capital Costs.

(c) OLG shall pay each Administration Payment to Ontario Racing in 12 equal monthly instalments, each of which instalment payments shall be made, in arrears, prior to or on the last Wednesday of each month during each Funding Year.

2.3 Mechanism for Payments

(a) OLG shall pay all funds comprising the Annual Payment in accordance with this Agreement by electronic funds transfer to such bank accounts with any Canadian financial institution as Ontario Racing or, subject to Section 2.3(b), ORM may specify by written notice to OLG (the "**Bank Account Notice**") from time to time. Ontario Racing or ORM, as applicable, shall deliver the first Bank Account Notice to OLG by no later than February 1, 2019, and thereafter any Bank Account Notice shall be delivered to OLG at least 20 Business Days prior to the date on which OLG is required to make any payment of funds comprising the Annual Payment to Ontario Racing in accordance with this Agreement, failing which OLG shall be permitted to pay the funds to the bank account most recently specified by Ontario Racing or ORM in accordance with this Section 2.3.

(b) Notwithstanding anything to the contrary contained herein, ORM shall not be permitted to deliver a Bank Account Notice if, at any time, the ORM Management Agreement ceases to be in full force or effect or if ORM ceases to be a party thereto.

(c) Ontario Racing shall ensure that each Bank Account Notice is in the form of OLG's Vendor and Electronic Funds Transfer (EFT) Request Form or such other form as OLG may prescribe from time to time for such purpose.

2.4 Limits to OLG's Role

Ontario Racing, ORM and WEG acknowledge and agree that:

- (a) OLG's role under this Agreement is strictly limited to paying the Annual Payments, subject to the terms and conditions of this Agreement, and except for the payment of the Administration Payment, nothing contained in this Agreement creates any other obligation of OLG to pay or otherwise be responsible for the payment of any costs associated with the management and operation of Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any of the Member Racetracks;
- (b) OLG is not, and the exercise by OLG of its rights under this Agreement shall not result in OLG being deemed to be, a decision-maker or an advisor in relation to the management and operation of Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any of the Member Racetracks; and
- (c) except to the extent expressly contemplated herein in connection with the Annual Payments that become payable during the Term, OLG does not, and will not, as a result of entering into this Agreement, have any other involvement in the management and operation of Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any of the Member Racetracks,

provided, however, that nothing in this Section 2.4 is intended to limit or restrict the exercise by OLG of any of its rights contained in this Agreement or under any Applicable Law.

2.5 Role of Ontario Racing

Without limiting any of OLG's rights under this Agreement, OLG acknowledges and agrees that Ontario racing is the representative body of the horse racing industry in Ontario and, as such, OLG agrees to primarily interact and communicate with Ontario Racing with respect to industry-related matters. Notwithstanding the foregoing, nothing in this Section 2.5 prohibits or otherwise restricts OLG from interacting with or communicating with any OR Racetrack Member or any other member of Ontario Racing, or any other entity involved with the horse racing industry in Ontario.

2.6 Exclusion of Liability

Ontario Racing, ORM and WEG acknowledge and agree that, notwithstanding anything to the contrary in this Agreement, none of them shall have any right to claim damages against OLG for any loss of revenue, loss of profits or anticipated profits, loss of use, loss of contract, loss of goodwill, loss of production, loss of business, loss of business opportunity, exemplary, punitive or special damages or any consequential loss or indirect loss of any nature, in connection with the subject matter of this Agreement.

2.7 No Deemed Regulatory Approvals

Neither the entering into nor the performance of this Agreement by OLG in any way obligates any Governmental Authority to issue or grant to or in respect of Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any of the Member Racetracks any Governmental Consents that Ontario Racing, ORM, WEG, any of the other OR Racetrack

Members or any of the Member Racetracks is obligated under Applicable Law to obtain, whether in connection with the performance of its obligations under this Agreement or otherwise.

ARTICLE 3
PERMITTED USES OF FUNDS

3.1 Racetracks Payment and Additional Purse Enhancement Payment

(a) Following the receipt of funds comprising the Racetracks Payment by Ontario Racing, Ontario Racing shall distribute the full amount thereof to ORM to be used solely for the purpose of paying Eligible Costs for and on behalf of, or for the benefit of, the OR Racetrack Members as contemplated in the Approved Annual Business Plan. The Parties agree that, subject to the terms of the ORM Management Agreement, Ontario Racing shall be responsible for ensuring that any funds comprising the Racetracks Payments are used by ORM, for and on behalf of, and for the benefit of, the OR Racetrack Members, solely for the purpose of paying Eligible Costs that are contemplated in the applicable Approved Annual Business Plan, and for no other purpose.

(b) Following the receipt of funds comprising the Additional Purse Enhancement Payment by Ontario Racing, Ontario Racing shall distribute the full amount thereof to ORM to be used solely for the purpose of paying Eligible Costs for and on behalf of, or for the benefit of, the OR Racetrack Members, other than WEG (which shall not be entitled to receive any portion of the Additional Purse Enhancement Payment), as contemplated in the Approved Annual Business Plan. The Parties agree that, subject to the terms of the ORM Management Agreement, Ontario Racing shall be responsible for ensuring that any funds comprising the Additional Purse Enhancement Payments are used by ORM, for and on behalf of, and for the benefit of, the OR Racetrack Members other than WEG, solely for the purpose of paying Eligible Costs that are contemplated in the applicable Approved Annual Business Plan, and for no other purpose.

(c) Following receipt of a written request from or on behalf of Ontario Racing, OLG may, in its sole discretion on a case-by-case basis, deem costs and expenses not included in Schedule A to be Eligible Costs by providing written notice thereof to Ontario Racing; provided, however, that any such costs and expenses that are incurred by or on behalf of, or for the benefit of, Ontario Racing, ORM or any of the OR Racetrack Members prior to the date of such notice from OLG shall not be Eligible Costs.

(d) OLG may from time to time, in its sole discretion, deem other costs and expenses to be Eligible Costs for all purposes of this Agreement by providing written notice thereof to Ontario Racing, and Schedule A shall be deemed to be amended accordingly; provided, however, that any such costs and expenses that are incurred by or on behalf of, or for the benefit of, Ontario Racing, ORM or any of the OR Racetrack Members prior to the date of such notice from OLG shall not be Eligible Costs.

(e) Ontario Racing acknowledges and agrees that, as of the Commencement Date, costs and expenses incurred in connection with the administration or operation of Ontario Racing are not Eligible Costs.

3.2 Capital Improvements Payment

Following the receipt of funds comprising the Capital Improvements Payment by Ontario Racing, Ontario Racing shall distribute the full amount thereof to ORM to be used solely for the purpose of paying Eligible Capital Costs for and on behalf of, or for the benefit of, the OR Racetrack Members, other than WEG (which shall not be entitled to receive any portion of the Eligible Capital Costs), as contemplated in the Approved Annual Business Plan. The Parties agree that, subject to the terms of the ORM Management Agreement, Ontario Racing shall be responsible for ensuring that any funds comprising the Capital Improvements Payment are used by ORM, for and on behalf of, and for the benefit of, the OR Racetrack Members, solely for the purpose of paying Eligible Capital Costs that are contemplated in the applicable Approved Annual Business Plan, and for no other purpose.

3.3 Administration Payment

- (a) The Parties acknowledge and agree that:
- (i) Ontario Racing shall use the Administration Payment solely in connection with the performance of Ontario Racing's obligations under this Agreement; and
 - (ii) for so long as the ORM Management Agreement remains in full force and effect and ORM remains a party thereto, subject to the terms of the ORM Management Agreement, Ontario Racing shall be entitled to pay the Administration Payment to ORM as consideration for the performance by ORM of its obligations under the ORM Management Agreement, including the performance by ORM of certain of Ontario Racing's obligations under this Agreement, during the Term.
- (b) Ontario Racing and ORM shall use the funds comprising the Administration Payments solely for Eligible Uses, and for no other purpose.
- (c) Following receipt of a written request from or on behalf of Ontario Racing, OLG may, in its sole discretion on a case-by-case basis, deem costs, expenses, distributions or other uses not included in Schedule B to be Eligible Uses by providing written notice thereof to Ontario Racing; provided, however, that any such costs, expenses, distributions or other uses that are incurred or that occur by or on behalf of, or for the benefit of, Ontario Racing or ORM prior to the date of such notice from OLG shall not be Eligible Uses.
- (d) OLG may from time to time, in its sole discretion, deem other costs, expenses, distributions or other uses to be Eligible Uses for all purposes of this Agreement by providing written notice thereof to Ontario Racing, and Schedule B shall be deemed to be amended accordingly; provided, however, that any such costs, expenses, distributions or other uses that are incurred or that occur by or on behalf of, or for the benefit of, Ontario Racing or ORM prior to the date of such notice from OLG shall not be Eligible Uses.

(e) Notwithstanding anything to the contrary herein, OLG agrees to pay to Ontario Racing, during the first Funding Year of the Term only, an additional amount in respect of the Administration Payment, not to exceed \$400,000 (the "**Tote Contract Termination Compensation**"), subject to the following conditions:

- (i) funds comprising the Tote Contract Termination Compensation will be used only for the purpose of paying costs, expenses and fees that any OR Racetrack Member (or anyone acting on behalf of such OR Racetrack Member) is obligated to pay to any third party with whom such OR Racetrack Member has entered into a tote contract prior to the date hereof, in connection with the early termination of such tote contract by such OR Racetrack Member (the "**Tote Contract Termination Costs**");
- (ii) Ontario Racing shall provide to OLG evidence of the applicable OR Racetrack Member's Tote Contract Termination Costs, including any further information relating thereto or substantiation thereof as OLG reasonably requires; and
- (iii) OLG shall only be required to pay funds comprising the Tote Contract Termination Compensation to Ontario Racing in respect of an OR Racetrack Member's Tote Contract Termination Costs upon receipt of the evidence and further information referred to in clause (ii) above during the first Funding Year of the Term.

ARTICLE 4

ADJUSTMENTS TO RACETRACKS PAYMENTS

4.1 Pari-Mutuel Wagering

(a) If, for any Funding Year during the Term, the aggregate amount of pari-mutuel wagering handle generated by the OR Racetrack Members from betting on live horse racing through any channel (including, for example, Live, Simulcast, Teletheatre and Telephone Account Betting) from (i) customers in Ontario wagering on races at racetracks located in Ontario, and (ii) customers in Ontario wagering on races at racetracks located outside of Ontario, whether such sales are operated at the Member Racetracks or elsewhere in any jurisdiction, (collectively, the "**HMA Joint Venture Gross Wagering Handle**") is greater than \$1,200,000,000 then the amount of the Racetracks Payment for the immediately following Funding Year will be reduced by the amount (the "**HMA Racetracks Payment Deduction**") that is equal to:

$$5\% \times (\text{HMA Joint Venture Gross Wagering Handle} - \$1,200,000,000),$$

until the Racetracks Payment is equal to zero (after taking into account the other reductions to the Racetracks Payment contemplated in this Article 4).

(b) If, for any Funding Year during the Term, the aggregate amount of pari-mutuel wagering handle generated by the OR Racetrack Members from betting on live horse racing

through any channel (including, for example, Live, Simulcast, Teletheatre and Telephone Account Betting) from (i) customers located outside of Ontario but elsewhere in Canada wagering on races at racetracks located in Ontario, and (ii) customers outside of Canada wagering on races at racetracks located in Ontario, whether such sales are operated at the Member Racetracks or elsewhere in any jurisdiction, (collectively, the "**Remotes Joint Venture Gross Wagering Handle**") is greater than \$1,000,000,000, then the amount of the Racetracks Payment for the immediately following Funding Year will be reduced by the amount (the "**Remotes Racetracks Payment Deduction**") that is equal to:

$$1.5\% \times (\text{Remotes Joint Venture Gross Wagering Handle} - \$1,000,000,000),$$

until the Racetracks Payment is equal to zero (after taking into account the other reductions to the Racetracks Payment contemplated in this Article 4).

(c) Within 60 days following the end of each Funding Year, OLG shall provide written notice (the "**GWH Notice**") to Ontario Racing specifying:

- (i) the Gross Wagering Handle for such Funding Year, as determined by OLG and ORM, both acting reasonably, using wagering data obtained from the CPMA; and
- (ii) the Racetracks Payment Deduction.

(d) Following delivery of the GWH Notice, each monthly instalment payment that OLG is required to make pursuant to Section 2.2 during that Funding Year will be reduced on a proportionate basis, reflecting that proportion of the unpaid Racetracks Payment for such Funding Year that such monthly instalment represents so that, at the end of such Funding Year, the aggregate amount of reductions pursuant to this Section 4.1(d) will be equal to the Racetracks Payment Deduction for such Funding Year.

4.2 Gaming Expansion Funds – WEG

(a) Commencing with the third Funding Year of the Term, the Racetracks Payment for each Funding Year during the Term will be reduced on a dollar-for-dollar basis by certain amounts received by WEG (or an Affiliate of WEG, or an assignee of WEG or such Affiliate) as follows, provided, however, that in no circumstances will the reductions described in this Section 4.2, in the aggregate, exceed \$51,400,000 in any Funding Year (the "**Maximum WEG Reduction Amount**"):

- (i) *under the Ground Lease dated as of January 23, 2018 (as amended from time to time, the "**Ground Lease**") between WEG, in its capacity as landlord, Ontario Gaming GTA Limited Partnership, by its general partner, 2569129 Ontario Inc., in its capacity as tenant, and OLG, in its capacity as the party conducting and managing any Lottery Scheme in the Ground Premises (as such terms are defined in the Ground Lease), in respect of approximately 33 acres of vacant land on Rexdale Boulevard in Toronto, Ontario: the aggregate amount of Base Rent and Variable Fee*

Rent (as such terms are defined in the Ground Lease, without deduction) that was received during the immediately preceding Funding Year;

- (ii) *under the Long Term Track Lease dated as of January 23, 2018 (as amended from time to time, the "Long Term Track Lease") between WEG, in its capacity as landlord, Ontario Gaming GTA Limited Partnership, by its general partner, 2569129 Ontario Inc., in its capacity as tenant, and OLG, in its capacity as the party conducting and managing any Lottery Scheme in the Premises (as such term is defined in the Long Term Track Lease), in respect of the premises located at 555 Rexdale Boulevard in Toronto, Ontario: the aggregate amount of Variable Fee Rent (as such term is defined in the Long Term Track Lease, without deduction) that was received during the immediately preceding Funding Year; and*
- (iii) *under the Track Lease dated as of April 1, 2013 (as amended from time to time, the "Track Lease") between WEG, in its capacity as landlord, OLG, in its capacity as tenant, and OLG, in its capacity as the party conducting and managing any Lottery Scheme in the Premises (as such terms are defined in the Track Lease), in respect of the premises located at 9430 Guelph Line in Milton, Ontario, but only after such time as OLG, in its capacity as tenant, assigns such Track Lease to the West GTA Gaming Service Provider: the aggregate amount of Base Rent (as defined in the Track Lease, without deduction) related to gaming operations that was received from the West GTA Gaming Service Provider during the immediately preceding Funding Year in excess of the payments on account of Base Rent that WEG received under the Track Lease from OLG during the 12-month period that immediately preceded the assignment of such Track Lease by OLG to the West GTA Gaming Service Provider,*

in each case, while such leases (or any amendment to or replacement thereof) are in effect, without duplication (collectively, the "**WEG Receipts**").

(b) Within 30 Business Days following the end of the second Funding Year of the Term and each Funding Year of the Term thereafter, WEG shall deliver a written report (the "**Annual WEG Rent Report**") to OLG that lists:

- (i) the Base Rent and Variable Fee Rent (as such terms are defined in the Ground Lease, without deduction) that was received by WEG (or an Affiliate of WEG, or an assignee of WEG or such Affiliate) pursuant to the Ground Lease in respect of such Funding Year;
- (ii) the Variable Fee Rent (as such term is defined in the Long Term Track Lease, without deduction) that was received by WEG (or an Affiliate of WEG, or an assignee of WEG or such Affiliate) pursuant to the Long Term Track Lease in respect of such Funding Year; and

- (iii) if, prior to or during such Funding Year, OLG, in its capacity as tenant, assigned the Track Lease to the West GTA Gaming Service Provider, the aggregate amount of Base Rent (as defined in the Track Lease, without deduction) related to gaming operations that was received by WEG (or an Affiliate of WEG, or an assignee of WEG or such Affiliate) from the West GTA Gaming Service Provider pursuant to such Track Lease in respect of such Funding Year in excess of the payments on account of Base Rent that WEG received under such Track Lease from OLG in the 12-month period that immediately preceded the assignment of such Track Lease by OLG to the West GTA Gaming Service Provider,

in each case, including details of the calculation of such amounts. Each Annual WEG Rent Report will be deemed to be an Agreement Record. OLG and ORM, both acting reasonably, shall use the applicable Annual WEG Rent Reports to calculate the amount of the WEG Receipts for the purposes of Section 4.2(c), and OLG shall notify Ontario Racing and WEG of such amount.

(c) The Parties agree that, notwithstanding anything to the contrary in this Agreement:

- (i) the aggregate amount of money that OLG shall be required to pay to Ontario Racing as the Racetracks Payment pursuant to Section 2.1 for any Funding Year will be reduced by the amount of the WEG Receipts for such immediately preceding Funding Year, but only up to the Maximum WEG Reduction Amount; provided, however, that in the first Funding Year in which the WEG Receipts for the immediately preceding Funding Year included Base Rent under and as defined in the Ground Lease, for the purposes of Section 4.2(a), such WEG Receipts will be deemed to be an amount equal to the lesser of (A) the actual amount thereof minus \$12,000,000, or (B) the Maximum WEG Reduction Amount minus \$12,000,000;
- (ii) in the circumstances described in the foregoing clause (i), notwithstanding the content of the Approved Annual Business Plan for the applicable Funding Year, Ontario Racing shall not use or permit to be used funds comprising the Racetracks Payment for such Funding Year, in an amount equal to the lesser of the WEG Receipts and the Maximum WEG Reduction Amount, to pay Eligible Costs for or on behalf of, or for the benefit of, WEG (or any Affiliate of WEG, or the assignee of WEG or any such Affiliate);
- (iii) if the Racetracks Payment for any Funding Year is reduced on account of WEG Receipts by the Maximum WEG Reduction Amount, then Ontario Racing shall not use any funds comprising the Racetracks Payment to pay Eligible Costs for or on behalf of, or for the benefit of, WEG (or any Affiliate of WEG, or the assignee of WEG or an such Affiliate) during such Funding Year; and

- (iv) the Parties shall amend the applicable Approved Annual Business Plan accordingly to reflect this Section 4.2(c).

4.3 Unused Funds

(a) If any of the funds comprising Racetracks Payments or Purse Enhancement Payments for any Funding Year are not used or reserved by Ontario Racing to pay Eligible Costs for or on behalf of, or for the benefit of, the OR Racetrack Members in accordance with this Agreement and the Approved Annual Business Plan for such Funding Year, the aggregate amount of money that OLG shall be required to pay to Ontario Racing as the Racetracks Payment pursuant to Section 2.1 for the next following Funding Year may be reduced by an amount equal to such unused funds, in OLG's sole discretion.

(b) If, in any Funding Year, any funds comprising the Capital Improvements Payment are not distributed by Ontario Racing to the extent contemplated in the Approved Annual Business Plan for such Funding Year, the distribution of such funds may be included in the Approved Annual Business Plan for the next following Funding Year, failing which the aggregate amount of money that OLG shall be required to pay to Ontario Racing as the Capital Improvements Payment pursuant to Section 2.1 for such next following Funding Year may be reduced by an amount equal to such undistributed funds.

ARTICLE 5 PLANNING AND BUDGETING

5.1 Annual Business Plan

(a) Ontario Racing shall, at least 60 days prior to the commencement of each Funding Year (or at such other time as OLG may direct, acting reasonably, upon reasonable notice to Ontario Racing), deliver to OLG a proposed annual business plan for such Funding Year, prepared in accordance with this Section 5.1(a) (each a "**Proposed Annual Business Plan**"). In each Proposed Annual Business Plan, Ontario Racing shall include:

- (i) an annual budget for Ontario Racing by quarter;
- (ii) a detailed use of funds relating to the Annual Payment;
- (iii) race dates for each of the Member Racetracks;
- (iv) purse levels for each of the Member Racetracks;
- (v) for informational purposes only, proposed pari-mutuel wagering handle growth rates for each of the Member Racetracks; and
- (vi) the other matters specified in Schedule 5.1(a), which Schedule OLG, acting reasonably, shall be entitled to modify from time to time by written notice to Ontario Racing and ORM.

For greater certainty, Ontario Racing shall include the specified information regarding each OR Racetrack Member and each Member Racetrack in each Proposed Annual Business Plan regardless of the amount of funds comprising any Annual Payment that will be used to pay Eligible Costs or Eligible Capital Costs for or on behalf of, or for the benefit of, any OR Racetrack Member during the applicable Funding Year.

(b) Each Proposed Annual Business Plan will be subject to review by OLG. The elements of the Proposed Annual Business Plan that are referred to in Sections 5.1(a)(i), 5.1(a)(ii), 5.1(a)(iii) and 5.1(a)(iv) and those elements specified as being "Subject to OLG approval" in Schedule 5.1(a), will be subject to approval by OLG, acting reasonably, in accordance with Section 5.2.

(c) Ontario Racing shall ensure that each Proposed Annual Business Plan that is delivered to OLG pursuant to Section 5.1(a), and any proposed revisions thereto that are submitted to OLG pursuant to Section 5.2(a) or Section 5.3(a), shall have been approved by the board of directors of Ontario Racing prior to such delivery. Ontario Racing shall include with each Proposed Annual Business Plan (or any proposed revisions thereto, as applicable) a copy of the minutes of meeting or written resolutions of the board of directors of Ontario Racing evidencing proper approval of the applicable plan in accordance with the Organizational Documents of Ontario Racing, in each case certified to be a true, correct and complete copy thereof by the applicable corporate secretary (or another corporate officer that is acceptable to OLG, in its sole discretion).

5.2 Review and Approval by OLG

(a) OLG shall be entitled to review the Proposed Annual Business Plan, acting reasonably, for the purpose of validating the appropriateness and sufficiency of the plans and budgets contained therein, taking into account that a key goal of Ontario Racing will be to reduce the need for OLG financial support over time. Within 15 days following the delivery by Ontario Racing to OLG of each Proposed Annual Business Plan and the approvals referred to in Section 5.1(c) (or at such other time as OLG may direct upon reasonable notice to Ontario Racing), representatives of OLG and Ontario Racing will meet for a discussion thereof, including a comparison with the performance of Ontario Racing and each of the OR Racetrack Members during the previous Funding Year. If OLG does not approve in writing any portion of a Proposed Annual Business Plan that is subject to OLG's approval in accordance with Section 5.1(b), then OLG shall discuss with Ontario Racing the reasons therefor, and OLG and Ontario Racing shall cooperate in an attempt to resolve their disagreements. If OLG and Ontario Racing are unable to resolve any such disagreement with respect to a Proposed Annual Business Plan on or before the date that is 25 days prior to the commencement of the Funding Year to which it relates, then the items in dispute will be resolved pursuant to the Dispute Resolution Procedure. If any such items remain in dispute at the commencement of the Funding Year to which the Proposed Annual Business Plan relates, then notwithstanding anything to the contrary herein, with respect to those portions of the Proposed Annual Business Plan that are subject to OLG's approval in accordance with Section 5.1(b), the Approved Annual Business Plan for the immediately preceding Funding Year (except to the extent of any Capital Improvements Payment contemplated therein) will be deemed to be the Approved Annual Business Plan for the current Funding Year until such dispute is resolved, and no Capital Improvements Payment will

be paid during the current Funding Year until all such disputed items in the Proposed Annual Business Plan for the applicable Funding Year have been resolved. Each Proposed Annual Business Plan that has been approved by OLG pursuant to this Section 5.2(a), or otherwise settled pursuant to the Dispute Resolution Procedure, is referred to herein as an "**Approved Annual Business Plan**". Ontario Racing shall not make any changes to the Approved Annual Business Plan without the prior written consent of OLG, other than changes mandated by the AGCO in connection with the granting of any Governmental Consent that is required to be obtained by Ontario Racing in respect of any portion of the Approved Annual Business Plan, including with respect to the racing programs (which changes Ontario Racing shall notify to OLG, in writing).

(b) Without limiting any other provisions of this Agreement, Ontario Racing shall promptly provide to OLG written clarifications of the information and analysis included in any Proposed Annual Business Plan or any Approved Annual Business Plan, and such additional information or analysis, in each case, as OLG may reasonably request from time to time.

(c) If any portion of a Proposed Annual Business Plan for a Funding Year that is subject to OLG's approval in accordance with Section 5.1(b) remains in dispute (provided that OLG has acted reasonably in withholding its approval), or if Ontario Racing has not obtained from the AGCO any Governmental Consent that is required in respect of any portion of the Approved Annual Business Plan (including with respect to racing programs) for a Funding Year, then notwithstanding anything to the contrary in this Agreement, OLG shall not be required to pay the portion of the Racetracks Payment, the Additional Purse Enhancement Payment or the Capital Improvement Payments, as applicable, related to the disputed or unapproved portion of the Proposed Annual Business Plan or the Approved Annual Business Plan, as applicable, to Ontario Racing in respect of such Funding Year.

5.3 Revisions to Approved Annual Business Plans

(a) If at any time during any Funding Year Ontario Racing determines, acting reasonably, that the Approved Annual Business Plan for that Funding Year is no longer accurate or appropriate in any material respect because of changes in conditions, circumstances or otherwise, Ontario Racing shall promptly advise OLG in writing of such determination. In addition to the foregoing, upon any written request of OLG, acting reasonably, Ontario Racing shall evaluate any then current Approved Annual Business Plan to determine whether the assumptions and other data used as the basis for preparing the budgets and plans contained therein continue to be valid and appropriate in all material respects or whether any such budget or plan is otherwise no longer accurate or appropriate in any material respect. In either of the foregoing circumstances, subject to first obtaining the approvals required pursuant to Section 5.1(c), Ontario Racing shall deliver to OLG, for review and, to the extent required pursuant to Section 5.1(b), approval, a revised Proposed Annual Business Plan for the remainder of the Funding Year (which revised Proposed Annual Business Plan will be subject to the requirements of Section 5.1(b) and Section 5.2), together with, in narrative form, an explanation of the proposed revisions and the reasons the assumptions and other data, as applicable, used as the basis for preparing the applicable Approved Annual Business Plan are no longer valid or appropriate in any material respect. Any revisions to an Approved Annual Business Plan will be subject to review and, to the extent required pursuant to Section 5.1(b), approval by OLG in

accordance with Section 5.2 and will not relieve Ontario Racing from its obligation to obtain any required Governmental Consents relating thereto from the AGCO.

(b) Notwithstanding Section 5.3(a), if at any time during any Funding Year Ontario Racing proposes any revisions to the racing program that is included in the Approved Annual Business Plan for that Funding Year for any Member Racetrack (including with respect to race dates, post times, rescheduling of previously cancelled race days, purse levels, the addition of race days or special event day requests), Ontario Racing shall submit the details of such proposed revisions to OLG, in writing, together with such additional information relating thereto as OLG may thereafter request. OLG shall respond to each such request within 10 Business Days following receipt of all information required to be submitted by Ontario Racing pursuant to this Section 5.3(b). If OLG approves such request, then OLG shall notify Ontario Racing thereof and forward the proposal to AGCO for final regulatory approval. If OLG does not approve such request, then OLG shall notify Ontario Racing thereof and provide reasons therefor.

5.4 Three-Year Strategic Plan

(a) Contemporaneously with the submission of the Proposed Annual Business Plan for each of the fourth and seventh Funding Years and, if applicable, each of the tenth, thirteenth, sixteenth and nineteenth Funding Years, Ontario Racing shall deliver to OLG a three-year strategic plan (the "**Three-Year Strategic Plan**") that addresses the matters specified in Schedule 5.4. In developing the Three-Year Strategic Plan, Ontario Racing shall take into account that racetracks play a critical role in the growth trajectory of the horse racing sector in Ontario. Consequently, Ontario Racing shall drive efforts to enable and grow a prosperous, dynamic horse racing industry that will be positioned for long-term viability and success. In order to do so, Ontario Racing shall adopt an industry-wide perspective with a concerted focus to progress on the following strategic objectives:

- (i) a more self-sufficient sector that sustains jobs; and
- (ii) industry leadership, collaboration and ownership.

Ontario Racing shall ensure that each Three-Year Strategic Plan reflects the foregoing strategic objectives.

(b) Ontario Racing shall ensure that each Three-Year Strategic Plan that is delivered to OLG pursuant to Section 5.4(a) shall have been approved by the board of directors of Ontario Racing prior to such delivery. Ontario Racing shall include with each Three-Year Strategic Plan a copy of the minutes of meeting or written resolutions of the board of directors of Ontario Racing evidencing proper approval of the applicable plan in accordance with the Organizational Documents of Ontario Racing, in each case certified to be a true, correct and complete copy thereof by the corporate secretary of Ontario Racing (or another corporate officer that is acceptable to OLG, in its sole discretion).

5.5 Format and Method of Delivery

Ontario Racing shall:

- (a) prepare each of the plans referred to in this Article 5 in writing and in such format as OLG, acting reasonably, may prescribe from time to time;
- (b) transmit each of the plans referred to in this Article 5 (including the final approved versions thereof) to OLG using such method, whether in paper or by electronic delivery, as OLG, acting reasonably, may prescribe from time to time.

5.6 Funding Years 2019/2020 and 2020/2021

(a) OLG and Ontario Racing agree that, notwithstanding anything to the contrary in this Agreement but subject to Section 5.6(c), the Annual Payment for the first two Funding Years commencing on the Commencement Date will be \$107,800,000, comprised of the Racetracks Payment, the Additional Purse Enhancement Payment, the Capital Improvements Payment, the Administration Payment and \$3,000,000 (the "**Transition Payment**"), provided that:

- (i) each Proposed Annual Business Plan for the first two Funding Years commencing on the Commencement Date will maintain an allocation of the Racetracks Payment for the benefit of each of the OR Racetrack Members in a manner that reflects the same level of funding that each OR Racetrack Member was entitled to receive pursuant to its respective Terminated Transfer Payment Agreement during the 12-month period that commenced on April 1, 2017 and ended on March 31, 2018;
- (ii) OLG shall only pay to Ontario Racing and Ontario Racing shall distribute the portion of the Transition Payment to ORM to be used solely for the purpose of paying Transition Payment Eligible Costs for and on behalf of, or for the benefit of, the OR Racetrack Members specified in Schedule 5.6(a)(ii) (the "**Transition Payment Recipients**"), in each case up to the amount of the payment referred to in such Schedule as being for or for the benefit of such Transition Payment Recipient; and if any of the funds comprising the Transition Payment for either of such Funding Years are not used or reserved by Ontario Racing to pay Transition Payment Eligible Costs for or on behalf of, or for the benefit of the Transition Payment Recipients in the amounts specified in Schedule 5.6(a)(ii) and otherwise in accordance with this Agreement for the applicable Funding Year, then Ontario Racing shall repay such unused funds to OLG within 10 Business Days following the end of such Funding Year; and
- (iii) during the first two Funding Years commencing on the Commencement Date, the Racetracks Payment may be used to pay Eligible Costs for or on behalf of, or for the benefit of, the OR Racetrack Members or, in the case of any particular OR Racetrack Member, for such other purposes that funds received by such OR Racetrack Member pursuant to its respective Terminated Transfer Payment Agreement could be used in accordance with the terms thereof, but in each case in accordance with the Approved Annual Business Plans for such Funding Years.

(b) Except as otherwise provided in Section 5.6(a), the provisions of the Agreement that are applicable to the Racetracks Payment shall apply in respect of the Transition Payment.

(c) If any of the Non-Member Racetracks has not become an OR Racetrack Member prior to the commencement of the first Funding Year, the Racetracks Payment shall be reduced by the amount equal to the level of funding that such Non-Member Racetrack was entitled to receive pursuant to its respective Remaining Transfer Payment Agreement during the 12-month period that commenced on April 1, 2017 and ended on March 31, 2018 so long as such payment is being made to such Non-Member Racetrack pursuant to an effective Remaining Transfer Payment Agreement during the first Funding Year. If any of the Non-Member Racetracks has not become an OR Racetrack Member prior to the commencement of the second Funding Year, the Racetracks Payment will be similarly reduced for such second Funding Year. Beginning with the third Funding Year, the fact that there may be Non-Member Racetracks at that time will not give rise to any reduction to the Racetracks Payment.

5.7 Teletheatre Network

(a) The Parties acknowledge that the Teletheatre network in Ontario is owned and operated by WEG, for the benefit of the live horse racing industry in Ontario in accordance with the pari-mutuel wagering revenue sharing provisions in the OR Membership Agreement. WEG shall cooperate with Ontario Racing to prepare those portions of the Proposed Annual Business Plan relating to such Teletheatre network operations.

(b) OLG shall use commercially reasonable efforts to facilitate discussions between WEG and the AGCO with respect to WEG being licensed as the single operator (for the benefit of Ontario Racing) for the off-track Teletheatre home market area for Ontario.

ARTICLE 6 ADDITIONAL COVENANTS

6.1 Covenants of Ontario Racing

In addition to the other obligations, covenants and agreements of Ontario Racing contained herein, Ontario Racing covenants and agrees with OLG as follows:

- (a) Compliance. Ontario Racing shall, and shall cause each of the OR Racetrack Members to, comply at all times during the Pre-Funding Period and the Term with this Agreement and Applicable Law and, without limiting the generality of the foregoing, shall perform each of its other obligations, covenants and agreements hereunder in compliance with this Agreement, including the Standard of Care, and Applicable Law.
- (b) Governmental Consents. Ontario Racing shall, and shall cause each of the OR Racetrack Members to, remain in good standing with all Governmental Authorities having jurisdiction or authority over or in respect of it, and shall obtain and maintain in good standing throughout the Pre-Funding Period and the Term all Governmental Consents that are necessary in connection with the

performance of its obligations hereunder and, in the case of the OR Racetrack Members, the operation of the Member Racetracks.

- (c) Corporate Existence. Ontario Racing shall, and shall cause each of the OR Racetrack Members to, maintain its corporate or other legal form, rights and powers under the laws of its jurisdiction of existence and duly qualify and remain duly qualified to own or lease and operate its assets and to carry on its business as now conducted and as proposed to be conducted.
- (d) Organizational Documents. Ontario Racing shall not amend, or permit the amendment of, in any material respect, the Organizational Documents during the Pre-Funding Period or the Term without the prior written consent of OLG.
- (e) Material Agreements. Ontario Racing shall, at all times during the Pre-Funding Period and the Term, comply with its obligations under each of the Material Agreements to which it is a party in accordance with the terms thereof, and shall not: (i) terminate any such Material Agreement; (ii) amend any such Material Agreement in any material respect, (iii) waive any material provision of any such Material Agreement; or (iv) effect any transfer, assignment or other disposition (whether contingent, absolute or otherwise) of the whole or any part of any such Material Agreement, or any of Ontario Racing's rights under any such Material Agreement, in each case, without OLG's prior written consent.
- (f) Approved Annual Business Plans. Ontario Racing shall execute each Approved Annual Business Plan in accordance with the provisions of this Agreement.
- (g) Oversight. Ontario Racing shall ensure the proper use and expenditure of the Annual Payment by ORM on behalf of the OR Racetrack Members, and by the OR Racetrack Members, in accordance with this Agreement (including Article 3) and the Approved Annual Business Plans. In the event that Ontario Racing or OLG, acting reasonably, determines that any funds comprising an Annual Payment have not been used or expended to satisfy an Eligible Cost, an Eligible Capital Cost, a Transition Payment Eligible Cost or an Eligible Use, as applicable, by ORM for or on behalf of, or for the benefit of, an OR Racetrack Member, or by an OR Racetrack Member, in accordance with the relevant Approved Annual Business Plan, Ontario Racing shall repay or shall cause such OR Racetrack Member to repay such funds to OLG. To the extent that any such funds have not been repaid to OLG at the time that any payment in respect of an Annual Payment is required to be made by OLG under this Agreement, without limiting OLG's rights under Section 4.3, OLG shall be entitled to reduce the amount of such Annual Payment by the full amount of such funds.
- (h) Race Dates and Purse Allocations. Ontario Racing shall ensure that, during each Funding Year of the Term, each of the OR Racetrack Members runs the race dates with the purse allocations specified in the Approved Annual Business Plan for such Funding Year. In the event that any date is cancelled, Ontario Racing shall cause the relevant OR Racetrack Member to replace the cancelled race date by

running an additional race date, adding additional races to other race dates or increasing the purses on other race dates (or a combination of some or all of the foregoing), in each case after consultation with the applicable horsepersons group and OLG, and subject to complying with Applicable Law and Governmental Consents (each, a "**Make-Up Tactic**"); provided, however, that if it is not feasible to effect a Make-Up Tactic, or if no Make-Up Tactic is effected for any other reason, Ontario Racing shall apply such purse allocations to future races in the then current Funding Year or the next Funding Year.

- (i) Revenue Sharing. During each Funding Year of the Term, Ontario Racing shall distribute a minimum share of the Gross Wagering Handle of all of the OR Racetrack Members to each of them in accordance with the Approved Annual Business Plan and the pari-mutuel wagering sharing agreement provisions in the OR Membership Agreement.
- (j) Allocation of Costs. If, notwithstanding the terms of the applicable cost allocation provisions in the OR Membership Agreement, an OR Racetrack Member pays on behalf of Ontario Racing any costs in respect of which Ontario Racing is responsible pursuant to such cost allocation provisions, Ontario Racing shall reimburse the OR Racetrack Member for those costs (including any applicable Taxes).
- (k) Joint Purse. During the Term, Ontario Racing shall administer one joint purse account for the OR Racetrack Members.
- (l) Changes to Ontario Racing Membership. Ontario Racing shall provide written notice to OLG at least 30 days prior to any proposed change to the membership thereof becoming effective, including in the case of any proposed transfer of the ownership of a Member Racetrack from an OR Racetrack Member to any other person, or the addition of any person as an OR Racetrack Member (each of which changes that would result in a new person becoming an OR Racetrack Member shall require the prior written consent of OLG, acting reasonably, if such change is not contemplated by the applicable Approved Annual Business Plan). Ontario Racing shall not permit any person that is not a duly licensed operator of a horse racing track in Ontario that conducts live horse racing to be an OR Racetrack Member, including any existing OR Racetrack Member as of the date hereof that ceases to conduct live horse racing at its Member Racetrack. If, at any time prior to April 1, 2019, any of the Non-Member Racetracks applies to become a member of Ontario Racing (in which case such Non-Member Racetrack would become an OR Racetrack Member for purposes of this Agreement), subject to such Non-Member Racetrack satisfying the conditions to membership as specified in the Organizational Documents, Ontario Racing shall not deny the admission of such Non-Member Racetrack as a member without the prior written approval of OLG. Following the admission of any Non-Member Racetrack as a member of Ontario Racing, Ontario Racing shall revise the applicable Approved Annual Business Plan in accordance with Section 5.3; provided, however, that Ontario Racing shall not be required to make any revisions with respect to the allocation of the funds

comprising the Additional Purse Enhancement Payment or the Capital Improvements Payment made in an already Approved Annual Business Plan; and provided further that such new Racetrack Member shall not be entitled to receive any funds comprising the Annual Payment in the Funding Year in which such person becomes a Racetrack Member.

- (m) Publicity. Ontario Racing shall provide a reasonably detailed notice to OLG within a reasonable period of time prior to Ontario Racing, any OR Racetrack Member or any representative of Ontario Racing or any OR Racetrack Member making any public statement in relation to (i) changes that may have a real or perceived material adverse impact on racetracks or horse people in Ontario, (ii) the reputation or integrity of Ontario Racing or any OR Racetrack Member, or (iii) any position being taken by Ontario Racing or the OR Racetrack Member regarding any policy, position or decision of any Provincial Entity regarding the horse racing industry in Ontario.
- (n) CPMA Compliance. Ontario Racing shall ensure that OR Racetrack Members are contractually obligated to comply with the requirements of the CPMA during the Term.
- (o) Pari-Mutuel Tax Reduction. Ontario Racing shall distribute PMTR for the benefit of the industry based on the memorandum of understanding signed by operators of racetracks, horse people, the Ontario Racing Commission and the Minister of Consumer and Business Services and effective September 30, 1996, or pursuant to any other arrangement that replaces such memorandum of understanding.
- (p) Claims. Ontario Racing shall provide to OLG written notice of any Claim that gives rise to a Material Adverse Effect in respect of Ontario Racing or any of the OR Racetrack Members promptly after Ontario Racing or the applicable OR Racetrack Member becomes aware thereof.

6.2 Covenants of ORM

In addition to the other obligations, covenants and agreements of ORM contained herein, ORM covenants and agrees with OLG as follows:

- (a) Compliance. ORM shall comply at all times during the Pre-Funding Period and the Term with this Agreement and Applicable Law and, without limiting the generality of the foregoing, shall perform each of its other obligations, covenants and agreements hereunder, and to the extent that ORM is performing any obligation, covenant or agreement of Ontario Racing hereunder pursuant to the ORM Management Agreement, ORM shall perform each of such obligations, covenants and agreements of Ontario Racing hereunder, in compliance with this Agreement, including the Standard of Care, and Applicable Law.
- (b) Governmental Consents. ORM shall remain in good standing with all Governmental Authorities having jurisdiction or authority over or in respect of it,

and shall obtain and maintain in good standing throughout the Pre-Funding Period and the Term all Governmental Consents that are necessary in connection with the performance of its obligations hereunder.

- (c) Corporate Existence. ORM shall maintain its corporate or other legal form, rights and powers under the laws of its jurisdiction of existence and duly qualify and remain duly qualified to own or lease and operate its assets and to carry on its business as now conducted and as proposed to be conducted.
- (d) Material Agreements. ORM shall, at all times during the Pre-Funding Period and the Term, comply with its obligations under each of the Material Agreements to which it is a party or in respect of which it is performing any of Ontario Racing's obligations thereunder in accordance with the terms thereof, and shall not: (i) terminate any such Material Agreement; (ii) amend any such Material Agreement in any material respect, (iii) waive any material provision of any such Material Agreement; or (iv) effect any transfer, assignment or other disposition (whether contingent, absolute or otherwise) of the whole or any part of any such Material Agreement, or any of ORM's rights under any such Material Agreement, in each case, without OLG's prior written consent.
- (e) Publicity. ORM shall provide a reasonably detailed notice to OLG within a reasonable period of time prior to ORM or any of its representatives making any public statement in relation to (i) changes that may have a real or perceived material adverse impact on racetracks or horse people in Ontario, (ii) the reputation or integrity of ORM, or (iii) any position being taken by ORM regarding any policy, position or decision of any Provincial Entity regarding the horse racing industry in Ontario.
- (f) Race Days and Purse Allocations. ORM shall contribute supplemental funds, at its own cost, to the extent necessary to ensure that Ontario Racing is able to comply with its covenants and agreements in Section 6.1(h) relating to the running of race days with purse allocations specified in the applicable Approved Annual Business Plan, by the OR Racetrack Members.
- (g) Claims. ORM shall provide to OLG written notice of any Claim that gives rise to a Material Adverse Effect in respect of ORM promptly after ORM becomes aware thereof.

6.3 Covenants of WEG

In addition to the other obligations, covenants and agreements of WEG contained herein, WEG covenants and agrees with OLG as follows:

- (a) Compliance. WEG shall comply at all times during the Pre-Funding Period and the Term with this Agreement and Applicable Law and, without limiting the generality of the foregoing, shall perform each of its other obligations, covenants

and agreements hereunder in compliance with this Agreement, including the Standard of Care, and Applicable Law.

- (b) Governmental Consents. WEG shall remain in good standing with all Governmental Authorities having jurisdiction or authority over or in respect of it, and shall obtain and maintain in good standing throughout the Pre-Funding Period and the Term all Governmental Consents that are necessary in connection with the performance of its obligations hereunder and the operation of its Member Racetracks.
- (c) Corporate Existence. WEG shall maintain its corporate or other legal form, rights and powers under the laws of its jurisdiction of existence and duly qualify and remain duly qualified to own or lease and operate its assets and to carry on its business as now conducted and as proposed to be conducted.
- (d) OR Membership Agreement. WEG shall, at all times during the Pre-Funding Period and the Term, comply with its obligations under the OR Membership Agreement in accordance with the terms thereof, and shall not: (i) terminate the OR Membership Agreement; (ii) amend the OR Membership Agreement in any material respect, (iii) waive any material provision of the OR Membership Agreement; or (iv) effect any transfer, assignment or other disposition (whether contingent, absolute or otherwise) of the whole or any part of the OR Membership Agreement, or any of WEG's rights under the OR Membership Agreement, in each case, without OLG's prior written consent.
- (e) Publicity. WEG shall provide a reasonably detailed notice to OLG within a reasonable period of time prior to WEG or any of its representatives making any public statement in relation to (i) changes that may have a real or perceived material adverse impact on racetracks or horse people in Ontario, (ii) the reputation or integrity of WEG, or (iii) any position being taken by WEG regarding any policy, position or decision of any Provincial Entity regarding the horse racing industry in Ontario.
- (f) OR Racetrack Member. At all times during the Pre-Funding Period and the Term, WEG shall be and remain an OR Racetrack Member, and WEG shall exercise its rights under the Organizational Documents in good faith having regard for the Funding Purpose.
- (g) Race Days and Purse Allocations. WEG shall contribute supplemental funds, at its own cost, to the extent necessary to ensure that Ontario Racing is able to comply with its covenants and agreements in Section 6.1(h) relating to the running of race days with purse allocations specified in the applicable Approved Annual Business Plan, by the OR Racetrack Members.
- (h) Claims. WEG shall provide to OLG written notice of any Claim that gives rise to a Material Adverse Effect in respect of WEG promptly after WEG becomes aware thereof.

- (i) ORM. WEG shall cause ORM to be and remain a wholly-owned subsidiary of WEG during the Pre-Funding Period and the Term. WEG shall cause ORM to comply with and perform ORM's covenants, agreements and obligations under this Agreement in accordance with the terms here, and WEG shall be jointly and severally liable and responsible for such performance by ORM.

6.4 Indemnification

(a) Ontario Racing shall indemnify and save harmless (A) OLG, (B) each of the directors, officers, employees, agents and representatives of OLG, (C) the Crown and other Provincial Entities, and (D) the respective employees, agents and representatives of the Crown and all other Provincial Entities (collectively, the "**OLG Indemnitees**") from and against any and all Claims asserted against and all Losses suffered or incurred by any of them or for which any of them is or may be responsible directly or indirectly arising out of or resulting from:

- (i) any material inaccuracy or material misrepresentation in any representation and warranty of Ontario Racing in this Agreement or in any document delivered to OLG by or on behalf of Ontario Racing pursuant to this Agreement;
- (ii) any failure of Ontario Racing to perform or comply with any obligation, covenant or agreement in this Agreement in any material respect;
- (iii) any fraud, negligence, wilful misconduct or breach or violation of Applicable Law by Ontario Racing or any employees, agents or representatives of any of the foregoing; and
- (iv) the operation, maintenance or repair of any Member Racetrack.

(b) ORM and WEG shall, on a joint and several basis, indemnify and save harmless the OLG Indemnitees from and against any and all Claims asserted against and all Losses suffered or incurred by any of them or for which any of them is or may be responsible directly or indirectly arising out of or resulting from:

- (i) any material inaccuracy or material misrepresentation in any representation and warranty of ORM or WEG in this Agreement or in any document delivered to OLG by or on behalf of ORM or WEG pursuant to this Agreement;
- (ii) any failure of ORM or WEG to perform or comply with any obligation, covenant or agreement in this Agreement in any material respect;
- (iii) any fraud, negligence, wilful misconduct or breach or violation of Applicable Law by ORM, WEG or any employees, agents or representatives of any of the foregoing; and
- (iv) the operation, maintenance or repair of any of WEG's Member Racetracks.

(c) Ontario Racing, ORM and WEG acknowledge and agree that the OLG Indemnitees shall be entitled to the benefit of, and to rely on, this Section 6.4.

ARTICLE 7
FINANCIAL, REGULATORY AND PERFORMANCE REPORTING

7.1 Audited Annual Financial Statements

(a) Ontario Racing and ORM shall deliver to OLG as soon as practicable and, in any event, within 150 days after the end of each Funding Year, the audited consolidated financial statements of Ontario Racing and ORM, respectively, for such Funding Year then ended, prepared using GAAP, together with a report of the applicable auditors on such annual financial statements. Such audited financial statements will consist of at least the following in respect of Ontario Racing and ORM, as applicable:

- (i) a statement of financial position as at the end of such Funding Year;
- (ii) a statement of comprehensive income and expenses for such Funding Year;
- (iii) a statement of cash flows for such Funding Year;
- (iv) a statement of changes in equity for such Funding Year; and
- (v) all related note disclosures.

(b) Each of Ontario Racing and ORM shall appoint a firm of independent chartered professional accountants to be its auditors.

(c) Ontario Racing shall deliver to OLG as soon as practicable and, in any event, within 150 days after the end of each fiscal year of an OR Racetrack Member (including WEG), the audited financial statements for such OR Racetrack Member for such fiscal year then ended, prepared using GAAP, together with a report thereon by the firm of independent chartered professional accountants that the OR Racetrack Member has appointed as auditors; provided, however, that, without limiting any other covenant, agreement or obligation of Ontario Racing under this Agreement (or the scope thereof), Ontario Racing's obligation under this Section 7.1(c) shall not apply in respect of an OR Racetrack Member if Ontario Racing did not make any payment for or on behalf of, or for the benefit of, such OR Racetrack Member using funds comprising any portion of the Racetracks Payment, the Additional Purse Enhancement Payment and the Capital Improvements Payment during such fiscal year of such OR Racetrack Member. Such audited financial statements will consist of at least the content specified in Section 7.1(a). WEG acknowledges the obligation of Ontario Racing under this Section 7.1(c) and agrees to take such actions as may be necessary to ensure that Ontario Racing can comply with and perform such obligation as it relates to WEG.

7.2 Quarterly and Semi-Annual Financial Reporting

(a) No later than 45 Business Days following the end of each quarter (including the fourth quarter) of each Funding Year, Ontario Racing shall deliver to OLG a report consisting of wagering performance results, broken down by origin of bet (for example: Ontario; Canada; other than Ontario; foreign) and by Member Racetrack, in the form of Schedule 7.2(a), together with any other information and supporting materials that are necessary for OLG to adequately review such report, as requested in writing by OLG from time to time.

(b) No later than November 15th and May 15th of each Funding Year, Ontario Racing shall deliver to OLG, in respect of the six-month periods ending September 30th and March 31st:

- (i) a report consisting of a comparison of the results contained in the statement of comprehensive income and expenses of Ontario Racing for such six-month period to the budgeted results in the then-current Approved Annual Business Plan, together with a narrative description of the results of operations as at the end of such six-month period and descriptions of any significant variances identified as a result of the comparisons; and
- (ii) a report in respect of each OR Racetrack Member in the form of Schedule 7.2(b)(ii), together with a narrative description of the results of operations as at the end of such six-month period and descriptions of any significant variances identified as a result of the comparisons,

in each case, together with any other information and supporting materials that are necessary for OLG to adequately review such reports, as requested in writing by OLG from time to time.

7.3 Key Performance Indicators

No later than 30 Business Days following the end of each quarter of each Funding Year (in the case of quarterly reported Key Performance Indicators) or each Funding Year (in the case of annually reported Key Performance Indicators), as applicable, Ontario Racing shall provide to OLG a written report assessing in reasonable detail the performance of the Ontario horse racing industry against the key performance indicators that are described in Schedule 7.3 (the "**Key Performance Indicators**"), including identifying those areas in which the performance of the Ontario horse racing industry has not satisfied a Key Performance Indicator during the previous Funding Year and Ontario Racing's assessment of the reasons therefor. Ontario Racing shall reasonably cooperate with OLG to identify means of improving the performance of the Ontario horse racing industry to the extent that such performance has not achieved a Key Performance Indicator in the previous Funding Year.

7.4 Annual Compliance Certification

On an annual basis, contemporaneously with the delivery of the audited annual financial statements to OLG pursuant to Section 7.1(a), each of Ontario Racing and ORM shall deliver to OLG a separate written statement, in each case in the form attached as Schedule 7.4,

signed by at least two directors of Ontario Racing or ORM, as applicable, certifying that, to the best knowledge of such directors after making due enquiries, Ontario Racing or ORM, as applicable, complied with and fulfilled its obligations under this Agreement during the immediately preceding Funding Year and prior thereto since the Commencement Date.

7.5 Annual Publication of Details of Use of Annual Payment

Within 150 days after the end of each Funding Year, Ontario Racing shall publish, on Ontario Racing's website or by such other means as OLG approves from time to time, a written summary of the use of the Annual Payment for such Funding Year, including with respect to:

- (a) the amounts of Eligible Costs, Eligible Capital Costs and Transition Payment Eligible Costs paid for or on behalf of, or for the benefit of, each OR Racetrack Member during such Funding Year; and
- (b) the Eligible Uses of the Administration Payment by Ontario Racing and ORM during such Funding Year, by reference to the total amount of the Administration Payment paid to ORM for administration costs and expenses.

Ontario Racing shall ensure that such published information remains publicly available and accessible, on Ontario Racing's website or by such other means as OLG approves from time to time. OLG may, but shall not be obligated to, publish some or all of such information on its website or by such other means as OLG determines from time to time.

7.6 Additional Reporting

(a) Ontario Racing and ORM shall prepare or obtain, as applicable, and deliver to OLG (i) the quarterly operational reports listed in Schedule 7.6(a) within the time periods specified in such Schedule, and (ii) such other daily, weekly, monthly, quarterly and annual reports as reasonably requested by OLG from time to time within the time periods specified by OLG, acting reasonably, in each such request.

(b) Contemporaneously with the delivery of each set of audited financial statements for Ontario Racing pursuant to Section 7.1, Ontario Racing shall provide to OLG written details of the payments and disbursements comprising Eligible Capital Costs incurred by any OR Racetrack Member, or by Ontario Racing or ORM for or on behalf of the OR Racetrack Members, using funds included in any Annual Payment in the immediately preceding Funding Year.

(c) If OLG determines that additional information is required from a financial reporting or performance management perspective, then Ontario Racing or ORM, as applicable, shall, or shall cause its auditors to, provide to OLG and to OLG's auditors all such information as OLG may request from time to time in connection therewith within the time periods specified by OLG, acting reasonably, in each such request.

7.7 OLG Review of Reports

Ontario Racing and ORM shall consider, respond to and address each of OLG's questions and other inquiries and requests regarding the reporting contemplated by this Article 7 in a timely manner. Without limiting the generality of the foregoing, if requested by OLG from time to time, Ontario Racing and ORM shall provide promptly to OLG:

- (a) such information and documentation as may be necessary or advisable to substantiate, confirm or further explain the information and calculations that are included in any such reports; and
- (b) such written clarifications of the information and analysis included in any such reports or supplement any such reports with additional information or analysis,

in each case, as reasonably requested by OLG.

7.8 Format and Method of Delivery

Ontario Racing and ORM shall comply with any reasonable direction of OLG applicable to the format and means of transmitting each document, statement and report required to be prepared and delivered to OLG pursuant to this Article 7 from time to time.

**ARTICLE 8
INFORMATION; AUDIT AND INSPECTION**

8.1 Maintenance of Information

(a) Each of Ontario Racing, ORM, WEG and the other OR Racetrack Members shall maintain or cause to be maintained, in accordance with Applicable Law and this Agreement, proper, accurate and complete books of account and such other records, material, information and data (in any form or notation and however stored) as may be necessary, desirable or customarily prepared or maintained to reflect the use of any of the funds comprising any Annual Payment and the performance of their respective other obligations, covenants and agreements hereunder, and to allow and facilitate the purposes of the rights of inspection and audit contemplated by this Agreement (collectively, the "**Agreement Records**").

(b) Except as otherwise specifically provided in this Agreement, and to the extent applicable, each of Ontario Racing, ORM, WEG and the other OR Racetrack Members shall maintain or cause to be maintained all Agreement Records in accordance with GAAP.

(c) Ontario Racing, ORM, WEG and the OR Racetrack Members shall maintain the Agreement Records in the Province of Ontario or such other location as may be approved by OLG in writing, which approval may be withheld in OLG's sole and absolute discretion.

8.2 Audit and Inspection

(a) OLG and any authorized representatives (including an independent firm selected by OLG with expertise in the performance of such audits) designated by OLG shall have the

right to audit and inspect (i) from time to time during the Term, all or any part of the business or operations of Ontario Racing, (ii) from time to time during the Term, the business and operations of ORM relating to its duties under this Agreement and the ORM Management Agreement and use of the Administration Payment, (iii) from time to time during the Term, all or any part of any racetrack operation of any OR Racetrack Member that receives the benefit of any funds comprising any portion of any Annual Payment (including as a result of the payment of Eligible Costs, Eligible Capital Costs or Transition Payment Eligible Costs by Ontario Racing or ORM for or on behalf of the OR Racetrack Members using funds included in any Annual Payment), and (iv) from time to time during the Term and for the period of seven years thereafter, all Agreement Records.

(b) OLG shall provide at least 10 days' prior written notice to Ontario Racing and ORM of any planned audit or inspection to be conducted by OLG or any authorized representatives pursuant to Section 8.2(a). Ontario Racing shall be responsible for notifying any OR Racetrack Member of any audit or inspection of such OR Racetrack Member to be conducted by OLG or any authorized representatives pursuant to Section 8.2(a).

(c) OLG and any authorized representatives designated by OLG shall have all rights and authority necessary or incidental to conducting any audit or inspection pursuant to this Agreement, including the right to make copies of and take extracts from any Agreement Records. OLG shall use its commercially reasonable efforts to ensure that any audit or inspection conducted pursuant to this Article 8 will not unreasonably interfere with the ability of Ontario Racing, ORM, WEG or any other OR Racetrack Member to carry on its operations in the ordinary course.

(d) Ontario Racing, ORM, WEG and the other OR Racetrack Members shall, and shall cause their respective directors, officers and employees to, at all times cooperate with and provide such assistance to OLG and any authorized representatives designated by OLG as they reasonably require in order to exercise and carry out the rights set out in this Article 8. Without limiting any other provision of this Agreement, if and as requested by OLG from time to time, Ontario Racing, ORM, WEG and the other OR Racetrack Members shall provide to OLG and such authorized representatives, and shall allow OLG and such authorized representatives to make copies of, all internal and external audit reports and findings (and associated recommendations) prepared by Ontario Racing, ORM, WEG or such other OR Racetrack Member relating to the use of any funds comprising a portion of any Annual Payment or otherwise relating to this Agreement.

(e) Without limiting the generality of any other provision of this Agreement, Ontario Racing, ORM and WEG acknowledge and agree that certain Governmental Authorities from time to time having jurisdiction over OLG (including the Auditor General of Ontario) may have rights of audit, inspection, investigation and similar rights and authority that are separate and apart from the rights and obligations of the Parties under this Agreement.

8.3 Information Requests

In addition to any other right of OLG in this Article 8, at any time during the Pre-Funding Period and the Term, OLG, acting reasonably, shall be entitled to request from Ontario

Racing, ORM, WEG and any other OR Racetrack Member, or any of them (which request shall be delivered to Ontario Racing, which shall then be responsible for the compliance therewith by the applicable OR Racetrack Member), and the recipient of such request shall supply to OLG within 10 Business Days following receipt of such written request (or such longer period as OLG, acting reasonably, may agree to following a request, made in good faith, by the recipient of OLG's request), such information in respect of the operation of Ontario Racing, ORM, the Member Racetracks or the OR Racetrack Members as OLG reasonably requests, including information relating to the use of any funds comprising any Annual Payment, or the assets, liabilities, past performance or future prospects of Ontario Racing, ORM or such Member Racetracks or OR Racetrack Members. Notwithstanding anything to the contrary contained herein, if OLG makes a request pursuant to this Section 8.3 that is not satisfied in accordance with this Section (as determined by OLG, acting reasonably), then in addition to OLG's other rights and remedies hereunder, and notwithstanding anything to the contrary contained herein, OLG shall be entitled to provide written notice thereof to Ontario Racing, and following the receipt of such notice, Ontario Racing shall not make any payment for or on behalf of, or for the benefit of, the relevant OR Racetrack Member using funds comprising any portion of the Annual Payment or, if the issue is with ORM supplying reasonably requested information, any payment of funds comprising the Administration Payment to ORM, in each case until such request has been satisfied to OLG's reasonable satisfaction.

8.4 No Duty to Audit or Inspect; No Limitation of Rights or Remedies

Notwithstanding OLG's rights contained in this Agreement, OLG shall not have any duty or obligation to Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or to any other person to conduct or cause to be conducted any audit, inspection or monitoring, and shall not incur any liability or obligation whatsoever (i) for not conducting or causing to be conducted any audit, inspection or monitoring, or (ii) for not addressing or otherwise acting upon any matters or information resulting from or identified during any such audit, inspection or monitoring. The fact that any audit, inspection or monitoring may not have been conducted or caused to be conducted by OLG or any of its representatives shall not relieve Ontario Racing, ORM, WEG or any OR Racetrack Member of any of their respective obligations, covenants, agreements or liability arising under or in respect of this Agreement.

8.5 OR Racetrack Members to be Bound

Without limiting Section 1.11, Ontario Racing shall ensure that each of the OR Racetrack Members agrees to comply with and perform the obligations of the OR Racetrack Members (to the extent relating to such OR Racetrack Member) that are included in this Article 8, including with respect to OLG's audit, inspection and information rights that are referred to in this Article 8 (collectively, the "**Member Obligations**"). Ontario Racing shall not permit the use of any funds comprising any portion of the Annual Payment for or on behalf of, or for the benefit of, any OR Racetrack Member that has not acknowledged and agreed to comply with and perform the Member Obligations.

ARTICLE 9
REPRESENTATIONS AND WARRANTIES

9.1 OLG Representations and Warranties

OLG represents and warrants to Ontario Racing, ORM and WEG, recognizing that Ontario Racing, ORM and WEG are relying upon such representations and warranties in entering into this Agreement, as of the date hereof, as follows:

- (a) OLG is a non-share capital corporation established under the Enabling Legislation and has the requisite power and authority to carry on its business as now conducted and as proposed to be conducted;
- (b) the execution, delivery and performance by OLG of this Agreement is within its corporate powers, has been duly authorized by all necessary corporate action and does not (i) contravene any provision of its constating documents, including the Enabling Legislation, or (ii) violate any Applicable Law; and
- (c) this Agreement has been duly executed and delivered by OLG and is the legal, valid and binding obligation of OLG, enforceable against OLG in accordance with its terms except as such enforceability may be limited by (i) limitations with respect to the enforcement of remedies by bankruptcy, insolvency, reorganization, moratorium, and similar Applicable Law affecting creditors' rights generally; (ii) general principles of equity and that a court may stay proceedings or the execution of judgments regardless of whether asserted in a proceeding in equity or at law; and (iii) statutory limitations of general application respecting the enforceability of claims against the Crown or its property.

9.2 Ontario Racing, ORM and WEG Representations and Warranties

Each of Ontario Racing, ORM and WEG represents and warrants to OLG in respect of itself only, but on a joint and several basis, recognizing that OLG is relying upon such representations and warranties in entering into this Agreement, as of the date hereof and as of the Commencement Date, as follows:

- (a) each of Ontario Racing and WEG is a non-share capital corporation established under the laws of the Province of Ontario, ORM is a corporation incorporated under the laws of the Province of Ontario, and each of Ontario Racing, ORM and WEG has all requisite power and authority to own or lease and operate its assets and to carry on its business as now conducted and as proposed to be conducted, and to its knowledge, each of the OR Racetrack Members other than WEG (i) is a corporation, limited or unlimited liability company or partnership duly organized and validly existing under the laws of the jurisdiction of its formation, and (ii) has all requisite power and authority to own or lease and operate its assets and to carry on its business as now conducted and as proposed to be conducted;

- (b) all of the OR Racetrack Members as of the date hereof and as of the Commencement Date are listed in Part A of Schedule 9.2(b);
- (c) ORM is a wholly-owned subsidiary of WEG;
- (d) the execution, delivery and performance of this Agreement by Ontario Racing, ORM or WEG, as applicable, is within its corporate powers, has been duly authorized by all necessary corporate action and does not (i) contravene any provision of the Organizational Documents (in the case of Ontario Racing) or its articles, bylaws and other constating documents (in the case of ORM and WEG), or (ii) violate any Applicable Law;
- (e) this Agreement has been duly executed and delivered by Ontario Racing, ORM or WEG, as applicable, and is the legal, valid and binding obligation of Ontario Racing, ORM or WEG, as applicable, enforceable against Ontario Racing, ORM or WEG, as applicable, in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar Applicable Law limiting the enforcement of creditors' rights generally and by general principles of equity;
- (f) no Act of Insolvency has occurred in respect of it, or to its knowledge, in respect of any other OR Racetrack Member;
- (g) Ontario Racing, ORM, WEG and, to its knowledge, each of the other OR Racetrack Members, (i) have obtained all Governmental Consents required to be obtained by any of them and that are necessary to perform the obligations, agreements and covenants under this Agreement or in connection with the operation of the Member Racetracks, and each of such Governmental Consents is valid, subsisting and in good standing; and (ii) is not in default thereunder or breach thereof; and, to the knowledge of Ontario Racing, ORM or WEG, there exists no circumstance or fact that, individually or together with any other existing circumstance or fact, could reasonably be expected to result in a default under or breach of any of such Governmental Consents or the revocation or limitation thereof;
- (h) each of the following Exhibits attaches true, correct and complete copies of the referenced documents:
 - (i) Exhibit 9.2(h)(i) – Articles and By-laws of Ontario Racing;
 - (ii) Exhibit 9.2(h)(ii) – OR Membership Agreement; and
 - (iii) Exhibit 9.2(h)(iii) – ORM Management Agreement; and
- (i) each of the Material Agreements to which Ontario Racing, ORM or WEG is a party has been duly executed and delivered by Ontario Racing, ORM or WEG, as applicable, and to its knowledge, by the other parties thereto, and is the legal, valid and binding obligation of Ontario Racing, ORM or WEG, as applicable, and

to its knowledge, of the other parties thereto, enforceable against Ontario Racing, ORM or WEG, as applicable, and to its knowledge, against the other parties thereto, in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar Applicable Law limiting the enforcement of creditors' rights generally and by general principles of equity.

ARTICLE 10
RELATIONSHIP MANAGEMENT

10.1 Relationship Leads

Each of the Parties shall designate and identify to the other Parties a senior representative (collectively, the "**Relationship Leads**") to serve as the primary contact with the other Relationship Leads for the coordination and administration of matters related to this Agreement. Without limiting any other provision of this Agreement, the Parties shall ensure that each Relationship Lead (or any temporary or permanent replacement thereof) will be available upon the reasonable request from time to time of the other Relationship Leads to review and discuss issues and matters relating to this Agreement.

10.2 Relationship Committees

(a) OLG, Ontario Racing and ORM shall establish and maintain during the Pre-Funding Period and the Term the following committees (collectively, the "**Relationship Committees**"):

- (i) Level 1: an executive management committee (an "**Executive Management Committee**") comprised of three members, being one representative of each of OLG, Ontario Racing and ORM. Each of OLG, Ontario Racing and ORM shall ensure that its appointee to the Executive Management Committee will be in a position of authority with such party that is above all of such Party's appointees to the Relationship Management Committee. The Executive Management Committee will meet on an annual basis prior to the delivery of the Proposed Annual Business Plan to OLG by Ontario Racing; and
- (ii) Level 2: a relationship management committee (a "**Relationship Management Committee**") comprised of six members, being two representatives of each of OLG, Ontario Racing and ORM. The Relationship Management Committee will be responsible for the coordination and administration of matters relating to this Agreement. The Relationship Management Committee will meet at least quarterly during each Funding Year and at such other times as any member of the Relationship Management Committee may reasonably request from time to time.

(b) Each Party may from time to time replace (on a temporary or permanent basis) any of its appointees to the Relationship Committees, and thereafter it shall promptly advise the other Parties thereof.

(c) Each Relationship Committee shall, within 30 days following its first meeting, establish in writing the mandate, purpose, role, accountability and meeting procedures applicable in respect of such committee, which mandates and procedures must not be inconsistent with the provisions of this Agreement. Without limiting the generality of the foregoing:

- (i) an OLG-appointed member of each Relationship Committee will act as chair of all meetings, and such chair will be responsible for scheduling meetings, setting the agenda for each meeting in consultation with the other committee members, and directing the meetings;
- (ii) meetings of each Relationship Committee may take place in person, by teleconference or by similar means of electronic communication; and
- (iii) in addition to the OLG-appointed members of each Relationship Committee, OLG will appoint an individual who will be responsible for maintaining written minutes of each meeting, which minutes will include a record of all action items discussed in such meetings relating to the Agreement, including the progress of all actions taken or to be taken following each meeting.

(d) Each Party shall use commercially reasonable efforts to ensure that all of its members on the Relationship Committees participate in every meeting scheduled in accordance with this Agreement or, if a member is not available to participate, the Party shall use commercially reasonable efforts to provide an appropriate replacement, whether temporary or permanent.

ARTICLE 11

EVENTS OF DEFAULT

11.1 Agreement Events of Default

For the purposes of this Agreement, the occurrence of any of the following events or circumstances during the Pre-Funding Period or the Term will constitute an Agreement Event of Default (subject to the cure periods specified in this Section 11.1):

- (a) this Agreement or any Material Agreement to which Ontario Racing, ORM or WEG is a party ceases to be a legal, valid and binding obligation of Ontario Racing, ORM or WEG, as applicable, enforceable against Ontario Racing, ORM or WEG, as applicable, in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar Applicable Law limiting the enforcement of creditors' rights generally and by general principles of equity;

- (b) in the event of (i) any termination of any Material Agreement, (ii) any amendment of a Material Agreement in any material respect, (iii) any waiver of any material provision of any Material Agreement, or (iv) any transfer, assignment or other disposition (whether contingent, absolute or otherwise) by Ontario Racing, ORM or WEG of the whole or any part of any Material Agreement to which it is a party, or any of Ontario Racing's, ORM's or WEG's respective rights under any Material Agreement to which it is party, in each case, without OLG's prior written consent;
- (c) Ontario Racing, ORM or WEG being in default under any Material Agreement to which it is a party and, if such default is capable of being cured, such default is not cured within 30 days after the earlier of (i) the date on which Ontario Racing, ORM or WEG becomes aware of such default, and (ii) the date on which OLG notifies Ontario Racing, ORM or WEG in writing of such default;
- (d) the Organizational Documents are amended in any material respect without the prior written consent of OLG;
- (e) WEG ceasing to be a member of Ontario Racing;
- (f) ORM ceasing to be a wholly-owned subsidiary of WEG;
- (g) ORM ceasing to be responsible for the management of Ontario Racing as contemplated by the ORM Management Agreement, whether as a result of (i) the repudiation or termination of the ORM Management Agreement by any party thereto, (ii) the suspension of ORM's obligations thereunder by Ontario Racing in accordance with the terms thereof for any reasons (subject to any applicable cure periods thereunder in the case of a default by ORM), or (iii) an assignment of the ORM Management Agreement by ORM, in whole or in part;
- (h) the occurrence of an Act of Insolvency in respect of Ontario Racing, ORM or WEG, unless such Act of Insolvency is the result of a failure by OLG to pay all or any portion of the Annual Payment in accordance with this Agreement to the extent the amount not paid was due and payable hereunder, or if any of Ontario Racing, ORM or WEG ceases or threatens to cease to carry on business generally or admits its inability to pay or fails to pay its debts generally;
- (i) the revocation or non-renewal of any Governmental Consents (in whole or in part) that are required by any of Ontario Racing, ORM or WEG to perform their respective obligations, agreements and covenants under this Agreement or, in the case of WEG, in connection with the operation of its Member Racetracks;
- (j) Ontario Racing, ORM or WEG, or any of their respective directors or senior officers, is convicted of a criminal offence, a quasi-criminal offence (other than traffic offences) or a regulatory offence, in each case, if such conviction constitutes a Material Adverse Effect as determined by OLG, acting reasonably;

- (k) if there is any inaccuracy or misrepresentation in any representation or warranty of Ontario Racing, ORM or WEG in this Agreement or in any document delivered to OLG by or on behalf of Ontario Racing, ORM or WEG pursuant to this Agreement, which inaccuracy or misrepresentation constitutes a Material Adverse Effect as determined by OLG, acting reasonably, and, if such inaccuracy or misrepresentation is capable of being cured, such inaccuracy or misrepresentation has not been cured within 30 days following the date on which OLG notifies Ontario Racing, ORM or WEG in writing of such inaccuracy or misrepresentation; or
- (l) if Ontario Racing, ORM or WEG fails to perform or comply with any one or more obligations, covenants or agreements of Ontario Racing, ORM or WEG, as applicable, in this Agreement that is not referred to elsewhere in this Section 11.1, and if such failure is capable of being cured, such failure has not been cured within 30 days following the date on which OLG notifies Ontario Racing, ORM or WEG in writing of such failure.

11.2 Notification of Occurrence

Ontario Racing, ORM and WEG shall notify OLG in writing of the occurrence and details of any Agreement Event of Default, and of any event or circumstance that is likely, with the passage of time, giving of notice, determination of any condition, or otherwise, to constitute or give rise to an Agreement Event of Default, in each case promptly upon Ontario Racing, ORM and WEG becoming aware of the occurrence thereof.

11.3 OLG's Rights Upon Agreement Event of Default

Notwithstanding anything to the contrary in this Agreement, and without limiting OLG's right to terminate this Agreement in accordance with Section 13.1, following the occurrence of an Agreement Event of Default, OLG shall be entitled to withhold and not pay to Ontario Racing all or any portion of any future Annual Payments that are required to be paid hereunder until such time as the Agreement Event of Default has been remedied to OLG's satisfaction. OLG shall provide written notice to Ontario Racing regarding the exercise by OLG of its rights under this Section 11.3.

ARTICLE 12

TERM

12.1 Initial Term

Subject to the satisfaction of the Pre-Funding Period conditions in accordance with Section 1.14, the initial term of OLG's funding obligations under this Agreement (the "**Initial Term**") will commence on April 1, 2019 (the "**Commencement Date**") and, unless terminated earlier in accordance with its terms, will end on the seventh anniversary of the Commencement Date.

12.2 Extension Terms

(a) Subject to Section 12.2(c), if, during the first five Funding Years of the Initial Term, the OR Racetrack Members conducted the number of race dates for each applicable breed as specified in the Approved Annual Business Plan for each of such Funding Years (subject to any Make-Up Tactic referred to in Section 6.1(h)), the Initial Term will automatically be extended for an additional six consecutive years (the "**First Extended Term**"). Prior to or on June 1, 2024, OLG shall provide written notice (the "**First Term Notice**") to Ontario Racing and WEG confirming that the criteria for such automatic extension have been satisfied. Subject to Section 12.2(c), if the criteria for such automatic extension have not been satisfied, OLG shall have the option (the "**First Extension Option**"), exercisable in OLG's sole discretion, to extend the Initial Term for the First Extended Term by providing notice thereof prior to or on June 1, 2024, and such notice shall be deemed to be the First Term Notice.

(b) Subject to Section 12.2(c), if the Initial Term is extended for the First Extended Term in accordance with Section 12.2(a), and if, during the sixth through eleventh Funding Years of the Term (inclusive), the OR Racetrack Members conducted the number of race dates for each applicable breed as specified in the Approved Annual Business Plan for each of such Funding Years (subject to any Make-Up Tactic referred to in Section 6.1(h)), the First Extended Term will automatically be extended for an additional six consecutive years (the "**Second Extended Term**"). Prior to or on June 1, 2030, OLG shall provide written notice (the "**Second Term Notice**") to Ontario Racing and WEG confirming that the criteria for such automatic extension have been satisfied. Subject to Section 12.2(c), if the criteria for such automatic extension have not been satisfied, OLG shall have the option (the "**Second Extension Option**"), exercisable in OLG's sole discretion, to extend the First Extended Term for the Second Extended Term by providing notice thereof prior to or on June 1, 2030, and such notice shall be deemed to be the Second Term Notice.

(c) Within 30 days following receipt of the First Term Notice or the Second Term Notice, as applicable, Ontario Racing, ORM and WEG may deliver a joint written notice of the termination of this Agreement by them, such termination to be effective as of the end of the Initial Term or the First Extended Term, as applicable. In the absence of any such joint notice, all of the same terms and conditions of this Agreement will apply during the First Extended Term and the Second Extended Term, as applicable.

(d) No termination fee or other compensation whatsoever will be paid or payable by OLG to Ontario Racing, ORM, WEG any of the other OR Racetrack Members or any other person in the event that OLG does not exercise the First Extension Option or the Second Extension Option.

ARTICLE 13 **TERMINATION**

13.1 Termination for Agreement Event of Default

OLG may, at its option and in its sole discretion, immediately terminate this Agreement by delivery of written notice thereof to the other Parties upon the occurrence of any

Agreement Event of Default. Any delay in providing such notice will not in any way affect OLG's right to terminate this Agreement pursuant to this Section 13.1.

13.2 Termination for Invalidity or Illegality

OLG may immediately terminate this Agreement by delivery of written notice thereof to the other Parties upon the coming into force or repeal of any Applicable Law, or any amendment or variation of any Applicable Law (in each case, without re-enactment or consolidation), including any final judgement or final decision of a court of competent jurisdiction that changes binding precedent of any Applicable Law, in each case, that renders this Agreement or the performance of this Agreement invalid or illegal, other than, in each case, any of the foregoing that may be cured or remedied in accordance with Section 1.7.

13.3 Termination if No Racetracks Payment is Payable

If, for any three consecutive Funding Years during the First Extended Term or the Second Extended Term, if applicable, the Racetracks Payment will be zero after giving effect to the adjustments permitted under Article 4, Section 6.1(g) and Section 6.1(h), OLG may, at its option and in its sole discretion, immediately terminate this Agreement by delivery of written notice thereof to the other Parties.

13.4 Effects of Termination

(a) Following the termination of this Agreement pursuant to Section 13.1, Section 13.2 or Section 13.3, Ontario Racing shall promptly repay to OLG:

- (i) that portion of the Annual Payment (other than the Administration Payment), if any, that OLG paid to Ontario Racing and that has not, as of the date of termination, been used to pay Eligible Costs, Eligible Capital Costs or Transition Payment Eligible Costs or allocated to the payment of Eligible Costs, Eligible Capital Costs or Transition Payment Eligible Costs that have been incurred prior to the date of termination, in each case in accordance with the Approved Annual Business Plan and the provisions of this Agreement; and
- (ii) an amount equal to the product of (x) the amount in respect of the Administration Payment paid to Ontario Racing by OLG pursuant to Section 2.2(a) in respect of the month in which termination occurs, if any, multiplied by (y) a fraction, the numerator of which is the number of days remaining in such month (including the date of termination), and the denominator of which is the number of days in such month.

(b) No termination fee or other compensation whatsoever will be paid or payable by OLG to Ontario Racing, ORM, WEG, any of the other OR Racetrack Members or any other person in the event that OLG terminates this Agreement pursuant to this Article 13.

ARTICLE 14
DISPUTE RESOLUTION PROCEDURE

14.1 Dispute Resolution Procedure

(a) Except as otherwise specifically contemplated herein, all disputes, controversies and claims arising out of or relating to this Agreement, or the interpretation, enforceability, performance, breach, increased monitoring, suspension, termination or validity of this Agreement (each, a "**Dispute**") will be resolved in accordance with, and the Parties shall comply with, the provisions of this Article 14 (the "**Dispute Resolution Procedure**").

(b) The Parties may, by written agreement, on a Dispute by Dispute basis:

- (i) extend or abridge any or all timelines set out in this Article 14; or
- (ii) agree to resolve a Dispute by litigation rather than arbitration notwithstanding the requirements of Section 14.4.

14.2 Amicable Resolution

The Parties agree that at all times, both during and after the Pre-Funding Period and the Term, each of them shall make *bona fide* efforts to resolve by amicable negotiations any and all Disputes arising between them on a without prejudice basis.

14.3 Escalation by Parties

(a) If a Dispute arises, the Relationship Management Committee will meet at least once and will attempt in good faith to resolve the Dispute. For such purpose, any member of the Relationship Management Committee may request the other members to meet within ten days at a mutually agreed-upon place and time.

(b) If the Relationship Management Committee is not able to resolve the Dispute within 20 days after their first meeting (or such longer period as they may mutually agree upon), then any Party may request that the Executive Management Committee meet at least once to attempt in good faith to resolve the Dispute. For such purpose, any member of the Executive Management Committee may request the other members to meet within ten (10) days at a mutually agreed-upon place and time.

14.4 Resolution by Non-Binding Mediation

(a) If the Executive Management Committee is not able to resolve the Dispute within 20 days after their first meeting (or such longer period as they may mutually agree upon), then the Parties may agree in writing to attempt to resolve the Dispute by non-binding and without prejudice mediation; provided, however, that, notwithstanding the foregoing, any disputing Party may give written notice to the other Parties at any time prior to the appointment of a mediator that such Party does not wish to attempt the resolution of such Dispute by non-binding mediation, in which case the Dispute will instead be resolved by arbitration.

(b) Any mediation conducted pursuant to this Section 14.4 will be conducted by a single mediator appointed jointly by the Parties, each acting reasonably, as soon as possible following their joint decision to resolve the Dispute by mediation.

(c) Each Party shall be responsible for its own costs related to the mediation, and the Parties shall share equally the costs of the mediator unless otherwise agreed in writing.

14.5 Referral of Disputes to Arbitration

(a) Subject to first complying with Sections 14.2 and 14.3, any Party may, by written notice to the other Parties, require that the Dispute be resolved by arbitration. The arbitration will be governed by the *Arbitration Act, 1991* (Ontario), except to the extent otherwise provided in this Section 14.5.

(b) Any arbitration conducted pursuant to this Section 14.5 will be conducted by a single arbitrator appointed jointly by the Parties, each acting reasonably, as soon as possible following delivery of the notice referred to in Section 14.5(a).

(c) The Parties shall proceed with the arbitration expeditiously, including in respect of any hearing, in order that an award may be rendered as soon as practicable by the arbitrator, given the nature of the Dispute. The Parties shall require the arbitrator to render a decision as soon as possible and, in any event, to render a decision no later than 20 Business Days after the date of the hearing to the extent reasonably possible, or such longer period of time as agreed to in writing by the Parties.

(d) The costs of an arbitration will be in the discretion of the arbitrator; provided, however, that in exercising discretion to award costs, the arbitrator will take into account the desire of the Parties that costs should generally be awarded to each Party in proportion to the relative success that each Party has in the arbitration.

(e) Any award of the arbitration panel will be final and binding upon all Parties, and all Parties expressly waive all rights of appeal or judicial review in connection with any award of the arbitrator, including review under the *Arbitration Act, 1991* (Ontario). Judgment may be entered upon a final award in accordance with Applicable Law in the Ontario Superior Court of Justice and enforced as a judgment of that court.

ARTICLE 15 CONFIDENTIALITY

15.1 Confidential Information

(a) For the purposes of this Agreement, "**Confidential Information**" means information of a Party that has been or may hereafter be disclosed in any form, whether in writing, orally, electronically or otherwise, by either Party or its representatives (collectively, a "**Disclosing Party**") to the other Party or its representatives (collectively, a "**Receiving Party**") and that has been identified by the Disclosing Party as "confidential"; provided, however, that "Confidential Information" does not include any of the foregoing that is:

- (i) publicly available when it is received by or becomes known to the Receiving Party or that subsequently becomes publicly available other than through a direct or indirect act or omission of the Receiving Party, but only after it becomes publicly available;
- (ii) established by evidence to have been already known to the Receiving Party at the time of its disclosure to the Receiving Party and is not known by the Receiving Party to be the subject of an obligation of confidence of any kind;
- (iii) independently developed or obtained by the Receiving Party without any use of or reference to the Confidential Information of the Disclosing Party as established by evidence that would be acceptable to a court of competent jurisdiction; or
- (iv) received by the Receiving Party in good faith without an obligation of confidence of any kind from a third party who the Receiving Party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence of any kind, but only until the Receiving Party subsequently comes to have reason to believe that such information was subject to an obligation of confidence of any kind when originally received.

(b) For greater certainty, subject to the limitations in clauses (i) through (iv) of Section 15.1(a), information regarding any OR Racetrack Member that is marked "confidential" and disclosed to OLG by Ontario Racing or ORM will be deemed to be Confidential Information of Ontario Racing or ORM, as the case may be, for purposes of this Agreement.

15.2 Confidentiality Covenant

Each Receiving Party acknowledges the confidential and proprietary nature of the Confidential Information of the Disclosing Party and agrees that it shall keep such Confidential Information confidential and will not disclose, transfer or otherwise make available such Confidential Information to any person by the Receiving Party, except as and to the extent expressly permitted in this Agreement or with the prior written consent of the Disclosing Party.

15.3 Permitted Disclosures by Ontario Racing, ORM and WEG

Notwithstanding any other provision of this Article 15 to the contrary, Ontario Racing, ORM and WEG are entitled to disclose OLG's Confidential Information:

- (a) on a confidential basis to (i) their respective directors, officers and employees, and (ii) the other OR Racetrack Members and their respective directors, officers and employees, in each case, if and to the extent that such persons may need to know such Confidential Information in connection with the performance of this Agreement; and

- (b) on a confidential basis to its accountants, internal and external auditors, legal counsel, actual or proposed institutional lenders, and other professional advisors, in each case, if and to the extent that such persons may need to know such Confidential Information in order to provide the applicable professional advisory or financing services relating to the business of Ontario Racing, ORM or WEG, as applicable;

provided, however, that in connection with any such disclosure described in this Section 15.3, Ontario Racing, ORM or WEG, as applicable, shall (i) advise such persons of the confidential nature of such Confidential Information, and (ii) use commercially reasonable efforts to cause such persons to maintain the confidentiality of such Confidential Information.

15.4 Permitted Disclosures by OLG

(a) Notwithstanding any other provision of this Article 15 to the contrary, OLG is entitled to disclose the Confidential Information of Ontario Racing, ORM and WEG:

- (i) on a confidential basis to any employees, agents or representatives of OLG, or any other persons engaged by OLG, in each case, if and to the extent that such persons may need to know such Confidential Information in connection with their duties and obligations; and
- (ii) on a confidential basis to its accountants, internal and external auditors, legal counsel, and other professional advisors if and to the extent that such persons may need to know such Confidential Information in order to provide the applicable professional advisory services to OLG;

provided, however, that in connection with any such disclosure described in this Section 15.4, OLG shall (i) advise such persons of the confidential nature of such Confidential Information and (ii) use commercially reasonable efforts to cause such persons to maintain the confidentiality of such Confidential Information.

(b) Notwithstanding anything to the contrary in this Article 15, OLG and other Provincial Entities shall be entitled to use Confidential Information received by OLG from Ontario Racing, ORM, WEG and the other OR Racetrack Members in connection with the development or preparation of data analytics, studies and other analyses by or on behalf of OLG or other Provincial Entities relating to the horse racing industry in Ontario or any segment or other aspect of such industry, and OLG and other Provincial Entities shall be entitled to publicly disclose any and all such data analytics, studies and other analyses as OLG or any of such other Provincial Entities, in each case in its sole discretion, determines to be appropriate.

15.5 Compelled Disclosure

Subject to Section 15.7, if a Receiving Party or any other person to whom it has disclosed Confidential Information in accordance with this Agreement is required by Applicable Law or legal process to disclose any Confidential Information, the Receiving Party may make such disclosure but must first provide the Disclosing Party with prompt notice of such request or

requirement, unless notice is prohibited by law, in order to enable the Disclosing Party to seek an appropriate protective order or other remedy or to waive compliance with the terms of this Agreement or both. The Receiving Party shall not oppose, and shall provide reasonable assistance to the Disclosing Party in connection with, any action by the Disclosing Party to seek such a protective order or other remedy. The Receiving Party shall support a request for standing by the Disclosing Party for standing to seek such order or remedy. If, failing the obtaining of a protective order or other remedy by the Disclosing Party, such disclosure is required, the Receiving Party shall use its commercially reasonable efforts to ensure that the disclosure will be made in a manner that minimizes the extent of disclosure (for example, redactions of non-relevant information). Each Party acknowledges and agrees that Applicable Law may require disclosure of Confidential Information.

15.6 Freedom of Information and Protection of Privacy

Without limiting the generality of Section 15.5, Ontario Racing, ORM and WEG, in each case on their own behalf and on behalf of the other OR Racetrack Members, acknowledge and agree that the *Freedom of Information and Protection of Privacy Act* (Ontario) ("**FIPPA**") applies to, among other persons, OLG, the Crown and the Governmental Authorities having jurisdiction over OLG, and each of them is required to comply fully with FIPPA, including the requirement to protect the privacy of individuals with respect to personal information (as defined in FIPPA).

15.7 Disclosure of Transaction

Notwithstanding any other provision of this Agreement to the contrary, Ontario Racing, ORM and WEG, in each case on its own behalf and on behalf of the other OR Racetrack Members, acknowledges and agrees that OLG is entitled to disclose or publish (including on websites) this Agreement and any or all terms hereof, in each case, as OLG, in its sole and absolute discretion, may consider appropriate.

15.8 Disclosure to Government

Ontario Racing, ORM and WEG, in each case on its own behalf and on behalf of the other OR Racetrack Members, acknowledge and agree that OLG shall be free to disclose any information, including Confidential Information, to (i) any Provincial Entity and (ii) any other Governmental Authority to the extent that such Governmental Authority has or performs legislative, judicial, regulatory, administrative or other functions within its jurisdiction, in each case, including the employees, agents and representatives thereof.

15.9 Other Disclosure Considerations

The Parties shall be free to publicly disclose Confidential Information contained in any materials that have previously been approved for public disclosure by the other Party, without further approvals from the other Party under this Agreement, to the extent there have been no additions or changes thereto.

ARTICLE 16
MISCELLANEOUS

16.1 **Notices**

(a) Any notice, consent, approval, waiver or other communication required or permitted to be given or provided hereunder shall be in writing and shall be delivered in person, transmitted by e-mail or sent by registered mail, charges prepaid, addressed as follows:

(i) if to OLG, to:

Ontario Lottery and Gaming Corporation
4120 Yonge Street
Suite 420
Toronto, Ontario M2P 2B8

Attention: Senior Vice President, Horse Racing
E-mail: cbricker@olg.ca

with a copy to (but which copy will not constitute notice):

Ontario Lottery and Gaming Corporation
4120 Yonge Street
Suite 420
Toronto, Ontario M2P 2B8

Attention: General Counsel
E-mail: lsullivan@olg.ca

(ii) if to Ontario Racing, to:

Ontario Racing
c/o Ontario Racing Management Inc.
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2

Attention: Executive Director
E-mail: kcurry@woodbine.com

(iii) if to ORM, to:

Ontario Racing Management Inc.
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2

Attention: Executive Director
E-mail: kcurry@woodbine.com

(iv) if to WEG, to:

Woodbine Entertainment Group
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2

Attention: General Counsel
E-mail: bford@woodbine.com

(b) Any notice, consent, approval, waiver or other communication given or granted in accordance with Section 16.1(a) will be deemed to have been given and received (i) if delivered in person, on the day on which it was delivered (or, if such day is not a Business Day or if delivery is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day), or (ii) if sent by registered mail, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event that would reasonably be expected to disrupt the delivery of documents by mail, any notice, consent, approval, waiver or other communication hereunder will be delivered by means of personal delivery or transmitted by e-mail as aforesaid, or (iii) if transmitted by e-mail, upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement). Any Party may at any time change or supplement its foregoing notice particulars from time to time by giving notice to the other Parties in accordance with this Section 16.1. Without limiting the foregoing, upon at least 15 days prior written notice to Ontario Racing, ORM and WEG, OLG may from time to time provide to Ontario Racing, ORM and WEG specific notice particulars to be used by Ontario Racing, ORM and WEG to effect the delivery of particular notices, consents, approvals, waivers or other communications and deliverables required or permitted to be given or provided hereunder.

16.2 Expenses

Except as otherwise expressly provided in this Agreement, each Party shall pay for its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement, the agreements contemplated herein, including the Material Agreements, and the transactions contemplated herein and therein, including the fees and expenses of legal counsel, financial advisors, accountants, consultants and other professional advisors.

16.3 Amendments and Waivers

Except as provided in Sections 3.1(d) and 5.1(a)(vi), no amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the Parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

16.4 Benefit of the Agreement

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

16.5 No Third Party Beneficiaries

Except as provided in Sections 1.13, 6.4 and 16.4, this Agreement is solely for the benefit of (i) Ontario Racing, ORM, WEG, and their respective successors and permitted assigns, with respect to the obligations of OLG under this Agreement, and (ii) OLG, and its successors and assigns, with respect to the obligations of Ontario Racing, ORM and WEG under this Agreement; and this Agreement will not be deemed to confer upon or give to any other person, including any OR Racetrack Member (other than WEG) or any Non-Member Racetrack any Claim or other right or remedy.

16.6 Time of the Essence

Time is of the essence of this Agreement.

16.7 Further Assurances

The Parties shall execute and deliver all such further documents, do or cause to be done all such further acts and things and give all such further assurances as may be necessary or desirable to give full effect to the provisions, intent and purpose of this Agreement.

16.8 Remedies Cumulative

Unless otherwise expressly provided herein, the remedies to which any Party may resort are cumulative and not exclusive of any other remedies allowed by law or equity to which such Party may be entitled, and each Party will be entitled to pursue any and all of its remedies concurrently, consecutively and alternatively.

16.9 Counterparts

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.

16.10 Facsimile and Electronic Delivery

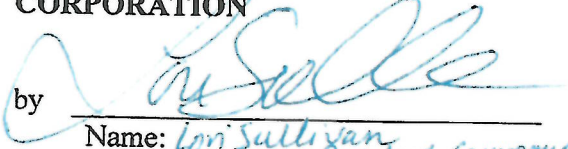
Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date set forth on page one of this Agreement.


[The next page is the signature page.]

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

ONTARIO LOTTERY AND GAMING CORPORATION

by


Name: *Loni Sullivan*
Title: *Senior Vice President - Governance, Legal and Compliance, General Counsel and Corporate Secretary*


Name: *Cal Bricker*
Title: *Senior Vice President Horse Racing*

HORSE RACING ONTARIO

by

Name:
Title:

Name:
Title:

ONTARIO RACING MANAGEMENT INC.

by

Name:
Title:

Name:
Title:


IN WITNESS WHEREOF this Agreement has been executed by the Parties.


ONTARIO LOTTERY AND GAMING CORPORATION

by _____
Name:
Title:


Name:
Title:

HORSE RACING ONTARIO

by 
Name: HUGH MITCHELL
Title: DIRECTOR.


Name: Catherine Gerry
Title: Secretary

ONTARIO RACING MANAGEMENT INC.

by 
Name: Katherine Curry
Title: Executive Director.

Name:
Title:

**WOODBINE ENTERTAINMENT
GROUP**

by William G. Ford
Name: William G. Ford
Title: General Counsel

[Signature]
Name: JAMES J. LARSON
Title: CEO

SCHEDULE A
LIST OF PURSE-RELATED AND OTHER ELIGIBLE COSTS

1. For all Member Racetracks: fees due to horse people's associations based on purse values (i.e., 1.5% of purse values to be paid to horse people's associations)

2. For all Member Racetracks (excluding WEG's Member Racetracks): Commencing with the third Funding Year of the Term, up to \$9,100,000, may be used for the following operating costs that are properly and reasonably incurred and necessary for the operation of any of the Member Racetracks, other than WEG's Member Racetracks:
 - racing facility employee base salary, benefits and pension costs;
 - security for racing facilities;
 - maintenance of racing facilities, including housekeeping and property services;
 - marketing the racing facilities;
 - food and beverage services for racing facilities;
 - administration of racing facilities; and
 - applicable taxes not rebated and applied to the aforementioned costs.

SCHEDULE B
LIST OF ELIGIBLE USES OF ADMINISTRATION PAYMENT

- The reasonable base salary, employment benefits and pension of employees of Ontario Racing and ORM to the extent of the involvement of such employees in the performance of the obligations of Ontario Racing or ORM under this Agreement, the OR Membership Agreement and the ORM Management Agreement (but excluding any other compensation for the benefit of any such employees, including bonuses and profit sharing arrangements)
- Costs and expenses relating to the operation and administration of Ontario Racing, including tote costs for the placement of wagers and race office costs, other overhead costs including travel, insurance, audit fees and supplies, and administration of Horse Improvement Programs
- Bank fees associated with the bank accounts described in Section 2.3 of the Agreement
- Costs and expenses relating to stakeholder relations and communications functions, including stakeholder outreach, communications/social media and publications (e.g., preparation and distribution of annual report)
- Costs and expenses relating to industry development functions, including continuing initiatives to further the horse ownership program, safety, compliance, efficiency and governance of the industry (e.g., equine health and safety, working with the AGCO as industry regulator)
- Costs and expenses relating to marketing and brand promotion of the industry and industry participants
- Fee to ORM (including applicable HST)
- Non-recoverable Taxes related to the foregoing

SCHEDULE 1.14
LIST OF TERMINATED TRANSFER PAYMENT AGREEMENTS AND
REMAINING TRANSFER PAYMENT AGREEMENTS

Part A – Terminated Transfer Payment Agreements

1. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Picov Downs Inc., as amended by the Addendum dated April 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
2. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Clinton Raceway Inc., as amended by Addendum #1 dated April 30, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
3. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Dresden Agricultural Society, as amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
4. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Great Canadian Gaming Corporation, operating as Flamboro Downs Limited, including Great Canadian Gaming (Ontario) Ltd., as amended by Addendum #1 dated April 29, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
5. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Fort Erie Live Racing Consortium, as amended by the Addendum dated June 22, 2015, as further amended by an Amending Agreement dated June 30, 2016, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated April 9, 2018, as further amended from time to time.
6. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and

- Gaming Corporation), as assignee of The Ontario Racing Commission, and Great Canadian Gaming Corporation, operating as Georgian Downs Limited, including Great Canadian Gaming (Ontario) Ltd., as amended by Addendum #1 dated April 29, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
7. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Grand River Agricultural Society, as amended by Addendum #1 dated April 29, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
 8. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Hanover, Bentinck and Brant Agricultural Society, as amended by Addendum #1 dated April 29, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
 9. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Rideau Carleton Raceway Holdings Ltd., as amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended by the letter agreement dated April 24, 2018, as further amended from time to time.
 10. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Woodbine Entertainment Group, as amended by Addendum #1 dated April 29, 2015, as further amended by Addendum #2 dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement dated October 1, 2017, as further amended from time to time.
 11. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Western Fair Association and The WFA Raceway Corporation, as amended by Addendum #1 dated April 29, 2015, as amended by Addendum #2 dated July 14, 2015 as further amended by the letter agreement dated March 6, 2017, as further amended by the letter agreement

dated October 1, 2017, as further amended by the letter Agreement dated April 24, 2018, as further amended from time to time.

Part B – Remaining Transfer Payment Agreements

1. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Kawartha Downs Limited, as amended by the Addendum dated June 16, 2015.
2. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and 405730 Ontario Limited, operating as "Hiawatha Horse Park & Entertainment Centre", as amended by the letter agreement dated March 6, 2017.
3. Agreement made effective April 1, 2014 between Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance (as represented by Ontario Lottery and Gaming Corporation), as assignee of The Ontario Racing Commission, and Lakeshore Horse Racing Association, as amended by the Addendum dated July 14, 2015, as further amended by the letter agreement dated March 6, 2017.

SCHEDULE 5.1(A)
CONTENT FOR PROPOSED ANNUAL BUSINESS PLAN

Note: Ontario Racing is not obligated to include any information regarding any Non-Member Racetrack in any Proposed Annual Business Plan.

In each Proposed Annual Business Plan, Ontario Racing shall include, at a minimum, the following information:

1. Assumptions

Describe key planning assumptions (operational and financial) underlying the Proposed Annual Business Plan. Unique track-specific assumptions should also be disclosed to highlight fundamental differences in performance targets set to account for such nuances.

2. Operational Objectives/Goals

Describe specific operational objectives and goals for each OR Racetrack Member for the upcoming Funding Year as they relate to the three-year strategic objectives and goals, together with the strategies and tactics to accomplish these goals.

Describe any new products, capital investments and any associated incremental revenue.

Include any upcoming policy or operational changes and their impact to racing and wagering.

3. Key Performance Indicators

Complete the table attached to this Schedule as Appendix 1, for each Member Racetrack and each other member of Ontario Racing (i.e., the industry associations), to provide quarterly or annual targets, as applicable, for the upcoming Funding Year for the KPIs within the control of the applicable OR Racetrack Member or such other member.

The projections should align with the information submitted for the upcoming year in the Three-Year Strategic Plan.

A rationale for the targets should also be included.

4. Racing Information [*Subject to OLG approval.*]

Provide a calendar of all scheduled race dates and races for each Member Racetrack, and describe the parameters that were used as guiding principles to set and optimize the racing calendar (including overnight racing, Ontario Sires Stakes and special events).

Include an assessment of how the current horse population (both Ontario and ex-Ontario) guided the planned race schedule.

Provide a summary of the number of race dates for the upcoming Funding Year for each Member Racetrack in the following format:

Count of Race Dates by Racetrack

Racetrack	Count of Race Dates
Ajax	
Clinton	
Dresden	
Flamboro	
Fort Erie	
Georgian	
Grand River	
Hanover	
Hiawatha	
Kawartha	
Lakeshore	
Mohawk	
Rideau	
Woodbine – TB	
Western Fair	

5. Purses [Subject to OLG approval.]

Provide a description of the purse allocation model/framework to demonstrate how purse levels are set and optimized for Ontario Racing and the OR Racetrack Members. Details on purse administration costs should also be included.

Provide a purse funding breakdown to capture the different sources of funds for each Member Racetrack in the following format:

Sources of Purse Funding by Racetrack

Sources of Purse Funding (\$)							
Racetrack	Racetracks Payment	HIP	Surplus Carryover from Prior Year	Wagering Top-up	Additional Purse Enhancement Payment	Other (Please Define Source)	Total
Ajax							
Clinton							
Dresden							

Flamboro							
Fort Erie							
Georgian							
Grand River							
Hanover							
Hiawatha							
Kawartha							
Lakeshore							
Mohawk							
Rideau							
Woodbine – TB							
Western Fair							

6. Capital Improvements Payment *[Subject to OLG approval.]*

Provide a description of the capital cost allocation to the OR Racetrack Members, together with details regarding capital plans and costs.

7. Financial Information

Provide a Projected Profit & Loss Statement for each OR Racetrack Member.

The Projected Profit & Loss Statement should contain the line items specified in Appendix 2 which is attached to this Schedule.

The Operations forecast should include:

- (a) a detailed forecast of racing related expenses per Member Racetrack
- (b) a forecast of number of Full Time Equivalents per Member Racetrack
- (c) a forecast of total salaries and wages per Member Racetrack
- (d) a forecast of revenue sharing results
- (e) a detailed forecast of marketing investments per Member Racetrack

8. Proposed Annual Business Plan Risks

Describe the major risks underpinning the upcoming Funding Year for the strategic objectives and goals identified.

9. Responsible Gambling

Provide an updated RG plan for the next Funding Year.

10. Ontario Teletheatre Network

Describe the following:

- (a) Strategy:
 - (i) Approach to existing Teletheatres (evaluation framework and/or assumptions)
 - (ii) Strategy to increase wagering in existing markets
 - (iii) Opportunity for new product offerings
- (b) Financials:
 - (i) Profit model capturing how revenue and costs will be allocated for the benefit of Ontario Racing and the OR Racetrack Members
 - (ii) Plans for reinvestment into live horse racing and racing-related capital

1 2 3 4 5

#	Metric Name	Data Point	Precision of Reporting	Targets	Rationale for Targets
		TAB/HPI), from: (i) Ontario customers placing pari-mutuel bets on races conducted at Racetrack Members' tracks (ii) HMA Joint Venture Gross Wagering Handle (iii) Remotes Joint Venture Gross Wagering Handle [C]			
		PMTR [D]	2 decimal places		
		Breakage Revenue [E]	2 decimal places		
		Outstanding Ticket Revenue [F]	2 decimal places		
5	Racetrack Capital Reinvestment	Total Capital Expenditures (\$) [I]	2 decimal places		

1 2 3 4 5

#	Metric Name	Data Point	Precision of Reporting	Targets	Rationale for Targets
	Rate (%)				
	Total Government Support to Racetracks (\$) [J]	Total Government Support to Racetracks (\$) [J]	2 decimal places		
6	Total Other Racetrack Revenue (M\$)	Total Other Racetrack Revenue (M\$)	2 decimal places		
7	Wager to Purse (Ratio)	Gross Bet on Ontario Races (M\$) [K]	2 decimal places		
		Purse funded from TPA (\$) [L]	2 decimal places		
		Purse funded from HIP (\$) [M]	2 decimal places		
		Purse funded from Surplus Carryover (\$) [N]	2 decimal places		
		Purse funded from Wagering Top-up (\$) [O]	2 decimal places		

#	Metric Name	Data Point	Definition
1	Gross Bet on Ontario Races (M\$)	Gross Bet on Ontario Races (M\$)	Total gross Ontario and foreign wagering on Ontario Races
2	Total Count of Tickets Sold at Racetracks	Total Count of Tickets Sold at Racetracks	Total number of wagering tickets sold live at all racetracks across Ontario
3	Average Field Size (Starters/Race)	Total number of Starters [A]	Total number of starters (not unique)
		Total number of Races [B]	Total number of races held
		Average Field Size [A] / [B]	Average number of starters (not unique) per race in Ontario
4	Gross Wagering Commissions (Revenue) to Racetracks (M\$)	Gross commissions received, through all available channels (i.e., Live, Simulcast, Teletheatre, TAB/HPI, from: <ul style="list-style-type: none"> • Ontario customers placing pari-mutuel bets on races conducted at Racetrack Members' tracks • HMA Joint Venture Gross Wagering Handle • Remotes Joint Venture Gross Wagering Handle [C] 	Gross commissions received, through all available channels (i.e., Live, Simulcast, Teletheatre, TAB/HPI), from: (i) Ontario customers placing pari-mutuel bets on races conducted at Racetrack Members' tracks; (ii) HMA Joint Venture Gross Wagering Handle; and (iii) Remotes Joint Venture Gross Wagering Handle
	PMTR [D]		Gross PMTR \$ amounts that are kept by the racetrack (Customer Share; Racetrack Share)

#	Metric Name	Data Point	Definition
		Breakage Revenue [E]	Breakage revenue generated from wagering
		Outstanding Ticket Revenue [F]	Revenue from a winning ticket (or voucher) that has not been cashed before the end of the racing day for which it was issued
5	Racetrack Capital Reinvestment Rate (%)	Total Capital Expenditures (\$) [I]	Total amount of Capital (\$) expenditures incurred in support of horse racing operations
		Total Government Support to Racetracks (\$) [J]	Total amount of Government funding (\$) received i.e. Funding Agreement- Purses & Administration Funding, PMTR to Racetracks, HIP
6	Total Other Racetrack Revenue (M\$)	Total Other Racetrack Revenue (M\$)	Revenue generated from non-racing activities ie F&B, Program Sales, Community Events and Festivals
7	Wager to Purse (Ratio)	Gross Bet on Ontario Races (M\$) [K]	Total gross Ontario and foreign wagering on Ontario Races
		Purse funded from TPA (\$) [L]	Total amount of purse funded through TPA funds
		Purse funded from HIP (\$) [M]	Total amount of purse funded through HIP funds
		Purse funded from Surplus Carryover (\$) [N]	Total amount of purse funded from surplus purse account carryover

#	Metric Name	Data Point	Definition
		Purse funded from Wagering Top-up (\$) [O]	Total amount of purse funded from wagering
		Purse funded from Other sources (\$) [P]	Total amount of purse from other sources of funding
		Total Purse (\$) [Q] = [L]+[M]+[N]+[O]+[P]	Total amount of purse
		Wager to Purse (Ratio) [K] / [Q]	Amount of wagering revenue generated per purse dollar
8	Average Ontario Yearling Sales Price (\$/yearling)	Average Ontario Yearling Sales Price (\$/yearling)	Average sales price of Ontario yearlings sold at all thoroughbred and Standardbred yearling sales
9	Total Number of Unique Starters (Count)	Total Number of Unique Starters (Count)	Total number of unique horses that started a race
10	Total Number of Registered Foals (Count)	Number of Registered Foals (Count)	Total number of foals registered in a horse improvement program
11	FTEs employed per Government Funding (FTE/M\$)	FTEs employed per Government Funding (FTE/M\$)	Total FTEs employed per M\$ of government funding
12	Total Incidents in Racing per Race	Total Incidents in Racing per Race	Total incidents as defined by the AGCO

APPENDIX 2 TO SCHEDULE 5.1(A)
HORSE RACING PROFIT AND LOSS STATEMENT BY RACETRACK

	Six Months Ending September 30th	Six Months Ending March 31st	Year-End Target
Revenues			
Customer Wagering Commissions			
Live Racing			
Simulcast			
Digital			
Teletheatre			
TAB			
Joint Venture Revenue (% of Gross Wagering)			
Breakage			
Outstanding Ticket Revenue			
Subtotal Wagering Commissions	\$	\$	\$
Food and Beverage			
Other - Misc (i.e. program, promotional product)			
Lease Revenue			
Base + Additional Rent			
Gross Revenue	\$	\$	\$
Expenditures			
Cost of Racetrack:			
Operating ¹			

¹ Operating costs are the general and administrative expenses associated with the maintenance and administration of the racetrack on a day-to-day basis. Although operating costs exclude capital expenditures, they include many components of operating the racetrack, including the following:

- Salaries, wages, benefits and other compensation
- Maintenance
- Equipment rentals
- Professional fees
- Advertising and promotion
- Vehicle

Six Months Ending September 30th	Six Months Ending March 31st	Year-End Target
--	------------------------------------	--------------------

Deductions from Wagering:

PMTR deductions (including AGCO Regulatory Fee, Horseperson's Share and HIP levy)

CPMA levy

Ontario tax

Host track share of HMA Joint Venture Wagering paid to a racetrack other than a Racetrack Member

The cost of providing cash awards to wagering customers participating in the provincial loyalty program administered by or on behalf of the Corporation

Purses Paid:

Funding Agreement

HIP

Surplus/Reserves (If Any)

Racetrack Revenues

Other Sources (e.g., Municipality)

Cost of Other:

Loss on Foreign Exchange

Depreciation

Total Expenditure	\$	\$	\$
Gross Profit Before Ontario Racing Shared Services Costs & Total Ontario Racing Funding	\$	\$	\$
Gross Profit Before Ontario Racing Shared Services Costs & Total Ontario Racing Funding as % of Gross Revenue	%	%	%

▪ Interest and bank charges

	Six Months Ending September 30th	Six Months Ending March 31st	Year-End Target
Shared Services Costs of Ontario Racing ²	\$	\$	\$
Gross Profit Before Total Ontario Racing Funding	\$	\$	\$
Gross Profit Before Total Ontario Racing Funding as a % of Gross Revenue	%	%	%
Admin Funding	\$	\$	\$
Core Funding from Ontario Racing	\$	\$	\$
Pari-Mutuel Tax Reduction (PMTR):			
HIP			
Tracks			
Customers			
Total Funding from Ontario Racing	\$	\$	\$
Gross Profit After Funding from Ontario Racing	\$	\$	\$
Gross Profit After Total Ontario Racing Funding as a % of Gross Revenue	%	%	%

² Costs shared by OR Members that may include items such as tote system administrative costs.

SCHEDULE 5.4
THREE-YEAR STRATEGIC PLAN
REQUIREMENTS AND TEMPLATE

In each Three-Year Strategic Plan, Ontario Racing shall include, at a minimum, the following information:

1. Executive Summary

Present a summary, in narrative form, of the content of the Three-Year Strategic Plan that includes a description of key factors that are anticipated to impact Ontario Racing's operating and planning environment, the strategic pillars underpinning the plan over the three-year outlook period and an overview of plan-over-plan variances from the prior year's Three-Year Strategic Plan.

Conclude with the most notable strategic risks relating to uncertainties and untapped opportunities contemplated within the Three-Year Strategic Plan.

2. Key Strategic Planning Assumptions

Describe the key planning assumptions (operational and financial) underlying the Three-Year Strategic Plan. These assumptions should inform the performance targets set in Section 4 of this Schedule and the residual (unmitigated) strategic risks documented under Section 5 of this Schedule. Unique track-specific assumptions should also be disclosed to highlight fundamental differences in performance targets set to account for such nuances.

The following elements should guide Ontario Racing's description of strategic assumptions:

- the needs of customers (i.e., evidence of customer-centric decision making based on research outcomes, recommendations for action and opportunities for growth);
- technological disruption (i.e., the possible emergence of a new dominant technology that may impact certain distribution channels such as simulcast);
- funding availability and allocation methodology;
- horse supply expectations and their impact on the Ontario product;
- race calendar optimization principles;
- availability of an appropriate pool of skilled labour during the next five years;
- wagering growth opportunities tied to untapped Teletheatre locations; and
- cost management drivers (i.e., synergies through strategic sourcing; cost of new funds).

3. Strategic Objectives and Goals

Provide a set of long-term strategic objectives and goals for the three-year planning horizon that will drive Ontario Racing's strategic direction, using the following table format (examples below are included for reference purposes only):

Strategic Objectives & Goals

STRATEGIC OBJECTIVE	STRATEGIC GOAL
e.g., Create an exciting racing product	e.g., Create strong and quality racing programs that optimize attendance and wagering outcomes
e.g., Build a passion for the sport	e.g., Broaden the appeal of racing, grow the fan base and increase attendance.

4. Performance Target Initiatives

Please complete the table attached as Appendix 1 to this Schedule.

5. Strategic Risks

Provide the major risks underpinning the strategic plan submission for the objectives and goals.

**APPENDIX 1 TO SCHEDULE 5.4
PERFORMANCE TARGET INITIATIVES**

#	1	2	3		4		5		6
			Historical (Actual) Annual Results	Year-End Projection for Current Operating Year	Targets		Rationale for Targets		
	Name	Precision of Reporting	FY ₋₂	FY ₋₁	FY ₀	FY ₁	FY ₂		
1.	Gross Bet on Ontario Races (M\$)	2 decimal places							
2.	Total Count of Tickets Sold at Racetracks	Whole Number							
3.	Average Field Size (Starters/Race)	Whole Number							
4.	Gross Wagering Commissions (Revenue) to Racetracks (M\$)	2 decimal places							
5.	Racetrack Capital Reinvestment Rate (%)	2 decimal places							
6.	Total Other Racetrack Revenue (M\$)	2 decimal places							
7.	Wager to Purse (Ratio)	2 decimal places							
8.	Average Ontario Yearling Sales Price (\$/yearling)	For fiscal							
9.	Total Number of Unique Starters (Count)	Whole Number							
10.	Total Number of Registered Foals (Count)	Whole Number							
11.	FTEs employed per Government Funding (FTE/M\$)	For fiscal							
12.	Total Incidents in Racing per Race	Whole Number							

1. Name:

This field captures the industry key performance indicator name.

2. Precision of Reporting:

This is the number of decimal places to be reported for the designated metric.

3. Historical (Actual) Annual Results:

The two columns (FY-1 and FY-2) represent historical results for the two full Funding Years preceding the current Funding Year (FY0). (For the first and second Funding Years under this Agreement, historical results should be included for the previous two 12-month fiscal years.)

4. Year-End Projection for Current Operating Year:

This field captures the projected (estimated) year-end result for the current operating year based on performance to date and forecasts for the balance of the current operating year.

5. Targets:

This section of the table will capture the targets set by racetrack for the two years following the current operating year (FY1 to FY2).

6. Rationale for Targets:

This column will document the rationale underpinning the target glidepath. Targets are expected to be set based on historical performance, industry benchmarks, future planning assumptions and known risks and opportunities over the three-year planning window. Notable year over year fluctuations in targets should be clarified under this section with a focus on performance-informed business management.

SCHEDULE 5.6(A)(II)
LIST OF TRANSITION PAYMENT RECIPIENTS

<u>OR Racetrack Member</u>	<u>Allocation of Transition Payment</u>	<u>Transition Payment Eligible Costs*</u>
Clinton Raceway Inc.	\$60,000	TP Purse Enhancements
Flamboro Downs Limited	\$160,000	TP Purse Enhancements
Georgian Downs Limited	\$46,000	TP Purse Enhancements
Grand River Agricultural Society	\$58,000	TP Purse Enhancements
Hanover, Bentinck and Brant Agricultural Society	\$60,000	TP Purse Enhancements
Rideau Carleton Raceway Holdings Ltd.	\$86,000	TP Purse Enhancements
The WFA Raceway Corporation	\$150,000	TP Purse Enhancements
Picov Downs Inc.	\$1,500,000	TP Purses (Funding Year 2019/2020: \$1,500,000; Funding Year 2020/2021: \$500,000); TP Operating Costs (Funding Year 2020/2021: \$1,000,000)
Fort Erie Live Racing Consortium	\$500,000	TP Operating Costs
Dresden Agricultural Society	\$44,000	TP Purse Enhancements;
TOTAL		\$2,664,000**

* OR Racetrack Member, where applicable, may allocate funds from TP Operating Costs to TP Purse Enhancements in a Funding Year.

** The balance of the Transition Payment (\$336,000) will be allocated to OR Racetrack Members in such amounts and on such timing as OLG determines in its sole and absolute discretion.

**SCHEDULE 7.2(A)
QUARTERLY WAGERING REPORTS**

Note: Ontario Racing is not obligated to include any information regarding any Non-Member Racetrack in any Quarterly Wagering Reports.

	Wagers Placed In Ontario - UNDER WEG BETTING PERMIT			Wagers Placed Outside of Ontario		Start End	dd-mm-yy dd-mm-yy
	Live on Track	Simulcast	OTB Teletheatre	TAB/HPI	Foreign Outside of Canada		
FOR TRACKS ACCEPTING BETS UNDER A CPMA PERMIT							
WAGERING							
HANDLE - TB	-	-	-	-	-	-	-
HANDLE - SB	-	-	-	-	-	-	-
HANDLE - QH	-	-	-	-	-	-	-
TOTAL HANDLE	-	-	-	-	-	-	-
REVENUES							
GROSS TAKEOUT	-	-	-	-	-	-	-
BREAKAGE REVENUE	-	-	-	-	-	-	-
OUTSTANDING TICKET REVENUE	-	-	-	-	-	-	-
GROSS REVENUE	-	-	-	-	-	-	-
TAXES, LEVIES AND OTHER REVENUE							
DEDUCTIONS							
CPMA LEVY (0.80%)	-	-	-	-	-	-	-
ONTARIO TAX (0.50%)	-	-	-	-	-	-	-
PMTR - OR HIP LEVY (3%)	-	-	-	-	-	-	-
PMTR - HORSEMEN'S SHARE (0.4%)	-	-	-	-	-	-	-
AGCO REGULATORY FEE	-	-	-	-	-	-	-
INCOMING SIMULCASTS - HOST TRACK SHARE	-	-	-	-	-	-	-
NET REVENUE	-	-	-	-	-	-	-
FOOTNOTE:							
RETAINED REBATES							
PMTR - CUSTOMER SHARE (1.5%)	-	-	-	-	-	-	-
PMTR - TRACK SHARE (1.25%)	-	-	-	-	-	-	-
TOTAL RETAINED REBATES	-	-	-	-	-	-	-
PMTR - REGULATORY FEE (0.75%)	-	-	-	-	-	-	-
JOINT VENTURE SIMULCAST REVENUE	-	-	-	-	-	-	-
DISTRIBUTION TO TRACKS:							
Ajax							
Clinton							
Dresden							
Fort Erie							
Georgian							

SCHEDULE 7.2(B)(II)
SEMI-ANNUAL FINANCIAL REPORTING REQUIREMENTS
(OR RACETRACK MEMBERS)

Horse Racing Profit and Loss Statement by Member Racetrack

Revenues	Actual September 30/ March 31	Target September 30/ March 31	Variance	YTD Total	Year End Projection
Customer Wagering Commissions					
Live Racing					
Simulcast					
Digital					
Teletheatre					
TAB					
Joint Venture Revenue (% of Gross Wagering)					
Breakage					
Outstanding Ticket Revenue					
Subtotal Wagering Commissions	\$	\$	\$	\$	\$
Food and Beverage					
Other – Misc (i.e. program, promotional product)					
Gaming Lease Revenue					
Base + Additional Rent					

	Actual September 30/ March 31	Target September 30/ March 31	Variance	YTD Total	Year End Projection
Gross Revenue	\$	\$	\$	\$	\$

Expenditures

Cost of Racetrack:

Operating³

Purses Paid:

Funding Agreement

HIP

Surplus/Reserves (If Any)

Racetrack Revenues

Other Sources (e.g.,
Municipality)

Cost of Other:

Loss on Foreign Exchange

³ Operating costs are the general and administrative expenses associated with the maintenance and administration of the racetrack on a day-to-day basis. Although operating costs exclude capital expenditures, they include many components of operating the racetrack, including the following:

- Salaries, wages, benefits and other compensation. (Please also separately identify in a note the compensation actually paid to, earned by or awarded to each of the three most highly compensated employees of the applicable OR Member.)
- Maintenance
- Equipment rentals
- Professional fees
- Advertising and promotion
- Vehicle
- Interest and bank charges

	Actual September 30/ March 31	Target September 30/ March 31	Variance	YTD Total	Year End Projection
Depreciation					
Total Expenditure	\$	\$	\$	\$	\$
Gross Profit Before Ontario Racing Shared Services Costs & Total Ontario Racing Funding	\$	\$	\$	\$	\$
Gross Profit Before Ontario Racing Shared Services Costs & Total Ontario Racing Funding as a % of Gross Revenue	%	%	%	%	%
Shared Services Costs of Ontario Racing ⁴	\$	\$	\$	\$	\$
Gross Profit Before Total Ontario Racing Funding	\$	\$	\$	\$	\$
Gross Profit Before Total Ontario Racing Funding as a % of Gross Revenue	%	%	%	%	%
Admin Funding	\$	\$	\$	\$	\$
Core Funding from Ontario Racing	\$	\$	\$	\$	\$
Pari-Mutuel Tax Reduction (PMTR):					
HIP					
Tracks					
Customers					

⁴ Costs shared by OR Members that may include items such as tote system administrative costs.

	Actual September 30/ March 31	Target September 30/ March 31	Variance	YTD Total	Year End Projection
Total Funding from Ontario Racing	\$	\$	\$	\$	\$
Gross Profit After Funding from Ontario Racing	\$	\$	\$	\$	\$
Gross Profit After Total Ontario Racing Funding as a % of Gross Revenue	%	%	%	%	%

#	Metric Name	Data Point	Precision of Reporting	Actual Results	Variation (%) to Targets submitted in Annual Business Plan	Rationale for Results
		TAB/HPI, from: (i) Ontario customers placing pari-mutuel bets on races conducted at Racetrack Members' tracks (ii) HMA Joint Venture Gross Wagering Handle (iii) Remotes Joint Venture Gross Wagering Handle [C]				
		PMTR [D]	2 decimal places			
		Breakage Revenue [E]	2 decimal places			
		Outstanding Ticket Revenue [F]	2 decimal places			
5	Racetrack Capital Reinvestment Rate (%)	Total Capital Expenditures (\$) [I]	2 decimal places			

1 2 3 4 5

#	Metric Name	Data Point	Precision of Reporting	Actual Results	Variation (%) to Targets submitted in Annual Business Plan	Rationale for Results
		Total Government Support to Racetracks (\$) [J]	2 decimal places			
6	Other Racetrack Revenue (M\$)	Total Other Racetrack Revenue (M\$)	2 decimal places			
7	Wager to Purse (Ratio)	Gross Bet on Ontario Races (M\$) [K]	2 decimal places			
		Purse funded from TPA (\$) [L]	2 decimal places			
		Purse funded from HIP (\$) [M]	2 decimal places			
		Purse funded from Surplus Carryover (\$) [N]	2 decimal places			
		Purse funded from Wagering Top-up (\$) [O]	2 decimal places			
		Purse funded from Other sources (\$) [P]	2 decimal places			
		Total Purse (\$) [Q] = [L]+[M]+[N]+[O]+[P]	2 decimal places			

#	1	2	3	4	5	Rationale for Results
	Metric Name	Data Point	Precision of Reporting	Actual Results	Variation (%) to Targets submitted in Annual Business Plan	
		Wager to Purse (Ratio) [K] / [Q]	2 decimal places			
8	Average Ontario Yearling Sales Price (\$/yearling)	Average Ontario Yearling Sales Price (\$/yearling)	For fiscal			
		Average Ontario Yearling Sales Price - TB (\$/yearling)	For fiscal			
		Average Ontario Yearling Sales Price - SB (\$/yearling)	For fiscal			
9	Total Number of Unique Starters (Count)	Total Number of Unique Starters (Count)	Whole number			
		Total Number of Unique Starters - TB (Count)	Whole number			
		Total Number of Unique Starters - SB (Count)	Whole number			
10	Total Number of Registered Foals (Count)	Number of Registered Foals (Count)	Whole number			

#	1 Metric Name	2 Data Point	3 Precision of Reporting	4 Actual Results	5 Variation (%) to Targets submitted in Annual Business Plan	Rationale for Results
		Number of Registered Foals - TB (Count)	Whole number			
		Number of Registered Foals - SB (Count)	Whole number			
11	FTEs employed per Government Funding (FTE/M\$)	FTEs employed per Government Funding (FTE/M\$)	For fiscal			
12	Total Incidents in Racing per Race	Total Incidents in Racing per Race	Whole number			

1. **Metric Name:**
This field captures the industry key performance indicator name.
2. **Data Point:**
This field lists the specific data points used in the calculation of the metrics.
3. **Precision of Reporting:**
This field lists the precision of reporting to be used when reporting the data points.
4. **Actual Results:**
The five columns in this section represent actual results for the current Funding Year on a quarterly and cumulative YTD basis.
5. **Variation (%) to Forecasts submitted in Annual Business Plan:**

These five columns represent the variation % of the Actual Results (4) to the forecasts that were submitted in the Annual Business Plan on a quarterly and cumulative YTD basis.

SCHEDULE 7.4
FORM OF ANNUAL COMPLIANCE CERTIFICATE

Annual Compliance Statement

To: Ontario Lottery and Gaming Corporation

From: [Horse Racing Ontario or Ontario Racing Management Inc.]

Date: [insert date]

Re: Funding Year – April 1, [year] to March 31, [year] (the "**Applicable Period**"), under the Funding Agreement dated as of May 7, 2018 between OLG, Horse Racing Ontario, Ontario Racing Management Inc. and Woodbine Entertainment Group (as amended, the "**Funding Agreement**")

Capitalized terms that are used but not defined herein have the respective meanings specified in the Funding Agreement.

On behalf of [**Horse Racing Ontario / Ontario Racing Management Inc.**], the undersigned directors certify to OLG that, to the best knowledge of the undersigned after making due enquiries, [**Horse Racing Ontario / Ontario Racing Management Inc.**] complied with and fulfilled its obligations under the Funding Agreement during the Applicable Period and prior thereto since the Commencement Date.

[Name – Director 1]

[Name – Director 2]

SCHEDULE 7.6(A)
QUARTERLY OPERATIONAL REPORTING

On a quarterly basis within 15 Business Days following the end of each quarter of each Funding Year, or more frequently upon OLG's request:

1. a summary of key RG initiatives completed;
2. purse statement including interest reporting;
3. details of payments and disbursements comprising Eligible Uses of Administration Payment; and
4. details of payments and disbursements of Eligible Costs and Transition Payment Eligible Costs that are operating costs of the type listed in item 2 of Schedule A.

SCHEDULE 9.2(B)
**LIST OF OR RACETRACK MEMBERS AND NON-MEMBER RACETRACKS AS OF
THE DATE OF THE AGREEMENT AND THE COMMENCEMENT DATE**

Part A – OR Racetrack Members

Picov Downs Inc.

Clinton Raceway Inc.

Dresden Agricultural Society

Flamboro Downs Limited

Fort Erie Live Racing Consortium

Georgian Downs Limited

Grand River Agricultural Society

Hanover, Bentinck and Brant Agricultural Society

Rideau Carleton Raceway Holdings Ltd.

Woodbine Entertainment Group

The WFA Raceway Corporation

Part B – Non-Member Racetracks

Goldberg Rosen Inc., in its capacity as Court Appointed Receiver of the property, assets and undertaking of Kawartha Downs Limited

405730 Ontario Limited, operating as "Hiawatha Horse Park & Entertainment Centre"

Lakeshore Horse Racing Association

EXHIBIT 9.2(H)(I)
ARTICLES AND BY-LAWS OF ONTARIO RACING

(attached)



Form 4001
Articles of Incorporation
Canada Not-for-profit Corporations
Act (NFP Act)

Formulaire 4001
Statuts constitutifs
Loi canadienne sur les
organisations à but non lucratif
(Loi BNL)

- 1 Corporate name
Dénomination de l'organisation
HORSE RACING ONTARIO
- 2 The province or territory in Canada where the registered office is situated
La province ou le territoire au Canada où est maintenu le siège
ON
- 3 Minimum and maximum number of directors
Nombres minimal et maximal d'administrateurs
Min. 3 Max. 15
- 4 Statement of the purpose of the corporation
Déclaration d'intention de l'organisation
See attached schedule / Voir l'annexe ci-jointe
- 5 Restrictions on the activities that the corporation may carry on, if any
Limites imposées aux activités de l'organisation, le cas échéant
None
- 6 The classes, or regional or other groups, of members that the corporation is authorized to establish
Les catégories, groupes régionaux ou autres groupes de membres que l'organisation est autorisée à établir
See attached schedule / Voir l'annexe ci-jointe
- 7 Statement regarding the distribution of property remaining on liquidation
Déclaration relative à la répartition du reliquat des biens lors de la liquidation
See attached schedule / Voir l'annexe ci-jointe
- 8 Additional provisions, if any
Dispositions supplémentaires, le cas échéant
None
- 9 **Declaration:** I hereby certify that I am an incorporator of the corporation.
Déclaration : J'atteste que je suis un fondateur de l'organisation.

Name(s) - Nom(s)

Original Signed by - Original signé par

Don Macintosh

Don Macintosh

Don Macintosh

Bob Broadstock

Bob Broadstock

Bob Broadstock

Jessica Buckley

Jessica Buckley

Jessica Buckley

Peter Berringer

Peter Berringer

Peter Berringer

A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction to a fine of not more than \$5,000 or to imprisonment for a term of not more than six months or to both (subsection 262(2) of the NFP Act).

La personne qui fait une déclaration fautive ou trompeuse, ou qui aide une personne à faire une telle déclaration, commet une infraction et encourt, sur déclaration de culpabilité par procédure sommaire, une amende maximale de 5 000 \$ et un emprisonnement maximal de six mois ou l'une de ces peines (paragraphe 262(2) de la Loi BNL).

You are providing information required by the NFP Act. Note that both the NFP Act and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la Loi BNL. Il est à noter que la Loi BNL et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Sue Leslie	Sue Leslie

	Sue Leslie
Hugh Mitchell	Hugh Mitchell

	Hugh Mitchell
Ian Fleming	Ian Fleming

	Ian Fleming
Walter Parkinson	Walter Parkinson

	Walter Parkinson
Bill O'Donnell	Bill O'Donnell

	Bill O'Donnell
James J. Lawson	James J. Lawson

	James J. Lawson
James Thibert	James Thibert

	James Thibert

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Schedule / Annexe
Purpose Of Corporation / Déclaration d'intention de l'organisation

- (i) to support a vibrant and sustainable, quality driven, high integrity live horse racing program that has the strongest possible customer appeal for pari-mutuel wagering (both domestic and worldwide) and supports significant economic returns for Ontario;
- (ii) to operate live horse racing in Ontario within one province-wide "Home Market Area";
- (iii) to allow Racetrack members to conduct races at their respective racetracks independently, but with a common slate of procedures and protocols;
- (iv) to promote the development of a more stable and sustainable live horse racing industry in Ontario, with increased responsibility for the industry to become self-governing and manage its business towards such greater sustainability, including by putting a focus on growth of its customer base across all wagering channels for the betterment of the industry as a whole;
- (v) to work with regulators to generate new revenue for the horse racing industry via new pari-mutuel wagering products or other revenue streams and the leveraging of technology;
- (vi) to promote the horse racing industry and to educate the public and stakeholders about the financial, employment and community benefits of the industry;
- (vii) to enable and encourage horse racing industry participants to operate their respective businesses in a fiscally sound and responsible manner with some degree of certainty for the future, with a view to fostering a sustainable live horse racing industry in Ontario;
- (viii) to enter into, carry on, otherwise participate in, engage in or invest in, directly or indirectly, such commercial activities, whether for profit or not-for-profit, as may advance, sustain or support, in whole or in part, any one or more of the purposes of the Corporation, including, without limitation, such activities as may develop or enhance any of the Corporation's assets; and
- (ix) to do all things as are incidental or ancillary to the attainment of the above purposes and such other complementary purposes not inconsistent with these purposes.

Schedule / Annexe
Classes of Members / Catégories de membres

The Corporation is authorized to establish two classes of members, Racetrack members and Industry Association members, as follows:

(1) The Racetrack members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Racetrack member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class.

(2) The Industry Association members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Industry Association member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class.

Schedule / Annexe

Distribution of Property on Liquidation / Répartition du reliquat des biens lors de la liquidation

Upon the liquidation or dissolution of the Corporation and after payment of all debts and liabilities, its remaining property shall be distributed or disposed of to one or more "qualified donees" within the meaning of subsection 248(1) of the Income Tax Act (Canada).



Form 4002

Formulaire 4002

**Initial Registered Office Address
and First Board of Directors**

**Adresse initiale du siège et
premier conseil d'administration**

*Canada Not-for-profit Corporations Act
(NFP Act)*

*Loi canadienne sur les organisations à
but non lucratif (Loi BNL)*

1 Corporate name
Dénomination de l'organisation

HORSE RACING ONTARIO

2 Complete address of the registered office
Adresse complète du siège

555 Rexdale Boulevard
Toronto ON M9W 5L2

3 Additional address
Autre adresse

Care of / À l'attention de : Don Macintosh, Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto ON M5K 0A1

4 Directors of the corporation
Administrateurs de l'organisation

See attached schedule / Voir l'annexe ci-jointe

5 Declaration: I hereby certify that I am an incorporator of the new corporation or that I am a director or an authorized officer of the corporation continuing into or amalgamating under the NFP Act.

Déclaration : J'atteste que je suis un fondateur de la nouvelle organisation ou que je suis un administrateur ou un dirigeant autorisé de l'organisation se prorogeant ou se fusionnant en vertu de la Loi BNL.

Original signed by / Original signé par
James J. Lawson

James J. Lawson
416-675-3993

A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction to a fine of not more than \$5,000 or to imprisonment for a term of not more than six months or to both (subsection 262(2) of the NFP Act).

La personne qui fait une déclaration fautive ou trompeuse, ou qui aide une personne à faire une telle déclaration, commet une infraction et encourt, sur déclaration de culpabilité par procédure sommaire, une amende maximale de 5 000 \$ et un emprisonnement maximal de six mois ou l'une de ces peines (paragraphe 262(2) de la Loi BNL).

You are providing information required by the NFP Act. Note that both the NFP Act and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la Loi BNL. Il est à noter que la Loi BNL et la *Loi sur les renseignements personnels* permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Schedule / Annexe

Directors of the corporation / Administrateurs de l'organisation

Jessica Buckley	889 Damascus Court, Newmarket ON L3X 1L1, Canada
Bill O'Donnell	36 Main Street North, Campbellville ON L0P 1B0, Canada
Bob Broadstock	11 Harwood Avenue South, Ajax ON L1S 2B9, Canada
Hugh Mitchell	316 Rectory Street, London ON N5W 3V9, Canada
Ian Fleming	147 Beech Street, Clinton ON N0M 1L0, Canada
James J. Lawson	325 Spruce Street, Oakville ON L6J 2C9, Canada
James Thibert	230 Catherine Street, Fort Erie ON L2A 5N9, Canada
Peter Berringer	555 Rexdale Boulevard, Toronto ON M9W 5L2, Canada
Sue Leslie	135 Queen's Plate Drive, Suite 420, Toronto ON M9W 6V1, Canada
Walter Parkinson	2150 Meadowvale, Mississauga ON L5N 6R6, Canada
Don Macintosh	77 King Street West, Suite 400, Toronto- Dominion Centre, Toronto ON M5K 0A1, Canada

HORSE RACING ONTARIO

BY-LAW NO. 1

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HORSE RACING ONTARIO
(the "Corporation")

BY-LAW NO. 1

A by-law relating generally to the transaction of the activities and affairs of the Corporation.

Article 1
Interpretation

1.1 Interpretation

In this by-law, in addition to any other words or phrases defined in the text of this by-law:

- (a) "**Act**" means the *Canada Not-for-profit Corporations Act* (Canada), S.C. 2009, c. C-23, and the regulations made under it, each as amended or re-enacted from time to time;
- (b) "**articles**" includes the articles of incorporation or continuance of the Corporation, as amended from time to time;
- (c) "**board**" means the board of directors of the Corporation and "**director**" means a member of the board;
- (d) "**by-law**" means any by-law of the Corporation in effect from time to time;
- (e) "**meeting of members**" means an annual or special meeting of members of the Corporation;
- (f) "**ordinary resolution**" means a resolution passed by a majority of the votes cast on that resolution;
- (g) "**soliciting corporation**" means a corporation referred to in subsection 2(5.1) of the Act;
- (h) "**special resolution**" means a resolution passed by a majority of not less than two thirds of the votes cast on that resolution;
- (i) unless otherwise specified, all words and expressions contained in this by-law and that are defined in the Act have the meanings given to them in the Act;
- (j) any reference to gender includes all genders and words importing the singular number include the plural and vice versa; and
- (k) the inclusion of headings and a table of contents are provided for convenience only and do not affect the construction or interpretation of this by-law.

1.2 Conflicts with the Act

If any provision in this by-law (or any other by-law) contravenes any provision in the Act, the provision in the Act will govern.

Article 2 **Activities of the Corporation**

2.1 Registered Office

Unless changed in accordance with the Act, the registered office of the Corporation will be in the province in Canada specified in the articles.

2.2 Financial Year

The financial year of the Corporation will be as determined by the board from time to time.

2.3 Banking Arrangements

Banking transactions will be made with the bank(s) or other financial institution(s) approved by the board from time to time, and banking transactions will be made on the Corporation's behalf by the director(s), officer(s) or other person(s) designated, directed or authorized by the board from time to time and to the extent so designated, directed or authorized.

2.4 Execution of Contracts, Documents and Instruments in Writing by the Corporation

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by: any two directors; or any one director together with either the Chair or the President; or the Chair and the President together. In addition, the board may from time to time authorize any officer or officers of the Corporation, any director or directors of the Corporation, or any other person or persons, either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing, and direct the manner in which those contracts, documents or instruments in writing may or will be signed.

2.5 Execution of Documents in Counterparts

Any articles, notice, resolution, requisition, statement or other document required or permitted to be executed or signed by more than one individual for the purposes of the Act may be executed or signed in several documents of similar form, each of which is executed or signed by one or more of the individuals, and those documents, when duly executed or signed by all individuals required or permitted, as the case may be, to do so, will be deemed to constitute one document for the purposes of the Act.

2.6 Electronic Documents

The Corporation may create and provide electronic documents in accordance with the Act.

2.7 Annual Financial Statements

The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

Article 3 **Borrowing**

3.1 Borrowing

Without limiting the powers of the board as provided in the Act, unless the articles or by-laws otherwise provide, the board may from time to time on behalf of the Corporation, without authorization of the members:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation;
- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

3.2 Delegation of Borrowing Powers

Unless the articles or by-laws otherwise provide, the board may, by resolution, delegate any or all of the powers referred to in section 3.1 of this by-law to a director, a committee of the board or an officer of the Corporation.

Article 4 **Directors**

4.1 Powers and Duties of Directors

Subject to the Act, the articles and the by-laws, the directors shall manage or supervise the management of the activities and affairs of the Corporation. Every director of the Corporation in exercising his or her powers and discharging his or her duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Every director of the Corporation shall comply with the Act, the articles and the by-laws.

4.2 Number of Directors

4.2.1 As a minimum and maximum number of directors is provided for in the articles, the members may, from time to time by ordinary resolution, fix the number of directors of the Corporation and the number of directors to be elected at annual meetings of the members or delegate those powers to the board, but no decrease in the number of directors will shorten the term of an incumbent director. As the Corporation is a soliciting corporation, the board must consist of not fewer than three directors, at least two of whom shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

4.2.2 Subject to the Act, a special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to increase or decrease the minimum or maximum number of directors fixed by the articles.

4.3 **Qualifications**

No person may be a director if that person (i) is less than eighteen years of age, (ii) has been declared incapable by a court in Canada or in another country, (iii) is not an individual, or (iv) has the status of a bankrupt. A director of the Corporation is not required to be a member of the Corporation. Honorary or *ex officio* directors may not be appointed or otherwise serve as directors of the Corporation. No person shall act for an absent director at a meeting of the board. As the Corporation is a soliciting corporation, at least two of the directors shall not be officers or employees of the Corporation or of any affiliate of the Corporation.

4.4 **Election and Term**

Subject to the Act, the members of the Corporation shall, by ordinary resolution at each annual meeting of members at which an election of directors is required, elect directors to hold office for a term expiring within three (3) years. It is not necessary that all directors elected at a meeting of members hold office for the same term. A director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of members following the director's election. A director who ceases to hold office upon the expiry of his or her term but who remains qualified to serve as a director is eligible for re-election. If directors are not elected at a meeting of members, the incumbent directors continue in office until their successors are elected.

4.5 **Ceasing to Hold Office**

A director automatically ceases to hold office at the earliest of (i) his or her death, (ii) his or her being found by the board to be not in compliance with the board's then current code of conduct, (iii) his or her removal from office by the members of the Corporation in accordance with section 4.6 of this by-law, (iv) his or her becoming disqualified for election as a director, or (v) his or her resignation, which resignation is effective when his or her written resignation is sent to the Corporation or, if a later time is specified in the resignation, at the later time. For purposes of subsection (ii) of this section 4.5, a director shall be deemed to have been found to be not in compliance with the then current code of conduct by the passage of a resolution of the board at a properly constituted meeting of the board, at which two-third (2/3) of the directors participating in the meeting vote in favour of such resolution.

4.6 **Removal of Directors**

The members of the Corporation may by ordinary resolution at a special meeting of members remove any director or directors from office, but a director elected by a class or group of members that has an exclusive right to elect the director may only be removed by an ordinary resolution of those members. A vacancy created by the removal of a director may be filled at the meeting of the members at which the director is removed or, if not so filled, may be filled by the board in accordance with the Act. Subject to the Act, if all of the directors of the Corporation have resigned or have been removed without replacement, a person who manages or supervises the management of the activities or affairs of the Corporation is deemed to be a director for the purposes of the Act.

4.7 **Vacancies**

Notwithstanding any vacancy among the directors, the remaining directors may exercise all the powers of the directors so long as a quorum of the number of directors remains in office.

4.8 **Remuneration and Expenses of Directors**

Subject to the articles, the board may fix the reasonable remuneration of the directors of the Corporation. A director may receive reasonable remuneration and expenses for any services to the Corporation that

are performed in any other capacity. A director may receive indemnification for their expenses incurred on behalf of the Corporation as a director.

Article 5 **Meetings of Directors**

5.1 Transaction of Affairs

The powers of the board may be exercised at a meeting at which a quorum is present or by a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board.

5.2 Quorum

Subject to the articles, a majority of the number of directors determined in accordance with section 4.2 of this by-law constitutes a quorum for the transaction of affairs at any meeting of the board, and, despite any vacancies on the board, a quorum of directors may exercise all the powers of the board.

5.3 Place of Meetings

Unless the articles otherwise provide, the board may meet at any place.

5.4 Meetings by Electronic Means

A director may, in accordance with the Act, and if all the directors of the Corporation consent, participate in a meeting of the board or of a committee of the board by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director so participating in a meeting is deemed for the purposes of the Act to be present at that meeting.

5.5 Calling of Meetings

Meetings of the board may be called at any time by the Chair of the board (if any), the President (if the President is a director), a Vice-President who is a director or any two directors.

5.6 Notice of Meetings

Unless the articles otherwise provide, notice of the time and place of the meeting must be sent to every director not less than 48 hours before the time when the meeting is to be held. Notice of an adjourned meeting of directors need not be given if the time and place of the adjourned meeting is announced at the original meeting. A notice of a meeting of the board need not specify the purpose of or the business to be transacted at the meeting unless the Act requires that purpose or business to be specified.

5.7 Waiver of Notice

A director may waive notice of a meeting of the board, and attendance of a director at a meeting of the board is a waiver of notice of the meeting, except if the director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

5.8 Omission of Notice

The accidental omission to give notice of any meeting of the board or any irregularity in the notice of any meeting or the non-receipt of any notice by any director will not invalidate any resolution passed or any proceeding taken at that meeting.

5.9 Voting at Meetings

Questions arising at any meeting of the board will be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting will be entitled to a second or casting vote. Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

5.10 Chair and Secretary

The Chair of the board will, when present, preside as chair at meetings of the board. If the Chair of the board is absent or unable or unwilling to preside as chair, the directors present shall choose one from among them to preside as chair for that meeting. The Secretary of the Corporation (if any) will, when present, act as secretary at meetings of the board. If the Secretary is absent or unable or unwilling to act as secretary, the chair of the meeting shall appoint a person who need not be a director to act as secretary for that meeting.

5.11 Adjournment

The chair of a meeting of the board may, with the consent of the meeting, adjourn the meeting to a fixed time and place. If there is a quorum at the adjourned meeting, the meeting will be considered duly constituted and the board may deliberate and transact business in accordance with the procedures established at the original meeting. The directors constituting a quorum at the original meeting need not constitute the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting will be deemed to have ended immediately after its adjournment.

5.12 Conflicts of Interest

A director of the Corporation who is a party to, or who is a director or an officer, or an individual acting in a similar capacity, of a party to, or who has a material interest in a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act. No such director shall vote on any resolution to approve the contract or transaction except as permitted under the Act.

5.13 Written Resolution In Lieu of Meeting

A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of the board, is as valid as if it had been passed at a meeting of the board or a committee of the board.

Article 6 **Committees of the Board**

6.1 Committees of Directors

The board may appoint from their number one or more committees of directors, however designated. Subject to the Act, the board may delegate to those committees the powers and responsibilities resolved by the board, including making recommendations to the board for its consideration. The business and operations of the Corporation shall be supported by a robust committee structure.

6.2 Committee Structure

Without limiting the provisions of Section 6.1 and subject to the other provisions of this by-law, initially the directors shall establish the following committees comprised of directors and others, as determined by the directors:

- (a) a standardbred HIP administration committee;
- (b) a thoroughbred HIP administration committee;
- (c) a quarterhorse HIP administration committee;
- (d) a stakeholder and government relations committee;
- (e) a racetrack operations committee;
- (f) an equine welfare advisory committee;
- (g) a horseplayers / customer advisory committee;
- (h) an advisory committee on new products, technology and revenue; and
- (i) an executive committee.

Each such committee will be comprised of not less than three (3) and not more than five (5) individuals, of whom at least one (1) shall be a director. Subject to Section 6.3, the Chair of each committee shall be a director who is approved by the board.

6.3 Executive Committee

The executive committee that is established by the board will have the following mandate and authority:

- (a) act to supervise implementation of the board's strategic planning and core principles;
- (b) act to supervise, implement and enforce the board's fiduciary and code of conduct responsibilities and principles;
- (c) oversee regular performance review of board members;
- (d) act with full authority of the board in emergencies and between full board meetings;
- (e) oversee the chief executive officer evaluation process;
- (f) propose the Chair, any lead director and the chief executive officer for approval by a majority of the full board;
- (g) approve the strategic plan, all program initiatives and changes to either for consideration by the full board;
- (h) approve any reallocation of funding for consideration by the full board;
- (i) approve any new member categories or director organizational entitlements;
- (j) assist the Chair in establishing agendas for board meetings;
- (k) approve any committee Chairs for consideration by the full board;
- (l) approve and appoint committees for consideration by the full board;
- (m) approve annual budgets for consideration by the full board; and

- (n) approve executive compensation and report thereon to full board.

6.4 **Transaction of Business**

The powers of a committee of the board may be exercised at a meeting at which a quorum is present. Unless the articles otherwise provide, meetings of committees of the board may be held at any place.

6.5 **Meetings by Electronic Means**

The provisions of section 5.4 of this by-law apply to meetings of committees of the board.

6.6 **Procedures**

Unless otherwise determined by the board, each committee of the board has the power to fix its quorum at not less than a majority of its members, to elect its chair and to regulate its procedure.

Article 7 **Officers**

7.1 **Designation and Appointment**

Subject to the articles, the board may designate the offices of the Corporation, appoint as officers persons of full capacity, specify their duties and, subject to the Act, delegate to them powers to manage the activities and affairs of the Corporation. Subject to the articles, a director may be appointed to any office of the Corporation and two or more offices of the Corporation may be held by the same person.

7.2 **Powers and Duties**

Every officer of the Corporation shall:

- (a) perform all powers and duties incident to his or her respective office and such other powers and duties respectively as may from time to time be assigned to him or her by the board;
- (b) in exercising his or her powers and discharging his or her duties, act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and
- (c) comply with the Act, the articles and the by-laws of the Corporation, and all policies established by the board.

7.3 **Term of Office**

An officer ceases to hold office at the earliest of (i) his or her death, (ii) his or her removal from office by the board, (iii) his or her ceasing to be a director if being a director is a necessary qualification of that officer's appointment, (iv) his or her resignation, which resignation is effective when his or her written resignation is sent to the Corporation or, if a later time is specified in that resignation, at the later time, (v) the appointment of his or her successor, or (vi) the close of the first meeting following his or her appointment at which the board annually appoints the officers of the Corporation.

7.4 Vacancies

If the office of any officer of the Corporation becomes vacant for any reason, the board may appoint a person to fill that vacancy.

7.5 Chair of the Board

The Director elected by the members as the independent director of the Corporation shall be appointed as the Chair of the board, and will preside as chair at meetings of the board and meetings of members in accordance with sections 5.10 and 10.11 of this by-law, respectively. The Chair of the board will have such other powers and duties as the board determines from time to time.

7.6 President

If appointed, the President will have general powers and duties of supervision of the activities and affairs of the Corporation. The President will have such other powers and duties as the board determines from time to time. If no Treasurer or Secretary is appointed, the President will also have the powers and duties of the office of Treasurer or Secretary, as the case may be.

7.7 Secretary

If appointed, the Secretary (i) will act as secretary at meetings of the board and meetings of members in accordance with sections 5.10 and 10.11 of this by-law, respectively, (ii) shall give or cause to be given notices for all meetings of the board, any committee of the board and the members when directed to do so, and (iii) will have charge of the minute books of the Corporation and the other corporate records required to be maintained under the Act, except when another officer or agent has been appointed for that purpose. The Secretary will have such other powers and duties as the board determines from time to time.

7.8 Treasurer

If appointed, the Treasurer, subject to any resolution of the board (i) shall keep or cause to be kept the accounting records required to be kept by the Corporation in accordance with the Act, and (ii) will be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The Treasurer will have such other powers and duties as the board determines from time to time.

7.9 Remuneration and Expenses of Officers

Subject to the articles, the board may fix the reasonable remuneration of the officers of the Corporation. An officer may receive reasonable remuneration and expenses for any services to the Corporation that are performed in any other capacity. An officer may receive indemnification for their expenses incurred on behalf of the Corporation as an officer.

7.10 Conflicts of Interest

An officer of the Corporation who is a party to, or who is a director or an officer, or an individual acting in a similar capacity, of a party to, or who has a material interest in a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose to the Corporation the nature and extent of that interest at the time and in the manner provided by the Act.

Article 8
Protection of Directors and Officers

8.1 Indemnification

8.1.1 Subject to the Act, the Corporation shall indemnify a present or former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or an officer or in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

8.1.2 Subject to the Act, the Corporation may, if authorized by the board, advance money to an individual referred to in subsection 8.1.1 for the costs, charges and expenses of a proceeding referred to in that subsection. The individual shall repay the money if the individual does not fulfill the conditions set out in clauses 8.1.3(a) and 8.1.3(b).

8.1.3 The Corporation shall not indemnify an individual under subsection 8.1.1 unless the individual:

- (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful.

8.1.4 The Corporation shall also indemnify an individual referred to in subsection 8.1.1 in such other circumstances as the Act permits or requires. Nothing in this by-law limits the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

8.2 Insurance

The Corporation may purchase and maintain insurance for the benefit of an individual referred to in subsection 8.1.1 of this by-law against any liability incurred by that individual, (i) in the individual's capacity as a director or an officer of the Corporation, or (ii) in the individual's capacity as a director or an officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

Article 9 **Membership**

9.1 Eligibility

Any persons interested in furthering the purposes of the Corporation who satisfy the conditions of membership set out in section 9.2 of this by-law are eligible to be members of the Corporation.

9.2 Classes and Conditions of Membership

Subject to the articles, membership will be open to the persons or entities who have applied for and been admitted to membership in accordance to the conditions set out in this Section 9.2. The Corporation will have two (2) classes of members as set out in the articles. The following conditions of membership for each class will apply:

- (a) The Racetrack Members' membership class will only be open to any owner or operator of a horse racing track in the Province of Ontario that (i) is licensed by the Alcohol and Gaming Commission of Ontario to conduct live racing, (ii) has conducted live racing at such horse racing track during the immediately preceding 12-month period, (iii) has and is in good standing under all regulatory approvals required by such person to conduct live horse races or pari-mutuel wagering in Ontario, and (iv) has applied for and been admitted to the Racetrack Members' membership class in accordance with section 9.3 of this by-law.
- (b) The Industry Association Members' membership class will only be open to any industry association which is based in Ontario and which has the support of horse racing as its primary objective and such other industry association or associations as may from time to time be identified by the board of directors as a qualifying industry association, and which has applied for and been admitted to the Industry Association Members' membership class in accordance with section 9.3 of this by-law.

It is a condition of membership of every member of all classes of members that such member:

- (i) enter into a membership agreement with the Corporation and the other members, and at all times comply with its obligations set out in, and otherwise be in good standing under, such membership agreement (as determined by the board from time to time); and
- (ii) is not bankrupt or insolvent,

together with such other conditions of membership as may be established by the board from time to time, subject to section 9.9(b) of this by-law.

Notwithstanding anything to the contrary in this section 9.2, the members may, by special resolution, waive any of the foregoing conditions for membership.

9.3 Application for Membership

A person may apply to become a member of the Corporation by submitting to the board a signed membership agreement, in the form established by the board from time to time. Subject to the articles, an applicant who satisfies the conditions of membership set out in section 9.2 of this by-law for the class of membership for which the applicant is applying will become a member of the Corporation in that class

on the date its signed membership agreement is accepted by resolution of the board or at such other time and in such other manner as may be determined by the board from time to time.

9.4 Voting Rights of Members

Subject to the articles:

- (a) the Racetrack Members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Racetrack Member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class; and
- (b) the Industry Association Members shall be entitled to receive notice of and to attend all meetings of the members of the Corporation and each Industry Association Member shall have one (1) vote at each such meeting, except for meetings at which only members of another class are entitled to vote separately as a class.

9.5 Transfer of Membership

Memberships are not transferable.

9.6 Term of Membership

The term of membership will be annual, and shall, unless otherwise terminated in accordance with the articles or by-laws (including, for certainty, provided that the member continues to satisfy the conditions of membership in section 9.2 of this by-law), be automatically renewed each year (in which case such term of membership will be deemed not to have expired) until terminated in accordance with the article and by-laws.

9.7 Termination of Membership

Unless the articles otherwise provide, a membership is automatically terminated when (a) the member resigns; (b) the member is expelled or their membership is otherwise terminated in accordance with the articles or by-laws, including when the member ceases to meet the conditions of membership in respect of the class of which they were a member, unless the members otherwise determine by a special resolution; (c) the Corporation is liquidated and dissolved under the Act; (d) the member becomes bankrupt or insolvent; (e) the member ceases to carry on business in the normal and ordinary course; or (f) in the case of a Racetrack Member, (1) the member ceases to conduct live horse racing at one or more of its racetracks in Ontario or (2) any regulatory approvals required by the member to continue to conduct live horse races or pari-mutuel wagering in Ontario is withdrawn or terminated, in both cases unless the members otherwise determine by a special resolution. Unless the articles otherwise provide, the rights of a member, including any rights in the property of the Corporation, cease to exist on termination of the membership. If a member resigns as a member of the Corporation, that member will remain liable for payment of any outstanding amounts that are owed to the Corporation by such member at the time of such member's resignation, including annual dues or membership fees payable by such member in accordance with section 9.8 of this by-law.

9.8 Annual Dues or Membership Fees

The board may from time to time fix the annual dues or membership fees payable by members of the Corporation and determine the manner of payment. Each member shall pay the annual dues or membership fees in the manner, at the times and in the amounts as may be determined by the board from time to time.

9.9 Amendments Affecting Membership

A special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to:

- (a) create a new class or group of members,
- (b) change a condition required for being a member,
- (c) change the designation of any class or group of members or add, change or remove any rights and conditions of any such class or group,
- (d) divide any class or group of members into two or more classes or group and fix the rights and conditions of each class or group,
- (e) add, change or remove a provision respecting the transfer of a membership, or
- (f) add, change or remove any other provision that is permitted by the Act to be set out in the articles.

Article 10 **Meetings of Members**

10.1 Annual Meetings

The board shall call an annual meeting of members not later than eighteen months after the Corporation comes into existence and, subsequently, not later than fifteen months after the last preceding annual meeting but not later than six months after the end of the Corporation's preceding financial year, for the purpose of placing before the annual meeting the financial statements, reports and any further information required by the Act to be placed before the annual meeting, electing directors, appointing a public accountant and transacting any other business that may be properly brought before the meeting.

10.2 Special Meetings

The board may at any time call a special meeting of members, and a special meeting of members may be held in conjunction with an annual meeting of members.

10.3 Place of Meetings

Meetings of members will be held at such place within Ontario, Canada as the board determines. Alternatively, a meeting of members may be held at a place outside Canada if the place is specified in the articles or all the members entitled to vote at that meeting agree that the meeting is to be held at that place. A member who attends a meeting of members held outside Canada is deemed to have agreed to it being held outside Canada except when the member attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

10.4 Quorum

A quorum at any meeting of members will be three (3) persons present in person who are members entitled to vote at that meeting or who represent by proxy such members and who collectively represent not less than fifty percent (50%) of all of the members who are entitled to vote at that meeting; provided that not less than fifty percent (50%) of the members who are Racetrack Members are present or represented by proxy at that meeting. If the Corporation has only one member in any class of members, the member present in person or who submits a vote in accordance with section 10.13 of this by-law

constitutes a meeting of that class. If a quorum is present at the opening of a meeting of members, the members present may proceed with the business of the meeting, even if a quorum is not present throughout the meeting. If a quorum is not present at the opening of a meeting of members, the members present may adjourn the meeting to a fixed time and place but may not transact any other business.

10.5 Written Resolution in Lieu of Meeting

Subject to the Act, a resolution in writing signed by all the members of the Corporation entitled to vote on that resolution at a meeting of members is as valid as if it had been passed at a meeting of members.

10.6 Participation in Meeting by Electronic Means

Any person entitled to attend a meeting of members may participate in the meeting, in accordance with the Act, by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility, and a person so participating in a meeting is deemed for the purposes of the Act to be present at the meeting.

10.7 Meeting Held by Electronic Means

If the board or members of the Corporation call a meeting of members under the Act, those directors or members, as the case may be, may determine that the meeting will be held, in accordance with the Act, entirely by means of a telephonic, an electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.8 Notice of Meetings

10.8.1 Subject to section 10.9 of this by-law, the Corporation shall give members entitled to vote at a meeting of members notice of the time and place of the meeting in one or more of the following manners:

- (a) by mail, courier or personal delivery to each member entitled to vote at the meeting at the member's latest address as shown in the records of the Corporation, during a period of 21 to 60 days before the day on which the meeting is to be held; or
- (b) subject to subsection 10.8.2, by telephonic, electronic or other communication facility to each member entitled to vote at the meeting, during a period of 21 to 35 days before the day on which the meeting is to be held.

10.8.2 If a member requests that notice of a meeting of members be given by non-electronic means, the Corporation shall send the notice to that member in the manner described in clause 10.8.1(a).

10.8.3 The Corporation shall send the public accountant and the board notice of the time and place of any meeting of members during a period of 21 to 60 days before the day on which the meeting is to be held.

10.8.4 Notice of a meeting of members at which special business (as defined in the Act) is to be transacted must state the nature of that business in sufficient detail to permit a member to form a reasoned judgment on the business and state the text of any special resolution to be submitted to the meeting.

10.9 Waiver of Notice

Any person who is entitled to notice of a meeting of members may waive notice, and attendance of the person at the meeting is a waiver of notice of the meeting, unless the person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 Persons Entitled to Attend

The only persons entitled to attend a meeting of members are those entitled to vote at that meeting, the directors and the public accountant of the Corporation and others who, although not entitled to vote, are entitled or required under the Act, the articles or the by-laws to be present at the meeting. Any other person may be admitted only with the consent of the chair of the meeting.

10.11 Chair and Secretary

10.11.1 The Chair of the board will, when present, preside as chair at meetings of members. If the Chair of the board is absent or unable or unwilling to preside as chair, the persons present and entitled to vote at the meeting shall choose a director present at the meeting to be the chair for that meeting, and if no director is present or if all the directors present decline to take the chair, then the persons present and entitled to vote shall choose one of their number to be the chair for that meeting.

10.11.2 The Secretary of the Corporation (if any) will, when present, act as secretary at meetings of members, but if the Secretary is not present at a meeting, the chair of the meeting shall appoint a person who need not be a member to act as secretary at that meeting.

10.12 Voting at Meetings

10.12.1 Subject to section 10.13 of this by-law, voting at a meeting of members will be by show of hands, except if a ballot is demanded by a member entitled to vote at the meeting or a proxyholder of such a member. Such a member or proxyholder may demand a ballot either before or after any vote by show of hands. A demand for a ballot may be withdrawn.

10.12.2 On a show of hands, every person present at the meeting who is a member entitled to vote at the meeting or a proxyholder of such a member will have one vote. If a ballot is taken on a question, every person who is a member entitled to vote at the meeting or a proxyholder of such a member will have, subject to the Act or the articles, one vote.

10.12.3 No member may vote, either in person or by proxy, at a meeting of members unless the member has paid all dues or fees, if any, then payable by the member.

10.12.4 If at any meeting a ballot is demanded on the election of a chair or on the question of adjournment, it will be taken immediately without adjournment. If at any meeting a ballot is demanded on any other question, including the election of directors, the vote will be taken by ballot in the manner and at the time (at once, later in the meeting or after adjournment) as the chair of the meeting directs. The result of a ballot on a question will be the decision of the members on that question.

10.12.5 Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chair of the meeting declared a resolution to be carried or defeated is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

10.12.6 Unless otherwise required by the Act or the articles, questions arising at any meeting of the members will be decided by a consensus of the members present at the meeting. A consensus will be considered to have been reached when no member objects to the question on the floor before the meeting. Should the chair of the meeting determine, after a reasonable effort to achieve consensus has been made, that a consensus will not be reached regarding a particular question, then the chair shall refer the question to be determined by a majority of the votes cast on the question, where each member has one vote. In case of an equality of votes, either on a show of hands or on a ballot, the chair of the meeting will be entitled to a second or casting vote.

10.13 **Absentee Voting**

10.13.1 Members of the Corporation not in attendance at a meeting of members and who are entitled to vote at that meeting may vote by appointing in writing a proxyholder, and one or more alternate proxyholders, who are not required to be members, to attend and act at the meeting in the manner and to the extent authorized by the proxy and with the authority conferred by it subject to the requirements set out in Act.

10.13.2 Subject to the Act, a proxy may be in the following form:

The undersigned member of <> hereby appoints <> of <> or failing him, <> of <> as the proxy of the undersigned to attend and act at the <> meeting of the members of the said Corporation to be held on the <> day of <>, <>, and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournment thereof.

DATED the <> day of <>, <>.

Signature of Member

Print Name of Member:

10.13.3 The board may from time to time make regulations regarding the lodging of proxies at a place other than the place at which a meeting of members is to be held and for particulars of those proxies to be provided before the meeting to the Corporation or any agent of the Corporation for the purpose of receiving those particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting, and votes given in accordance with those regulations will be valid and will be counted. The chair of any meeting of members may, subject to any such regulations, in its discretion, accept any legible form of communication as to the authority of any person claiming to vote on behalf of and to represent a member notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with the communication accepted by the chair of the meeting will be valid and will be counted.

10.13.4 Subject to the Act, a special resolution of the members (or of each applicable class or group of members, if so required by the Act) is required to make any amendment to the articles or by-laws to change the method of voting by members not in attendance at a meeting of members.

10.14 **Adjournment**

The chair of a meeting of members may, with the consent of the meeting, adjourn the meeting to a fixed time and place. If a meeting is adjourned for less than 31 days, it is not necessary that any person be

notified of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of members is adjourned by one or more adjournments for an aggregate of more than 30 days, notice of the adjournment must be given to members entitled to vote at the meeting, the board and the public accountant in the manner referred to in section 10.8 of this by-law (subject to the provisions respecting waiver of notice of a meeting in section 10.9). If a meeting is adjourned and no notice is required, any business that may have been brought before or dealt with at the original meeting in accordance with the notice calling that meeting may be brought before or dealt with at the adjourned meeting. Any adjourned meeting will be duly constituted if held in accordance with the terms of the adjournment and a quorum is present at that meeting. The persons constituting a quorum at the original meeting need not constitute the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting will be deemed to have ended immediately after its adjournment.

10.15 One Member

If the Corporation has only one member in any class of members, the member present in person or who submits a vote in accordance with section 10.13 of this by-law constitutes a meeting of that class.

Article 11 **Books and Records**

11.1 Corporate Records

In addition to any other requirements set out in the Act, the Corporation shall prepare and maintain at its registered office or at any other place in Canada designated by the board (or, subject to the Act, at a place outside Canada), records containing:

- (a) the articles and the by-laws, and amendments to them;
- (b) the minutes of meetings of members and any committee of members;
- (c) the resolutions of members and any committee of members;
- (d) a register of directors that complies with section 11.3 of this by-law;
- (e) a register of officers that complies with section 11.4 of this by-law; and
- (f) a register of members that complies with section 11.5 of this by-law,

each in accordance with the Act.

11.2 Directors' Records

The Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings of the board and any committee of the board as well as resolutions adopted by the board or any committee of the board. These records must be kept at the registered office of the Corporation or, subject to the Act, at any other place that the board thinks fit.

11.3 Register of Directors

The register of directors maintained by the Corporation must contain the following information: (a) the name of each director; (b) the current residential address of each director; (c) an email address if the director has consented to receiving information or documents by electronic means; and (d) for each person named in the register, the date on which that person became a director and, if applicable, the date on which that person ceased to be a director.

11.4 **Register of Officers**

The register of officers maintained by the Corporation must contain the following information: (a) the name of each officer; (b) the current residential address of each officer; (c) an email address if the officer has consented to receiving information or documents by electronic means; and (d) for each person named in the register, the date on which that person became an officer and, if applicable, the date on which that person ceased to be an officer.

11.5 **Register of Members**

The register of members maintained by the Corporation must contain the following information: (a) the name of each member; (b) the current residential or business address of each member; (c) an email address if the member has consented to receiving information or documents by electronic means; (d) for each person named in the register, the date on which that person became a member and, if applicable, the date on which that person ceased to be a member; and (e) the class or group of membership of each member, if any.

11.6 **Form of Records**

All registers and other records required by the Act to be prepared and maintained may be in any form, provided that the records are capable of being reproduced in intelligible written form within a reasonable time.

Article 12 **Notices**

12.1 **Method of Giving Notices**

12.1.1 This section 12.1 does not apply to notices of meetings of members sent to members under section 10.8 of this by-law.

12.1.2 A notice or other document required by the Act, the articles or the by-laws to be sent to a member or director may be sent by prepaid mail addressed to, or may be delivered personally to,

- (a) the member at the member's latest address as shown in the records of the Corporation; and
- (b) the director at the director's latest address as shown in the records of the Corporation or in the last notice that was sent by the Corporation in accordance with the Act and received by the Director.

12.1.3 A notice or other document sent by prepaid mail to a member in accordance with clause 12.1.2(a) or to a director in accordance with clause 12.1.2(b) is deemed to be received at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the member or director did not receive the notice or document at that time or at all.

12.2 **Sending Notices by Electronic Means**

12.2.1 This section 12.2 does not apply to notices of meetings of members sent to members under section 10.8 of this by-law.

12.2.2 Subject to subsection 12.2.3, a notice, document or other information may be sent to an addressee (i) by fax, (ii) by electronic mail, or (iii) in another form of electronic document.

12.2.3 A notice, document or other information may be sent to an addressee by fax, by electronic mail or in another form of electronic document only if the addressee has consented in writing and all other requirements under the Act in respect of the creation and provision of electronic documents have been complied with. An addressee may revoke consent in writing. If an addressee revokes consent to receive notices, documents or other information in an electronic document (including by fax or electronic mail), the Corporation shall send notices, documents and other information to that addressee in the manner described in section 12.1.

12.3 Waiver of Notice

Where a notice or other document is required by the Act to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to the notice.

Article 13
Enactment, Amendment and Repeal of By-Laws

13.1 Approval and Confirmation

Unless the articles or the by-laws otherwise provide, the board may, by resolution, make, amend or repeal any by-laws that regulate the activities or affairs of the Corporation, except in respect of matters referred to in the Act that require a special resolution of the members of the Corporation. If the board makes, amends or repeals a by-law, the board shall submit the by-law, amendment or repeal to the members at the next meeting of members, and the members may, by ordinary resolution, confirm, reject or amend that by-law, amendment or repeal.

13.2 Effective Date

Subject to this Article 13, a by-law or an amendment or repeal of a by-law is effective from the date of the resolution of the board, and if it is confirmed, or confirmed as amended, by the members of the Corporation it remains effective in the form in which it was confirmed. A by-law or an amendment or repeal of a by-law ceases to have effect if it is not submitted by the board to the members of the Corporation as required under the Act or if it is rejected by the members. If a by-law or an amendment or repeal of a by-law ceases to have effect, a subsequent resolution of the board that has substantially the same purpose or effect is not effective until it is confirmed, or confirmed as amended, by the members of the Corporation.

MADE by the board on the 3rd day of May, 2018.

**EXHIBIT 9.2(H)(II)
OR MEMBERSHIP AGREEMENT**

(attached)

Note: Not attached for version of Funding Agreement attached to
Membership Agreement

EXHIBIT 9.2(H)(III)
ORM MANAGEMENT AGREEMENT

(attached)

MANAGEMENT AGREEMENT

THIS AGREEMENT is made and entered into as of this 3rd day of May, 2018 (the "**Effective Date**")

B E T W E E N:

HORSE RACING ONTARIO, a not for profit corporation
incorporated under the laws of Canada

(hereinafter called "**Ontario Racing**")

- and -

ONTARIO RACING MANAGEMENT INC., a corporation
incorporated under the laws of Ontario

(hereinafter called "**ORM**")

RECITALS

- (i) Various parties have determined to work together to create an organization of Ontario horse racing industry representatives, including racetrack operators and industry associations, to provide strong, effective and efficient industry leadership with respect to issues affecting the entire Ontario horse racing industry (the "**Industry**"), including Industry administration and governance (collectively, the "**Purpose**"), commencing on the Effective Date.
- (ii) Ontario Racing was incorporated on or about April 30, 2018 to facilitate the fulfillment by the Industry of the Purpose.
- (iii) Ontario Racing was incorporated with the name "Horse Racing Ontario" but intends to carry on its operations as "Ontario Racing".
- (iv) OLG has agreed to provide certain financial support for the funding of purses for live horse racing in Ontario and certain related costs and expenses pursuant to a Funding Agreement for Live Horse Racing (the "**Funding Agreement**") to be made effective as of May 7, 2018 among OLG, Ontario Racing, ORM, and Woodbine Entertainment Group.
- (v) Ontario Racing and ORM wish to enter into this Agreement to provide for ORM to perform all material management and operating services, at the direction of and on behalf of Ontario Racing, including with respect to Ontario Racing's obligations under the Membership Agreement with all of its members and under the Funding Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the above premises, the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of all of which are hereby acknowledged), Ontario Racing and ORM undertake and agree as follows:

ARTICLE I
INTERPRETATION

1.1 **Definitions**

In addition to any words or phrases which are defined in the text of this Agreement (including in any Schedules to this Agreement), whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

- "Act of Insolvency"** has the meaning specified in the Funding Agreement;
- "AGCO"** means the Alcohol and Gaming Commission of Ontario, or any successor administrative body or bodies established by the Government in respect of the regulation of the Industry;
- "Agreement"** means this agreement and includes any schedule or exhibit hereto or thereto;
- "Agreement Event of Default"** has the meaning specified in the Funding Agreement;
- "Board"** means the board of directors of Ontario Racing;
- "Business Day"** means a day other than a Saturday, Sunday or statutory or civic holiday observed in Toronto, Ontario;
- "Claim"** means any claim, demand, liability, damage, loss, suit, dispute, civil or criminal litigation, action or cause of action, arbitration, or legal, administrative or other proceeding or governmental investigation, including appeals and applications for review, and all costs and expenses relating thereto;
- "Government"** means the government of Her Majesty the Queen in right of the province of Ontario, including any of its Ministries or agencies from time to time;
- "Laws and Regulations"** means, with respect to any Person, transaction, event or other matter, any law, rule, statute, regulation, order, judgement, decree, or other requirement having the force of law relating or applicable to such Person, transaction, event or other matter, from time to time;
- "Members"** means those Persons who have (i) applied for membership in Ontario Racing, (ii) entered into the Membership Agreement, and (iii) been admitted to be Members of Ontario Racing;
- "Membership Agreement"** means the membership agreement between Ontario Racing and all of its Members;
- "OLG"** means Ontario Lottery and Gaming Corporation;
- "Ontario Racing Payment"** has the meaning specified in Schedule B - Ontario Racing Payment;
- "ORM Expenses"** has the meaning specified in Section 3.2(b);
- "ORM Fees"** has the meaning specified in Section 3.1;
- "parties"** means the parties to this Agreement, and "party" means either one of them; and

“**Person**” is intended to have a broad meaning and includes any individual, corporation, partnership, trustee or trust or unincorporated association and pronouns have a similar extended meaning;

“**Racetrack Members**” has the meaning specified in the Membership Agreement;

“**Services**” means the services to be performed by ORM for Ontario Racing pursuant to this Agreement, including the services set out in Schedule A - Services, as the same may be amended by Ontario Racing and ORM in accordance with the terms of the Agreement;

“**Statement of Purpose**” has the meaning specified in Section 2.4(a);

“**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any governmental authority under any applicable tax legislation, including Canadian federal, provincial, territorial, municipal and local, foreign or other income, capital, goods and services, harmonized sales, sales, use, consumption, excise, value-added, business, real/immovable property, personal property, transfer, franchise, withholding, payroll or employer health taxes, customs, import, anti-dumping or countervailing duties, Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums and provincial workers’ compensation payments, including any interest, penalties and fines associated therewith; and

“**TPA Amount**” has the meaning specified in Schedule B - Ontario Racing Payment.

1.2 Rules of Interpretation

In this Agreement the following rules shall apply to the interpretation thereof: (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders; (b) the words “include”, “includes” and “including” and other similar words and expressions shall in all cases be deemed to be followed by the words “without limitation”; (c) any reference to a statute shall mean the statute in force as at the Effective Date, together with all regulations promulgated thereunder, as the same may be amended, re-enacted, consolidated or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided; (d) references to any document, instrument or agreement, including this Agreement, (i) will include all exhibits, schedules and other attachments thereto, (ii) will include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) will mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, restated, amended and restated, modified or supplemented from time to time (to the extent permitted hereunder) and in effect at the given time; (e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; (f) unless otherwise specifically noted herein, all dollar amounts are expressed in Canadian currency; (g) the division of this Agreement into separate Articles, Sections, Schedules and Exhibits and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement; (h) references in this Agreement to “Articles”, “Sections”, “Schedules” and “Exhibits” refer, respectively, to Articles and Sections of, and Schedules and Exhibits to, this Agreement; (i) “hereunder”, “herein”, “hereto” and “hereof”, when used in this Agreement, refer to this Agreement and not to a particular Section or clause of this Agreement; (j) except as otherwise specifically defined or provided for in this Agreement, words or abbreviations which have well known or trade meanings are used in accordance with their recognized meanings; and (k) any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable to the interpretation of this Agreement.

1.3 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles or GAAP, such reference shall be deemed to be to the generally accepted accounting principles from time to time established and approved by The Chartered Professional Accountants of Canada ("CPA"), or any successor entity, and recommended in the CPA Canadian Handbook applicable as at the date on which such principles are to be applied and applied on a consistent basis.

1.4 Schedules

The following Schedules are attached to, incorporated into and form a part of this Agreement:

- Schedule A - Services
- Schedule B - Ontario Racing Payment

ARTICLE II
SERVICES

2.1 Engagement to Provide Services

Subject to the terms and conditions of this Agreement, Ontario Racing hereby engages ORM, and ORM hereby agrees to provide to Ontario Racing and to be engaged by Ontario Racing, in respect of the provision of the Services and to perform the Services as set out in accordance with this Agreement.

2.2 Scope and Purpose of Services

- (a) Except as specifically provide otherwise in this Agreement, ORM shall be responsible for all aspects of the Services and for ensuring that the Services are provided and performed as required and contemplated by this Agreement. The performance by ORM of the Services shall be in furtherance of the Statement of Purpose, and shall be performed in fulfillment of the obligations of Ontario Racing under the Funding Agreement (including with respect to any Approved Annual Business Plan) and the Membership Agreement, without limiting the obligations of ORM under the Funding Agreement.
- (b) For certainty, and without in any way limiting the description of the Services or any other provision of this Agreement, it is the intention and expectation of the parties that ORM will perform all of the obligations of Ontario Racing under the Funding Agreement, as well as in respect of all interactions by Ontario Racing with Members, including under the Membership Agreement, on behalf of Ontario Racing, other than those obligations which can only be performed or provided by Ontario Racing as a result of any Laws and Regulations. ORM shall not take any action or omit to take any action that will result in Ontario Racing failing to comply with its obligations under the Funding Agreement or the Membership Agreement.
- (c) If any services, functions or responsibilities not specifically described or set out in the description of the Services are reasonably required for, incidental to and could reasonably be considered to be within the scope of the relevant Services, for the proper performance and provision of the Services, then such services, functions or responsibilities shall be deemed to be implied and included within the scope of the Services, to the same extent and in the same manner as if specifically set out in this Agreement.

- (d) This Agreement is subject to the terms of the Funding Agreement and the Membership Agreement. In the event of any conflict or inconsistency between the terms of this Agreement and the Funding Agreement or the Membership Agreement, the terms of the Funding Agreement or the Membership Agreement, as applicable, shall prevail to the extent of such conflict or inconsistency.

2.3 Ontario Racing Acknowledgement

Ontario Racing acknowledges that it shall at all times cooperate with ORM and provide such advice and counsel as is reasonably requested by ORM from time to time as ORM considers necessary or desirable for it to provide the Services in accordance with the terms of this Agreement. Further, Ontario Racing covenants and agrees that it shall not take any steps or actions to frustrate, or which would reasonably be considered to be able to frustrate, the provision of the Services by ORM pursuant to and in accordance with this Agreement.

2.4 ORM Acknowledgements

- (a) ORM acknowledges that it has received a copy of, and has reviewed and understands, the 'statement of the purpose' of the Corporation, as set out in the Articles of Incorporation of Ontario Racing (the "**Statement of Purpose**"), and, in the provision of the Services hereunder, covenants and agrees that it shall at all times comply with and perform and deliver the Services in a manner that is consistent with, and in furtherance of, the Statement of Purpose.
- (b) Ontario Racing acknowledges that it has received a copy of, and reviewed and understands, the Membership Agreement and the Funding Agreement, and covenants and agrees that it shall at all times comply with and perform and deliver the Services in accordance with each of the obligations of Ontario Racing set out in the Membership Agreement and the Funding Agreement.

2.5 Exclusivity

This engagement is exclusive and Ontario Racing will not obtain from, engage the services of or permit the delivery to Ontario Racing of any services the same as or similar to the Services by any third party during the Term. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to restrict in any way the freedom of Ontario Racing to conduct as it sees fit any of its other businesses or activities whatsoever.

2.6 Compliance with Laws and Regulations

ORM will at all times comply with and abide by, and otherwise be in material compliance, with all Laws and Regulations in the delivery and performance of the Services.

2.7 Use of Subcontractors

In connection with the performance of its obligations under this Agreement, including the provision of the Services or the performance of any task or tasks comprising part or parts of the Services, ORM shall be entitled to engage the assistance of such subcontractors as ORM may from time to time determine. Notwithstanding ORM's use of any subcontractors, ORM shall remain responsible to Ontario Racing for performing the Services and for carrying out its obligations under and in accordance with the terms and conditions of this Agreement.

ARTICLE III
PAYMENT FOR SERVICES

3.1 **ORM Fees**

ORM shall receive payment for the Services provided hereunder (the "**ORM Fees**") in accordance with Schedule B – Ontario Racing Payment.

3.2 **Expenses**

- (a) Ontario Racing and ORM shall each be solely responsible for any costs or expenses incurred by it in fulfilling its respective obligations under this Agreement, except to the extent otherwise specifically referred to in this Agreement.
- (b) Subject to the provisions of Schedule B – Ontario Racing Payment, Ontario Racing shall reimburse ORM for all reasonable third-party and out-of-pocket costs and expenses incurred by ORM in providing the Services (the "**ORM Expenses**").

3.3 **Taxes**

Ontario Racing will be responsible for any Tax that is imposed on and payable by Ontario Racing by any taxing authority in Ontario or of the federal government of Canada in respect of any of the ORM Fees payable or the Services provided pursuant to this Agreement. ORM will timely remit to the appropriate taxing authorities all applicable sales, use, value-added, services, consumption and goods and services taxes which it collects from Ontario Racing in respect of any such Tax charged. Except as set out in this Section 3.3, each party shall be responsible for all other Taxes payable in respect of its own business and operations.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Each of the parties hereto hereby represents and warrants to the other party as follows:

- (a) it has the full right, power and authority to enter into and carry out its obligations under this Agreement and is duly authorized by all necessary and appropriate corporate or other action to execute and deliver this Agreement;
- (b) it has the full right, power and authority to enter into and carry out its obligations under every other agreement or document to be entered into by it as contemplated or provided for in this Agreement and is duly authorized by all necessary and appropriate corporate or other action to execute and deliver each such agreement;
- (c) it has no prior commitments, arrangements or agreements with any other person which might interfere with, or preclude the carrying out of its obligations under this Agreement and any other agreement to be entered into by it as contemplated or provided for in this Agreement; and
- (d) it currently holds or will obtain, and will continue to hold at all times during the term of this Agreement, all licences, consents and approvals necessary or required to enable it to carry out its obligations under this Agreement and any other agreement to be entered into by it as contemplated or provided for in this Agreement.

ARTICLE V **INDEMNIFICATION**

5.1 **Indemnity**

Each party (the "**Indemnifying Party**") shall indemnify and hold harmless the other party and its directors, officers, shareholders and employees (each, an "**Indemnified Person**") from any Claims by the Indemnified Person resulting from or arising out of bad faith or the wilful misconduct, negligence or fraudulent act in connection with this Agreement by the Indemnifying Party, or its officers, directors, shareholders or employees. The foregoing indemnity shall include legal expenses reasonably incurred by the Indemnified Person to defend any action, suit or proceeding commenced by a third party based in whole or in part upon allegations indicating that the Indemnifying Party has been guilty of such bad faith or wilful misconduct, negligence or fraudulent act, provided that the truth of such allegations is established in a court of competent jurisdiction.

5.2 **Notice of Claim**

In the event that either party receives notice of a Claim in respect of which it or another Indemnified Person intends to seek indemnification from the other party pursuant to Section 5.1, it shall promptly notify the Indemnifying Party of such fact and permit the Indemnifying Party, at the Indemnifying Party's option, to conduct the defence (including any settlement discussions) with counsel acceptable to the Indemnified Person, provided that no settlement shall be effective without the approval of the Indemnified Person. The Indemnified Person shall co-operate in any such defence.

5.3 **Limitations**

Under no circumstances shall ORM or its officers, directors, shareholders or employees, be liable, responsible or accountable in damages or otherwise for any action taken or failure to act on behalf of Ontario Racing within the scope of the authority conferred on ORM (or its officers, directors, shareholders or employees) by this Agreement unless such action or omission was performed or omitted fraudulently or in bad faith or constitutes wanton and wilful misconduct or negligence or is in breach of the terms and conditions of this Agreement. Notwithstanding any other provision of this Agreement, the liability of each party, and their respective directors, officers, employees and agents, to the other party, whether founded in tort or breach of contract or otherwise, shall be limited to the loss sustained by such other party as a result of direct damage sustained by such other party. Without limitation, a party shall not be liable for any indirect or consequential losses, including loss of profits, business interruption losses, or any losses as a result of Claims by third parties. In no event shall a party be liable for aggravated or non-compensatory damages, including punitive or exemplary damages, whether by statute, in tort or contract.

ARTICLE VI **TERM AND TERMINATION**

6.1 **Term and Renewal**

The term of this Agreement shall commence on the Effective Date and shall terminate contemporaneously with the termination or satisfaction of all obligations of Ontario Racing under the Funding Agreement (the "**Term**").

6.2 **Early Termination**

- (a) Ontario Racing may, at its option and in its sole discretion, immediately terminate this Agreement by delivery of written notice thereof to ORM upon the occurrence of any of the

following events of default, and any delay in providing such notice will not in any way affect such right:

- (i) this Agreement ceases to be a legal, valid and binding obligation of ORM in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws and Regulations limiting the enforcement of creditors' rights generally and by general principles of equity;
 - (ii) in the event of any transfer, assignment or other disposition by ORM of the whole or any part of this Agreement or any of ORM's rights hereunder, in each case without the prior written consent of Ontario Racing in accordance with Section 7.4;
 - (iii) the occurrence of an Act of Insolvency of ORM, or if ORM ceases or threatens to cease to carry on business generally or admits its inability to pay or fails to pay its debts generally, in each case unless any of the foregoing circumstances is the result of a failure by Ontario Racing to comply with any of its obligations under this Agreement, including to pay all of the Ontario Racing Payment as provided herein;
 - (iv) an Agreement Event of Default occurs under the Funding Agreement as a result of any act or omission of ORM, either with respect to (i) ORM's obligations, covenants and agreements under the Funding Agreement, or (ii) Ontario Racing's obligations, covenants and agreements under the Funding Agreement if (A) ORM is responsible for the performance of such obligations, covenants and agreements of Ontario Racing pursuant to this Agreement and (B) the act or omission of ORM was not directed by Ontario Racing;
 - (v) there is any material inaccuracy or material misrepresentation in any representation or warranty of ORM in this Agreement or in any document delivered to Ontario Racing by ORM pursuant to this Agreement and, if such inaccuracy or misrepresentation is capable of being cured, such inaccuracy or misrepresentation has not been cured within 30 days following the date on which Ontario Racing notifies ORM in writing of such inaccuracy or misrepresentation; or
 - (vi) ORM fails to perform or comply with any one or more obligations, covenants or agreements of ORM in this Agreement that is not referred to elsewhere in this Section 6.2(a), and if such failure is capable of being cured, such failure has not been cured within 30 days following the date on which Ontario Racing notifies ORM in writing of such failure.
- (b) ORM may, at its option and in its sole discretion, immediately terminate this Agreement by delivery of written notice thereof to Ontario Racing upon the occurrence of any of the following events of default, and any delay in providing such notice will not in any way affect such right:
- (i) this Agreement ceases to be a legal, valid and binding obligation of Ontario Racing in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws and Regulations limiting the enforcement of creditors' rights generally and by general principles of equity;

- (ii) in the event of any transfer, assignment or other disposition by Ontario Racing of the whole or any part of this Agreement or any of Ontario Racing's rights hereunder, in each case without the prior written consent of ORM in accordance with Section 7.4;
- (iii) the occurrence of an Act of Insolvency of Ontario Racing, or if Ontario Racing ceases or threatens to cease to carry on business generally or admits its inability to pay or fails to pay its debts generally, in each case unless any of the foregoing circumstances is the result of a failure by ORM to comply with its obligations under this Agreement;
- (iv) an Agreement Event of Default occurs under the Funding Agreement as a result of any act or omission of Ontario Racing or for which Ontario Racing is responsible, unless such act or omission was the result of any act or omission of ORM that was not directed by Ontario Racing;
- (v) there is any material inaccuracy or material misrepresentation in any representation or warranty of Ontario Racing in this Agreement or in any document delivered to ORM by Ontario Racing pursuant to this Agreement and, if such inaccuracy or misrepresentation is capable of being cured, such inaccuracy or misrepresentation has not been cured within 30 days following the date on which ORM notifies Ontario Racing in writing of such inaccuracy or misrepresentation; or
- (vi) Ontario Racing fails to perform or comply with any one or more obligations, covenants or agreements of Ontario Racing in this Agreement that is not referred to elsewhere in this Section 6.2(b), and if such failure is capable of being cured, such failure has not been cured within 30 days following the date on which ORM notifies Ontario Racing in writing of such failure.

6.3 Events Upon Termination

Upon termination or expiration of this Agreement for any reason whatsoever all rights granted and obligations created under this Agreement shall immediately terminate, except those which are listed in this Agreement as surviving the termination of this Agreement. In addition, upon termination or expiry of this Agreement ORM shall be permitted to terminate all third party agreements it may have entered into with respect to the provision of the Services, or, at the option of Ontario Racing, shall assign anyone or more of such agreements to Ontario Racing, and ORM shall cooperate with ORM to effect any such assignments following the expiry of the Term or the earlier termination of this Agreement. ORM shall do all things and take all steps reasonably necessary to facilitate the effective transition of its rights and obligations under this Agreement to Ontario Racing or one or more designees of Ontario Racing, and shall execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

ARTICLE VII GENERAL

7.1 Relationship of the Parties

It is understood and agreed that the parties' relationship is not that of a partner and/or agent and that neither party nor any of its employees or agents shall have any power, authority or right to act as an agent for the other or make any representation or incur any obligation on behalf of or bind the other party in any manner, except as specifically provided for in this Agreement including in Section 2.2(b).

7.2 Excusable Delay/Force Majeure

In the event that either party is prevented, delayed or interrupted in performing its obligations under this Agreement due to any occurrence beyond its control, such as, but not limited to, acts of God, acts of war, riot, fire, flood or other disaster, strikes, walkout or communication line or power failure, then such prevention, delay or interruption shall not be construed to be a default under this Agreement and such party shall be liable to the other for any prevention, delay or interruption in the performance of such obligations resulting from such occurrence or any loss or damage resulting therefrom.

7.3 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular provisions held to be unenforceable.

7.4 Assignment

Neither party shall transfer or assign this Agreement or any part hereof, or any of its respective rights or obligations hereunder, without the prior written consent of the other party, which consent may be arbitrarily withheld.

7.5 Entire Agreement

This document embodies the entire agreement of the parties and there are no additional terms, conditions, representations, inducements and/or warranties of any kind or nature whatsoever existing among the parties hereto or any of them other than as set forth or incorporated or specifically contemplated herein.

7.6 Amendment

This Agreement may not be modified or amended, except by a written document signed by each of the parties hereto.

7.7 Further Assurances

Each of the parties to this Agreement shall upon the request of the other party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances and assurances as may be reasonably necessary to give full effect to this Agreement.

7.8 No Waiver of Default

No action or failure to act by a party shall constitute a waiver of any right or duty afforded it under this Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach of this Agreement, except as may be specifically agreed in writing.

7.9 Notices

Any notice, consent, approval, agreement, writing or other communication required or permitted under this Agreement (each, a "Notice") shall be in writing. Any Notice delivered or to be delivered by a party to this Agreement shall be sufficiently given if delivered personally to the party at the following addresses

To ORM: Ontario Racing Management Inc.
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2

Attention: General Counsel

To Ontario Racing: Horse Racing Ontario
555 Rexdale Blvd.
Toronto, Ontario M9W 5L2

Attention: President

and shall be deemed to be received on the day of delivery provided that if such day is not a Business Day, it shall be deemed to have been received on the next following Business Day.

7.10 Parties in Interest

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

7.11 Survival

The parties hereby agree that the provisions of ARTICLE V, ARTICLE VI, and ARTICLE VII shall survive the termination or expiry of this Agreement.

7.12 Third Parties

Except as specifically set forth or referred to herein, nothing herein is intended or shall be construed to confer upon or give to any Person, other than the parties hereto and their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

7.13 Law of Contract

This Agreement shall be construed and enforced in accordance with the laws in force in the Province of Ontario, which laws shall govern the rights of the parties.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first above written.

HORSE RACING ONTARIO


By:

Name: Jessica Buckley
Title: DIRECTOR

And:

Name: Katharine Curry
Title: Secretary

ONTARIO RACING MANAGEMENT INC.

By:  _____
Name: *Leslie M. Gorn*
Title: *Executive Director*

And: _____
Name:
Title:

SCHEDULE A

SERVICES

Without in any way limiting the generality of Section 2.2 of the Agreement:

(a) To enable Ontario Racing to fulfill and comply with all of the obligations and responsibilities of Ontario Racing set out in the Funding Agreement, ORM shall perform the Services described herein, including and without in any way limiting the foregoing:

- (i) receiving from OLG and distributing to all Racetrack Members the Annual Payment, as provided in Article 2 and Article 3 of the Funding Agreement. For further clarity, the Annual Payment received from OLG and distributed to Racetrack Members is explicitly a flow through transaction;
- (ii) preparing each Proposed Annual Business Plan (as defined in the Funding Agreement), as provided in Article 5 of the Funding Agreement, submitting each Proposed Annual Business Plan to the Board for review and approval, discussing each Proposed Annual Business Plan with OLG as required from time to time and resolving any disputes relating thereto (subject to Board approval) and implementing and monitoring the Approved Annual Business Plan (as defined in the Funding Agreement);
- (iii) preparing audited financial statements of Ontario Racing for delivery to OLG, as provided in Article 7 of the Funding Agreement; and
- (iv) performing and complying with all of Ontario Racing's regulatory and other reporting obligations under the Funding Agreement

(b) Further and without in any way limiting the foregoing, ORM shall, in furtherance of Ontario Racing's Statement of Purpose and its obligations under the Funding Agreement:

- (i) provide administration and funding management with respect to the Quarterhorse, Standardbred and Thoroughbred HIP programs;
- (ii) manage a central race office, including managing bank accounts, purse payments and staking programs, with a mandate of ensuring the highest standard possible in quality and competitive racing, for both overnights and stake racing at each Racetrack Member's racetrack;
- (iii) establish live race schedules and post times for all Racetrack Members' racetracks, with a mandate of maximizing pari-mutuel wagering for all Racetrack Members;
- (iv) brand and promote wagering of Ontario live races through all wagering channels, including seeking opportunities to increase Joint Venture Revenue (as defined in the Membership Agreement);
- (v) establish co-op or group purchasing of common services, where applicable and available; subject to each Racetrack Member's right to decline to participate in such co-op or group purchasing if such Racetrack Member wishes to continue its existing group purchasing arrangements in respect of one or more services;
- (vi) establish, administer and enforce common racetrack rules and regulations, where and to the extent it is reasonably practical to do so;

- (vii) consult and cooperate with the AGCO on the establishment and enforcement of the applicable Rules of Racing (or equivalent rules and regulations);
- (viii) administer and manage all equine welfare programs;
- (ix) market and promote the Industry as a vital part of Ontario's agricultural, sports, entertainment and gaming sectors, including marketing and promotion of horse ownership;
- (x) develop, promote and work with regulators to generate new revenue for the Industry via new and/or enhanced pari-mutuel wagering products or other revenue streams;
- (xi) report to and liaise with OLG with respect to Industry funding matters; and
- (xii) monitor and report to all Members and to OLG regarding all pre determined benchmarks and Government funding accountability standards for all Racetrack Members.

Books and Records

(a) ORM shall keep and maintain complete and accurate records and books of account in which shall be entered the particulars of all matters in respect of the business and operations of Ontario Racing and ORM's activities related to this Agreement, and as are appropriate or customary to be entered into records and books of account maintained by Persons engaged in any similar business (the "Books and Records"). The Books and Records shall be prepared in accordance with generally accepted accounting principles, consistently applied. The Books and Records shall at all times be maintained at the principal office of ORM and shall be available for inspection by Ontario Racing and its representatives during normal working hours on any Business Day.

(b) Without limiting the foregoing, the Books and Records shall include all relevant financial information in respect of (1) the conduct of pari-mutuel betting carried on pursuant to this Agreement, the Membership Agreement and the Funding Agreement, including gross wagering handle, Commissions and Deductions (as such terms are defined in the Membership Agreement), and (2) all payments made or received by Ontario Racing (or ORM, on behalf of Ontario Racing) pursuant to the Funding Agreement and the Membership Agreement.

Delivery of Information

ORM shall furnish to Ontario Racing, to each Member and to the Government from time to time, in a form approved by the Board or required by the Government, such information in respect of the business and operations of Ontario Racing or ORM and all activities undertaken pursuant to this Agreement, the Membership Agreement or the Funding Agreement, as the Board shall reasonably require or as required by the Government from time to time.

ORM agrees that each Racetrack Member shall be entitled to request from ORM from time to time, and ORM shall provide to such Racetrack Member, in respect of races conducted at such Racetrack Member's racetrack, wagering data and customer demographic information relating to wagers made through the ADW platform (including any similar or replacement technologies) and all digital platforms and other electronic technologies that generate, store and process such data and which ORM or Woodbine Entertainment Group may administer on behalf of the Racetrack Members in the future, to the extent that such data and information is available.

SCHEDULE B

ONTARIO RACING PAYMENT

In consideration for the Services, Ontario Racing shall pay to ORM the ORM Fees and reimburse ORM for the ORM Expenses as follows:

(a) during the period commencing on the Effective Date and ending on March 31, 2019, Ontario Racing shall pay to ORM the full amount of the funding received by Ontario Racing pursuant to the 2018/2019 Transfer Payment Agreement between Ontario Racing and the AGCO (the "**TPA Amount**"); and

(b) from and after April 1, 2019 until the expiry of the Term or the earlier termination of this Agreement, Ontario Racing shall pay to ORM the Administration Payment (as such term is defined in the Funding Agreement), less any amount required by Ontario Racing to pay for direct costs and expenses incurred by Ontario Racing relating to the operation and administration thereof, as agreed in advance by ORM and Ontario Racing, both acting reasonably.

The TPA Amount and the Administration Payment are collectively referred to as the "**Ontario Racing Payment**".

The parties acknowledge and agree that:

- (i) in no event shall the combined amount of the ORM Fees and the ORM Expenses exceed the Ontario Racing Payment; and
- (ii) subject to paragraph (b) above, Ontario Racing shall pay the Ontario Racing Payment to ORM as and when Ontario Racing receives the Ontario Racing Payment notwithstanding the timing of any of the Services provided hereunder or anything else contained in this Agreement.