

Cannabis Retail Licensing: Expression of Interest and Lottery

PART 3 – JANUARY 4, 2019



Today's Presenters

AGCO

Phil Serruya (Panel Moderator)

Director, Communications

Liz Yeigh

Director, Strategic Engagement

Joey Silva

Senior Manager, Business Solutions

Karl Rempel

Manager, Electronic Gaming Laboratory

Ontario Cannabis Store

David Lobo

Director, Corporate Affairs, Policy & Partnerships

Kimberly Clark

Director, Wholesale Account Management

Lottery Fairness Monitor KPMG

Leslie Maughan

Manager, Deal Advisory

Today's Agenda



Section 1 – AGCO

- Overview: Expression of Interest and Lottery
- Role of the Fairness Monitor
- Lottery Selection
- Post Lottery Requirements
- Submitting an Expression of Interest Application in iAGCO

Section 2 – Ontario Cannabis Store

- Wholesale Overview

Section 3 – Full Panel

- Additional Information
- Live Q&A

Presentation Approach

- Today's presentation will cover:
 - Expression of Interest (EOI) Lottery Rules (Rules)
 - AGCO processes to administer the Rules
 - The Fairness Monitor's oversight role

- This material does not itself constitute the Expression of Interest Lottery Rules, and where there is a conflict, the Rules will take precedence

- Expression of Interest Lottery Rules were released on January 2, 2019 and can easily be accessed from the main banner on the AGCO's website's homepage.

- Viewers should refer to the Rules for full context during this presentation

Section 1:

Overview of the Expression of Interest and Lottery

Presented by: AGCO



Context

- Given the **shortage of legal cannabis supply** from federally licensed producers, the Ontario Government has changed the approach to how private retail stores will be allocated
- The government has provided the AGCO the authority to **license up to 25 stores** for April 1, 2019
- Amended Ontario Regulation 468/18 under the *Cannabis Licence Act, 2018* sets out new requirements for AGCO related to administering the allocation of a maximum of 25 stores
- Retail Operator Licences and Retail Store Authorizations are valid for **two years** from the date issued

Context (cont'd)

Rule 7

A maximum **25 Retail Store Authorizations** will be allocated in accordance with Ontario Regulation 468/18 which provides for the maximum number of stores in the following Regions:

- **East Region** (Stormont, Dundas and Glengarry, Prescott and Russell, Ottawa, Leeds and Grenville, Lanark, Frontenac, Lennox and Addington, Hastings, Prince Edward, Northumberland, Peterborough, Kawartha Lakes, Simcoe, Muskoka, Haliburton, Renfrew): **5 stores**
- **GTA Region** (Durham, York, Peel and Halton): **6 stores**
- **North Region** (Nipissing, Parry Sound, Sudbury, Greater Sudbury, Timiskaming, Cochrane, Algoma, Thunder Bay, Rainy River, Kenora): **2 stores**
- **Toronto Region**: **5 stores**
- **West Region** (Dufferin-Wellington, Hamilton, Niagara, Haldimand-Norfolk, Brant, Waterloo, Perth, Oxford, Elgin, Chatham-Kent, Essex, Lambton, Middlesex, Huron, Bruce, Grey, Manitoulin): **7 stores**

Local municipalities that permit the retail sale of cannabis must have a population over 50,000.

The regulation is in effect until December 13, 2019, when it will be amended by the government.

Context (cont'd)

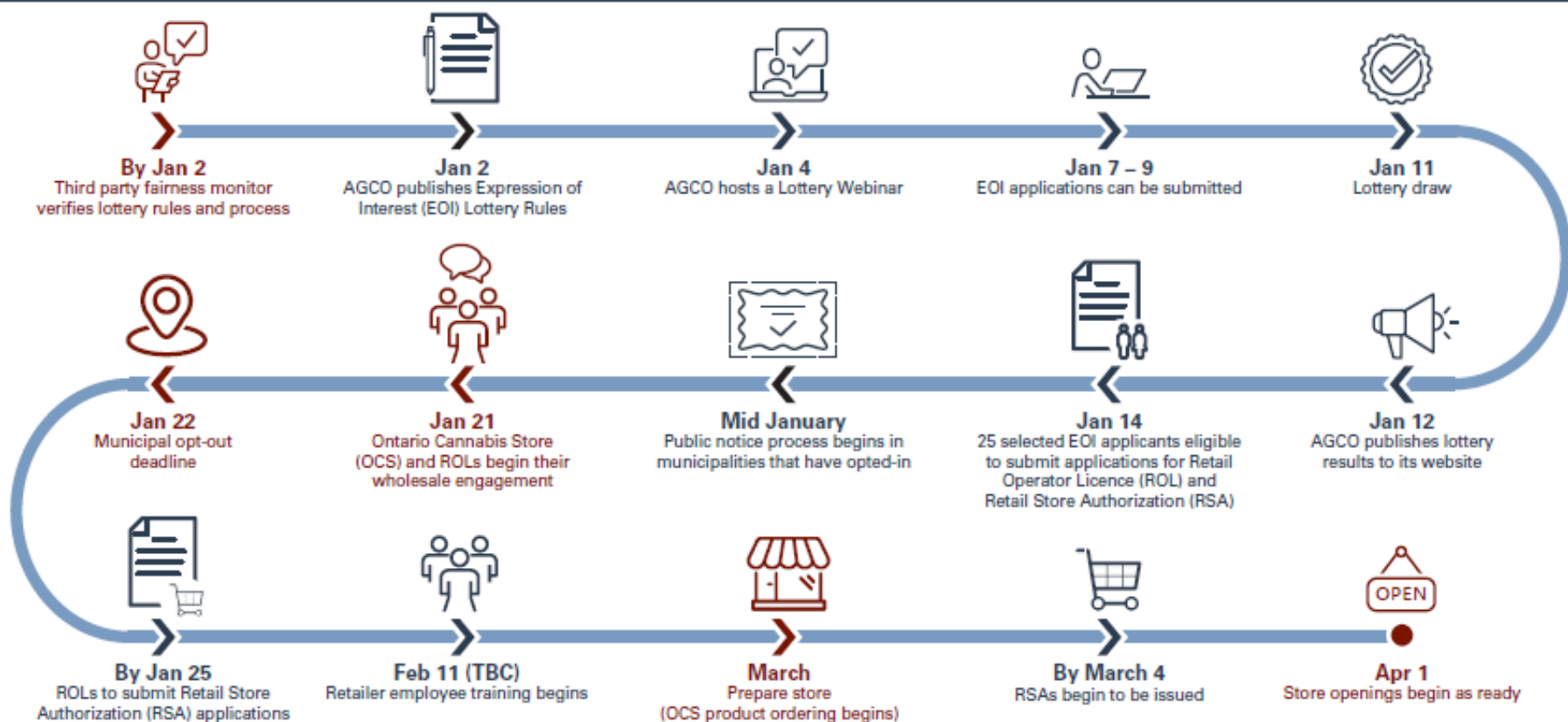
- The Expression of Interest Lottery covers a period of time from January 2, 2019, when the Rules are published, to December 13, 2019, when Ontario Regulation 468/18 will be amended by the government
- This period of time is referred to as the “**Lottery Process**” and is the timeframe established by the government for the temporary cap of 25 Retail Store Authorizations while cannabis supply stabilizes
- The **Expression of Interest Lottery Rules** have been established to support the government’s objective of having cannabis retail stores open on April 1, 2019



AGCO

Alcohol and Gaming
Commission of Ontario

Timeline for Cannabis Retail Lottery, Licensing and Store Authorization Process



Dates may be subject to change

● AGCO led activity

● Other Party-led activity

For more information, visit us online www.agco.ca or call (416) 326-8700 or toll free 1(800) 522-2876

Who can participate...

The lottery is open to the following applicant types:

Rule 1

Partnership

Corporation

Limited
Partnership

Trust

Sole Proprietor

Who can participate...(cont'd)

Expression of Interest Applicants:

Rule 2

- Must use the same legal name and applicant type identified on the Expression of Interest Application in their Retail Operator Licence Application; and
- Are not permitted to change their applicant type, ownership and/or corporate structure in such a way that would result in a change of control of the Expression of Interest Applicant or licensee during the Lottery Process

All individuals associated with an Expression of Interest, including every director, officer, shareholder, partner, and trustee, must be at least 19 years of age at the time of making a licence application

Rule 3

What you need to know...

The AGCO has established the Expression of Interest Lottery Rules (Rules) with the specific intent to:

- Conduct a Lottery that provides a fair and transparent opportunity for potential operators to apply for a licence to operate a cannabis retail store;
- Support the government's objective of providing a safe, legal alternative to the illegal market by having licensed operators open cannabis retail stores as of April 1, 2019; and,
- Regulate licensed retail operators in the public interest.

Potential applicants who are not committed to opening a cannabis retail store on April 1, 2019 should not participate in the lottery

What you need to know...(cont'd)

Subject to AGCO regulatory approvals and Ontario Cannabis Retail Corporation supply requirements, potential applicants should:

- Be prepared to sell cannabis under a Retail Store Authorization on **April 1, 2019**
- Understand and be prepared to comply with requirements under:
 - the ***Cannabis Licence Act, 2018***, and its regulations
 - the **Registrar's Standards** for Cannabis Retail Stores
- Understand and be committed to act in accordance with the AGCO's mandate to ensure that Ontario's cannabis retail environment operates with integrity, honesty, and in the public interest

The holder or the Affiliate of the holder of a cultivation, processing or nursery licence issued by Health Canada under the *Cannabis Act* (Canada) and the regulations may not submit an Expression of Interest Application

Rule 4

What you need to know...(cont'd)

Expression of Interest Applications must be submitted to the Registrar as follows:

Rule 11

- Online through iAGCO using the Expression of Interest Application established by the Registrar
- Between 12:01 AM EST on January 7, 2019 and 12:00 PM EST (noon) on January 9, 2019
- With a payment in full of a **\$75 non-refundable Expression of Interest Fee** for the Expression of Interest Application

There is no advantage or disadvantage to when an Applicant submits an application during this timeframe

What you need to know...(cont'd)

The lottery draw will take place on January 11, 2019

Rule 14

- Subject to the restrictions set out in Rule 9, an Applicant may submit an Expression of Interest Application and identify up to five (5) Regions for a total of five (5) separate Expression of Interest entries in the lottery. **For example:**

Rule 6

- An Applicant who wishes to open a cannabis retail store in any one of three (3) Regions will submit one (1) application with three (3) Expression of Interest entries (one per region) within their application
- An Applicant who wishes to open a cannabis retail store in only one of the five (5) Regions will submit one (1) application with one (1) Expression of Interest entry (one region) within the application

What you need to know...(cont'd)

- Expression of Interest Applicants, including their Affiliates, if any, who submit **more than one** Expression of Interest **for the same Region** will be **disqualified** from the Lottery Process

Rule 9

An iAGCO account holder may submit only one Expression of Interest Application

Rule 8

What you need to know...(cont'd)

An Expression of Interest Applicant and its Affiliate(s) may all submit applications, as long as they are for different Regions

Rule 10

- For clarity, where it is found that two Applicants who are Affiliates of each other have applied to the same region, both Applicants will be disqualified from the Lottery Process.
- If Affiliates of each other are placed on the Selected List for different Regions, only the first drawn Expression of Interest entry will be notified by the Registrar that they may make a licence application and the second drawn Affiliate entry becomes ineligible
- If Affiliates of each other are placed on the Wait List for different Regions, the first Expression of Interest entry that may be moved to a Selected List will be notified by the Registrar that they may make a licence application and the remaining Affiliate entries become ineligible

Rule 9

Rule 8

An iAGCO account holder may submit only one Expression of Interest Application

Excluded Categories of Applicants

The following may **not** submit an Expression of Interest Application to the lottery:

Rule 4

1. Employees and board members of the **Alcohol and Gaming Commission of Ontario**
2. Employees and board members of the Ontario Cannabis Retail Corporation, operating as the **Ontario Cannabis Store**
3. **KPMG LLP**, its partners and employees
4. **Gaming Laboratories International LLC** employees, owners, and/or board members
5. The holder or the Affiliate of the holder of a **cultivation, processing or nursery licence** issued by Health Canada under the *Cannabis Act* (federal) and the regulations

As set out in amendments to Ontario Regulation 468/18, Retail Store Authorizations may not be issued to a federally Licensed Producer or an Affiliate of a Licensed Producer

Section 1: Fairness & Transparency

Presented by: AGCO



The Fairness Monitor

The AGCO has retained the services of KPMG to act as Fairness Monitor

- As Fairness Monitor, KPMG will monitor the Lottery Process in order to assess whether it is conducted **fairly** and that **AGCO follows the Expression of Interest Lottery Rules**
- KPMG will issue a public report on its assessment
- KPMG will not be selecting the lottery winners, but will:
 - Directly observe the process to ensure it is fair and undertaken according to the Rules
 - Monitor AGCO's management of wait-listed EOI applicants until the 25 store authorizations are granted
 - Review documents related to the lottery process

AGCO's Lottery Software Program

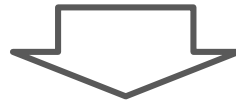
- The AGCO's in-house gaming laboratory has developed the software program that will be used for the lottery selection. The "Lab":
 - Tests and analyzes the integrity of all lottery, casino and internet gaming systems used in Ontario
 - Is accredited to the international standard ISO 17025:2005
- To provide further assurances, the AGCO submitted the Lottery Software Program for independent testing and has received certification from **Gaming Laboratories International**, an independent testing laboratory of its integrity.

Section 1: Lottery Selection

Presented by: AGCO



One iAGCO Account



One Expression of Interest Application
(**\$75 Expression of Interest Fee**
for an Application)

Applicants may express interest in up to five (5) Regions

Example:

- **One EOI Application with two EOI entries:**
 - ✓ **One for the GTA**
 - ✓ **One for Toronto**

**GTA
Region**

**Toronto
Region**

**North
Region**

**East
Region**

**West
Region**

Lottery Selection

The lottery selection will take place on **January 11, 2019**, at a time set by the Registrar:

Rule 14

- Expression of Interest entries will be placed in a common pool and randomly selected using the third-party-certified AGCO lottery software program
- All entries will be drawn
- There will be five Region categories

Each Region category will have a **Selected List** and a **Wait List**

- The number of available store opportunities on the Selected List will be equal to the maximum number of Retail Store Authorizations allocated to that Region
- Once the Selected List for a Region is full, the Wait List will be comprised of other first-drawn Expressions of Interest entries identifying that Region, subject to one exception (described next)

Lottery Selection (cont'd)

Expressions of Interest entries will be randomly selected as follows:

Rule 14

- The first-drawn Expression of Interest entry for an Applicant will be placed on the **Selected List**, for the identified Region, or appended to the **Wait List** in the order drawn if the **Selected List** is complete
- If an Expression of Interest Applicant has submitted for more than one Region, their first-drawn Expression of Interest entry will be placed in that identified Region category
- Any remaining Expression of Interest entries from that Applicant will become ineligible

EXCEPTION :

If an Applicant has submitted more than one Expression of Interest entry and the Applicant's first-drawn Expression of Interest entry is placed on a **Wait List** for a Region and another Expression of Interest entry for the **same** Applicant is subsequently drawn that identifies a Region that has available store opportunities on its **Selected List**, then the Applicant's subsequently drawn Expression of Interest will be placed on that **Selected List**. The Applicant's first drawn Expression of Interest will be ineligible and removed from the **Wait List**

Lottery Selection (cont'd)



- The AGCO intends to publish the results of the lottery on its website within 24 hours of the lottery selection
- Applicants with an Expression of Interest on the **Selected List** for a Region will be contacted by the AGCO and provided with a **Notification Letter** from the Registrar using the contact information identified in the Expression of Interest Application

Rule 15

Withdrawal of an Expression of Interest Application prior to the Lottery

- Between 12:01 AM (EST) January 7, 2019 and 12:00 PM (noon) EST January 9, 2019, an Applicant **may withdraw** their Expression of Interest Application from the lottery from within the iAGCO portal
- Between 12:00 PM (noon) EST January 9, 2019, and AGCO publishing the lottery results on the AGCO website, Applicants **may not withdraw** an Expression of Interest Application

Rule 13

Section 1: Post-Lottery Requirements

Presented by: AGCO



For the 25 Applicants on the **Selected List**



- Within five (5) business days of AGCO posting the lottery results on its website, an Expression of Interest Applicant on the **Selected List** will be required to:
 - Provide a standby Letter of Credit in the amount of \$50,000
 - Submit a Retail Operator Licence application
 - make the non-refundable \$6,000 Retail Operator Licence fee payment
- Use the same legal name and applicant type in the Retail Operator Licence Application as was used in their Expression of Interest Application

Rule 16

Rule 2
Rule 16

For the 25 Applicants on the **Selected List** (cont'd)

An Expression of Interest Applicant on the **Selected List** will be required to (cont'd):

Rule 16



- Submit a Retail Store Authorization application **no later than January 25, 2019**
 - Pay the non-refundable \$4,000 Retail Store Authorization fee payment
 - Open a cannabis retail store location that meets school distance requirements as set out in 468/18 and
 - Be located in a lower or single tier municipality with a **population 50,000 and over** and that permits the retail sale of cannabis

Expression of Interest Applicants in the Lottery Process who are selected to apply for a Licence

Must use the same legal name and applicant type identified on the Expression of Interest Application in their Retail Operator Licence Application

Rule 2
Rule 16

Are not permitted to change their applicant type, ownership and/or corporate structure in such a way that would result in a change of control of the Expression of Interest Applicant or licensee during the Lottery Process
(i.e., December 13, 2019)

Rule 2

Letter of Credit

The Registrar reserves the right to draw on the Letter of Credit in the event that the Expression of Interest Applicant is unable to sell cannabis under their Retail Store Authorization by April 1, 2019. If the Registrar draws on the Letter of Credit, it will be done in the following manner:

Rule 18

if the Expression of Interest Applicant is not selling cannabis under their Retail Store Authorization on:	The following amount will be drawn:
April 1, 2019	\$12,500
April 15, 2019	\$12,500
April 30, 2019	\$25,000

Letter of Credit (cont'd)

Letters of Credit will be:

Rule 19

- Returned to the selected Expression of Interest Applicant should they withdraw under certain circumstances (see Rule 13)
- Drawn in full should a selected Expression of Interest Applicant be disqualified by the Registrar during the Lottery Process

Applicants on the **Wait List**

Rule 17

Once the lottery selection is complete and during the Lottery Process (i.e. until December 13, 2019), an Expression of Interest Applicant that is first on a **Wait List** for a Region will be moved to the **Selected List** for that Region if:

- An Applicant on the **Selected List** for that Region is disqualified from the Lottery Process by the Registrar
- An Applicant on the **Selected List** for that Region declines the Registrar's notification that they may make a licence application
- An Applicant on the **Selected List** for that Region withdraws an application for a Retail Operator Licence
- A Retail Operator Licence within that Region is refused or revoked by the Registrar

Withdrawal of an Expression of Interest Application after the Lottery

- After the AGCO publishes the results of the lottery:
 - The **25 selected Expression of Interest Applicants**, prior to commencing the licensing and authorization processes may decline the Registrar's notification that they may make a licence application by writing to the Registrar at connect@agco.ca (**Note:** this may also apply if an Applicant moves from a **Wait List** to the **Selected List**)
 - Between publication of the lottery results on the AGCO website and January 25, 2019 at 5:00 PM EST, **any of the 25 selected Expression of Interest Applicants** may provide written email notification of withdrawal to the Registrar at connect@agco.ca. If an Applicant withdraws from the Lottery Process pursuant to this rule, the non-refundable licence and authorization fee payments, if incurred will, also pursuant to this rule, be refunded and the Letter of Credit will be returned
 - **Wait List Applicants** may request removal of their name by writing to the Registrar at connect@agco.ca

Rule 13

At any time during the Lottery Process

Rule 5

If the Registrar determines that an Expression of Interest Applicant has not followed the requirements in Ontario Regulation 468/18, or the Expression of Interest Lottery Rules, that Applicant will be disqualified from the Lottery Process

Any pending application for a Retail Operator Licence will be considered abandoned

If a Retail Operator Licence has been issued, the Registrar will revoke the licence

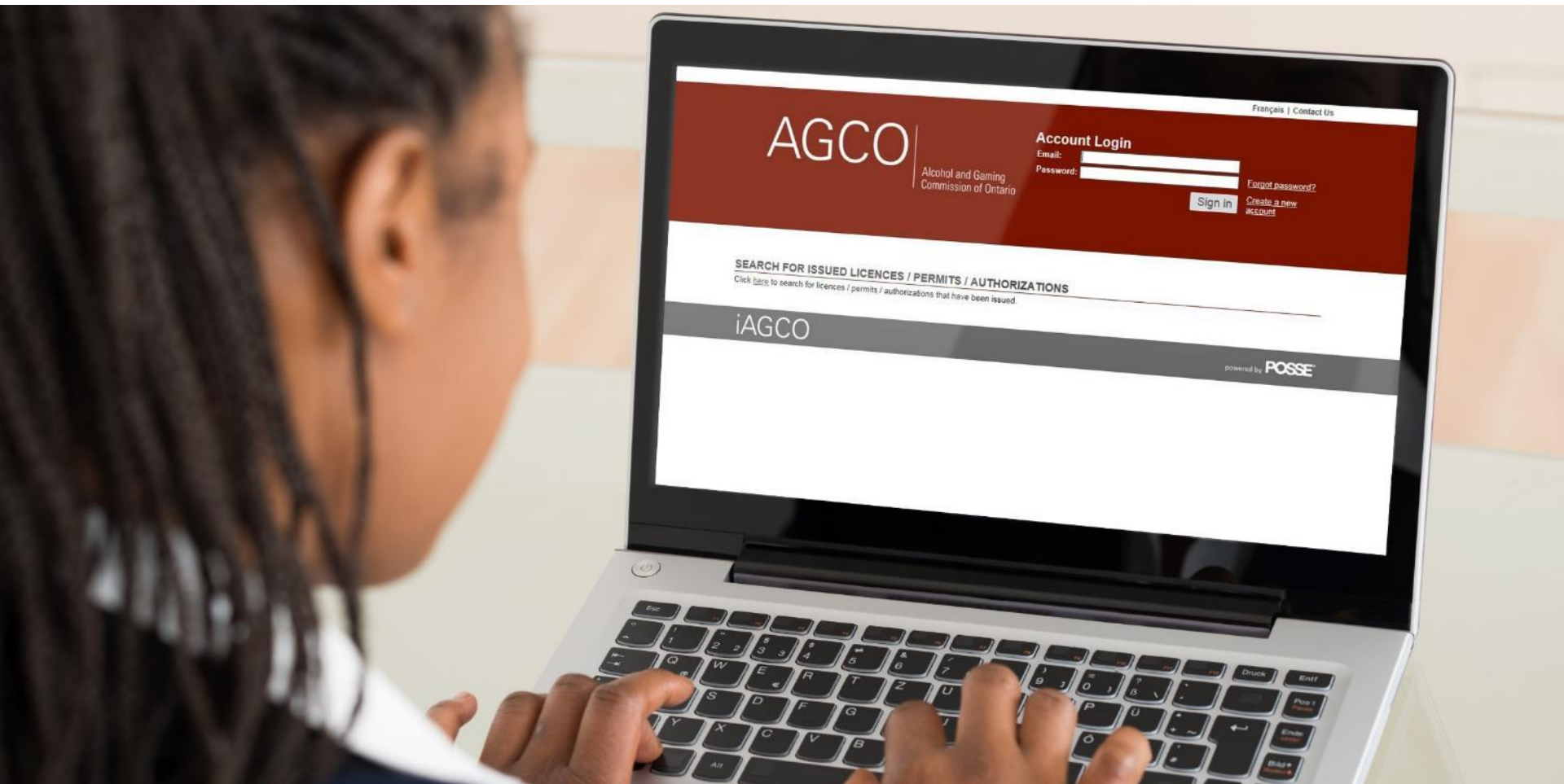
Rule 20

The Registrar reserves the right to cancel, amend or suspend the lottery, or to amend the Expression of Interest Lottery Rules in any way without prior notice or obligation

Section 1:

Submitting an EOI Application using iAGCO

Presented by: AGCO



Expression of Interest Applications must be made online through iAGCO by Applicants or their representatives

An iAGCO account holder may submit only **one** Expression of Interest Application

Rule 8

The Expression of Interest \$75 fee is **non-refundable**

Rule 11

If an iAGCO account holder requires a **change** to their submitted Expression of Interest Application between January 7, 2019 and 12:00 EST (noon) January 9, 2019, the application may be completely **withdrawn** by the iAGCO account holder and a new Expression of Interest Application may be completed and submitted, along with another Expression of Interest \$75 fee

Rule 12

Between 12:00 PM (noon) EST January 9, 2019, and AGCO publishing the lottery results on the AGCO website, **Applicants may not withdraw** an Expression of Interest Application

Rule 13

Expression of Interest Application: Information Required

You must create an account on iAGCO before you will be able to fill out the Expression of Interest Application

iAGCO account

To create an iAGCO Account, you will need to provide the following information:

- Email address
- Password
- Name
- Phone number

Expression of Interest Application: Information Required (cont'd)

EOI Sole Proprietor

or

EOI Other

To complete an Expression of Interest Application if you are a **sole proprietor**, you will need to provide:

- Legal name
- Certain personal information (i.e., birth date, place of birth, driver's licence information)
- Contact information
- Address(es) (i.e., mailing, physical and business)

To complete an Expression of Interest if you are a **corporation, limited partnership, partnership, or trust** you will need to provide:

- Legal Name
- Legal Structure (i.e. indicate if it is privately held, publicly held, a trust or a non-profit);
- Contact Information
- Address(es) (i.e., mailing, physical and business)

Expression of Interest Application: Information Required (cont'd)

EOI Entries – one per Region up to five (5) Regions

As part of the EOI, you will be required to answer where you wish to locate a cannabis retail store. These answers will form your Expression of Interest entries to the lottery. An example can be seen below:

2. Do you wish to locate a cannabis retail store in the **GTA Region**?

☐ ☐

Yes No

The GTA Region is comprised of the following census divisions, but does not include the Toronto census division: Durham; York; Peel; Halton.

3. Do you wish to locate a cannabis retail store in the **North Region**?

☐ ☐

Yes No

The North region is comprised of the following census divisions: Nipissing; Parry Sound; Sudbury; Greater Sudbury; Timiskaming; Cochrane; Algoma; Thunder Bay; Rainy River; Kenora.

Step 1. How to Create an iAGCO Account

Create an iAGCO Online Account

a Go to
www.agco.ca

b Click on iAGCO
Online Services



Step 1. How to Create an iAGCO Account (cont'd)

Click on Create a New Account



Account Login

Email: *

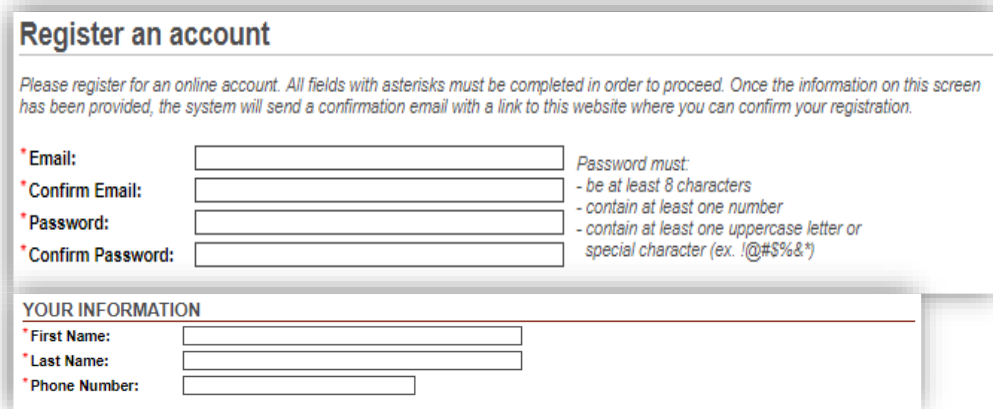
Password:

[Forgot password?](#)

[Create a new account](#)

Sign in

Register an account
by completing all
the fields



Register an account

Please register for an online account. All fields with asterisks must be completed in order to proceed. Once the information on this screen has been provided, the system will send a confirmation email with a link to this website where you can confirm your registration.

* Email:

* Confirm Email:

* Password:

* Confirm Password:

Password must:

- be at least 8 characters
- contain at least one number
- contain at least one uppercase letter or special character (ex. !@#\$%&*)

YOUR INFORMATION

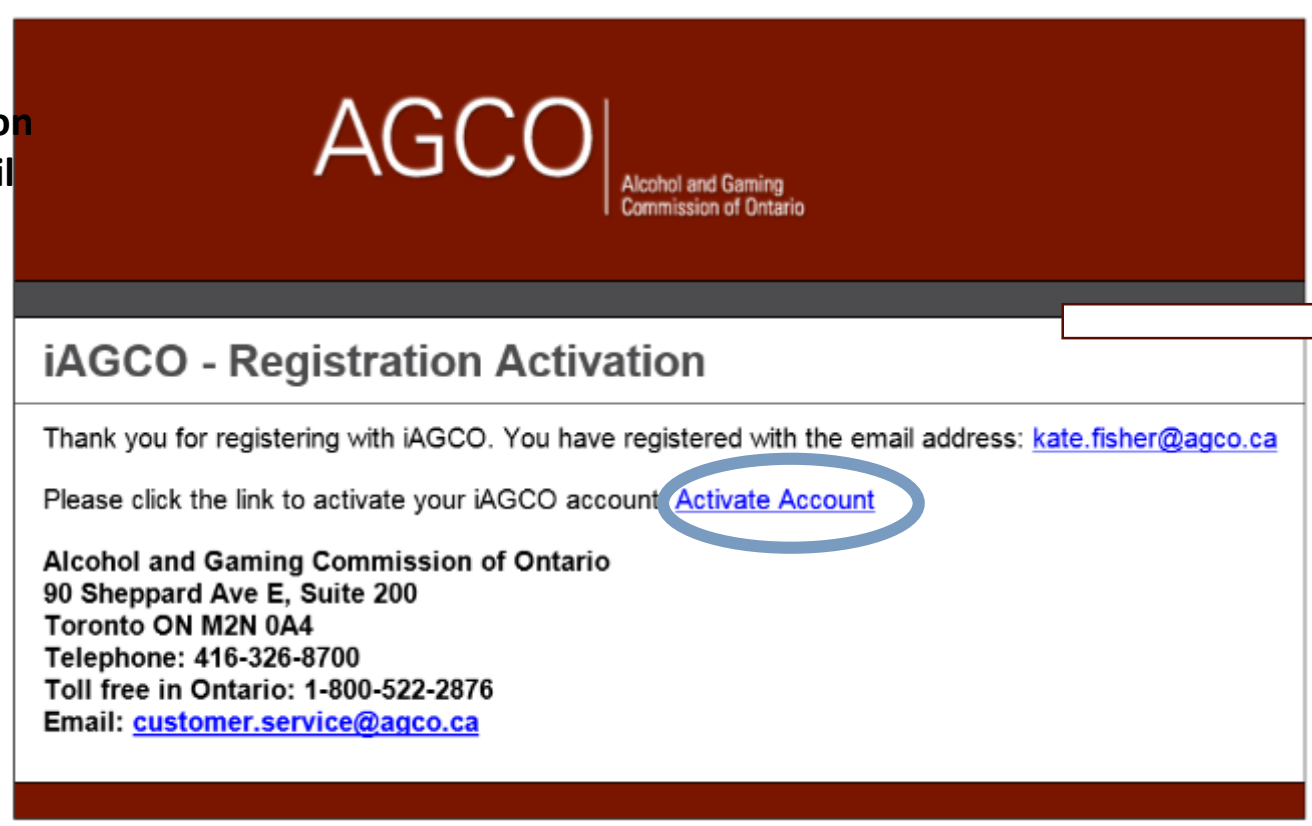
* First Name:

* Last Name:

* Phone Number:

Step 1. How to Create an iAGCO Account (cont'd)

You will receive an email to activate your account. Click on the link provided in the email and enter the account password you selected. Delete the activation email.



Access iAGCO Online Services and enter the email and password used to create your account. Click Sign in

Account Login

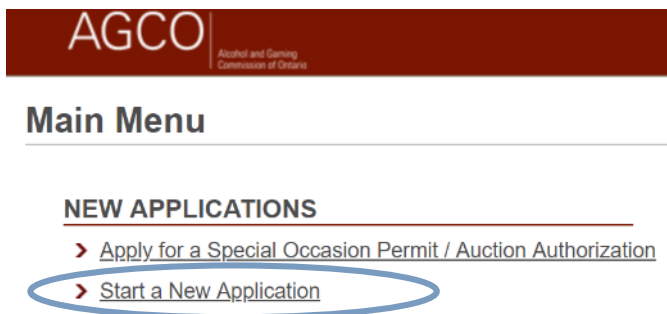
Email: *

Password: * [Forgot password?](#)

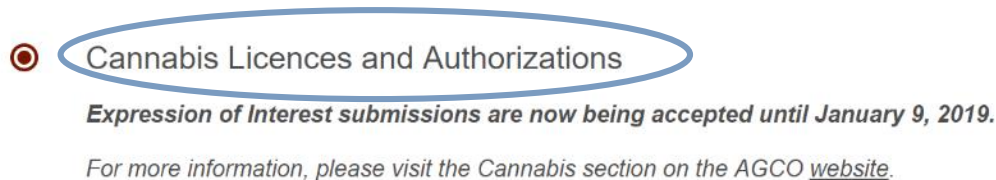
[Create a new account](#)

Step 2. Creating & Submitting an Expression of Interest in iAGCO

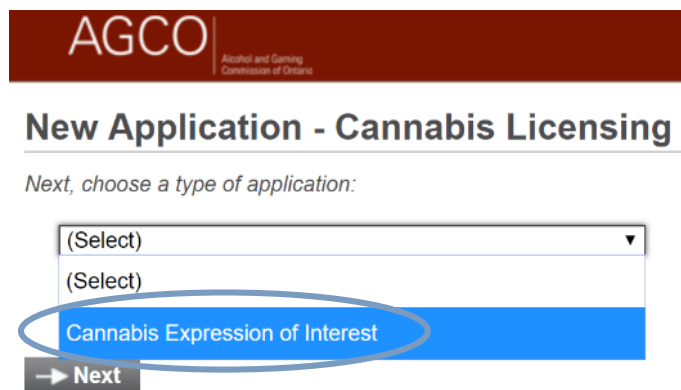
A.



B.



C.



Step 3. Paying the Expression of Interest fee

New Application - Cannabis Expression of Interest - Cannabis Licensing

FEES

The following fees must be paid as part of your application.



Fee	Amount Due
Entry Fee	\$75.00
TOTAL:	\$75.00

***The non-refundable, \$75 Expression of Interest Fee can be paid by Visa, Mastercard, or Interac Online ([participating financial institutions](#))**

**** One Expression of Interest Application = one non-refundable, \$75 Expression of Interest Fee [whether applying for one or more regions](#)**

Order Summary

Details

Payment to: AGCO – Alcohol and Gaming Commission of Ontario

Total: \$75.00 (CAD)

Payment Method

Credit Cards Accepted



Interac® Online



The Interac Online service allows you to pay for goods and services over the Internet directly from your Internet banking account. **Learn more about Interac Online.**

Caution: This payment session will expire in 30 minutes. We recommend having an already established Internet banking account before selecting this payment method.

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Step 4. Expression of Interest Application Confirmation

[Main Menu](#) | [Education](#) | [Support](#)

New Application - Cannabis Expression of Interest - Cannabis Licensing

APPLICATION RECEIVED

Your payment has been received and your application has been successfully submitted for processing. You may be contacted by the AGCO for more information and/or once a decision has been made on your application.

Note: You will receive a confirmation email shortly with an attachment containing the information you entered in your application. This Application Summary will also be available for download in the next 15 minutes on the Main Menu under "My Applications Under Review" section.

File Number:	159353
Received Date:	2018-12-31
Type:	Cannabis Expression of Interest
Applicant:	Applicant Name
Payment Received:	\$75.00

You will receive a File Number for your EOI Application. Please make note of this number. It will also be emailed to you.

The File Number will be included when AGCO posts the lottery results

We value your feedback. Please fill out this short [survey](#)



If you have any questions, please contact us by using the information found in the "Contact Us" link above.

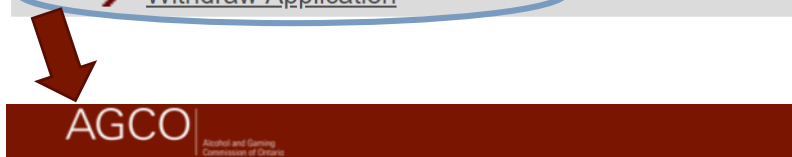
You may return to the Main Menu to monitor the processing of your application.

Withdrawing an Expression of Interest from iAGCO Prior to 12:00 PM EST January 9th

MY APPLICATIONS UNDER REVIEW

The applications listed below have been submitted and are being processed.

File #	Application	Type	Description	Date of Submission
 159353	New Application	Cannabis Expression of Interest	Applicant Name	2018-12-31
Provide Additional Information Withdraw Application		 Application Summary		




File Number: 159353
Type: Cannabis Expression of Interest
Description: Applicant Name

Entered Date: 2018-12-31

* Please provide a reason for your withdrawal request:



Want to change regions.

 **Submit Withdrawal Request**

Cancel

MY APPLICATIONS UNDER REVIEW

The applications listed below have been submitted and are being processed.

File #	Application	Type	Description
 159353	New Application	Cannabis Expression of Interest	Applicant Name
Provide Additional Information (Pending Withdrawal)		 Application Summary	

This application will now be considered Withdrawn.



ONTARIO
CANNABIS
STORE



Ontario Cannabis Store: Introduction to Cannabis Wholesale in Ontario

January 4, 2019



Overview

- This material is intended to provide prospective retail store operators with an introduction to OCS wholesale before the launch of AGCO's Expression of Interest Process
- Content in this presentation may be subjected to further changes at the discretion of the OCS
- Additional information about wholesale will be shared regularly with retail store operators and prospective operators in the lead up to April



The Ontario Cannabis Store

- Established in late 2017, the Ontario Cannabis Retail Corporation (OCRC) is a Crown agency of the Government of Ontario and operates as Ontario Cannabis Store (OCS)
- Following legislative amendments made to the *Ontario Cannabis Retail Corporate Act, 2017*, the OCS is a standalone agency that reports directly to the Minister of Finance and is no longer a subsidiary corporation to the Liquor Control Board of Ontario (LCBO)
- Under provincial legislation the OCS has the exclusive right to sell recreational cannabis online in Ontario, and is the exclusive wholesaler to holders of a retail store authorization from the AGCO
- OCS will also wholesale cannabis accessory products for the convenience of retail store operators, although these products are not exclusive to OCS and may be purchased directly from distributors or manufacturers
- OCS complies with the *Cannabis Act (Canada)* and its regulations in how it has designed and operates its business

Cannabis Products



Retail Store Operators are required to purchase all cannabis products exclusive through the OCS

- OCS only purchases cannabis products from producers licensed by Health Canada
- All products listed by the OCS must be compliant with all federal regulations related to safety and packaging
- Products available from the OCS will include:



Dried
Cannabis



Oils



Capsules



Pre-rolls



Seeds

- Once federal government has authorized their manufacture and sale, the OCS will also list cannabis edibles, extracts and topicals.



Cannabis Accessories

Cannabis accessories will be available from the OCS for the retailers' convenience, but retailers may purchase accessories through distributors or manufacturers

- All accessory products carried at OCS are vetted to ensure they comply with the federal definition of a cannabis accessory and do not contravene federal restrictions around branding, labelling and promotions
- Products available from the OCS will include:



Bongs &
Pipes



Papers &
Filters



Grinders



Multi-tools
& Kits



Vaporizers



Storage



Trays



Cleaning
Supplies



National Supply Shortage

- The current shortage in cannabis supply across the country has impacted private retailers in other provinces
- OCS is considering lessons from other provinces to establish wholesale processes that limits unnecessary business risks to private operators
- OCS is currently working with federally licensed producers to secure as much cannabis supply as possible for the Ontario market
 - This includes regularly visiting producer facilities and working with producers to confirm forecast deliveries
- When submitting an Expression of Interest, prospective retail store operators should be aware that the current national supply shortage could persist for some time



OCS Supply Management

- The limited supply received from producers will need to be managed closely to ensure each authorized retailer has supply for their operations and new stores are opened as quickly as supply permits
- To do this, several principles will apply:
 - OCS will make every effort to attempt to supply authorized retail stores with a reasonable amount of cannabis to support their operations
 - OCS will apply and manage equal limits for each authorized retail store
 - OCS will allocate supply fairly among the authorized retail stores
 - OCS will communicate regularly with retail store operators on the subject of ordering and supply
- As supply conditions change, the OCS may review its approach to managing supply and will communicate directly with retail store operators prior to any changes being implemented



Additional Considerations



Wholesale Payment

OCS is currently developing payment requirements and may require payment for all wholesale orders before shipment to stores in order to ensure the fair allocation of product



Product Transportation

The OCS will be responsible for the transportation of all cannabis (and cannabis accessories bought from the OCS) directly to authorized private retail stores

A cost-recovery delivery fee will be charged on all supply orders



Product Returns

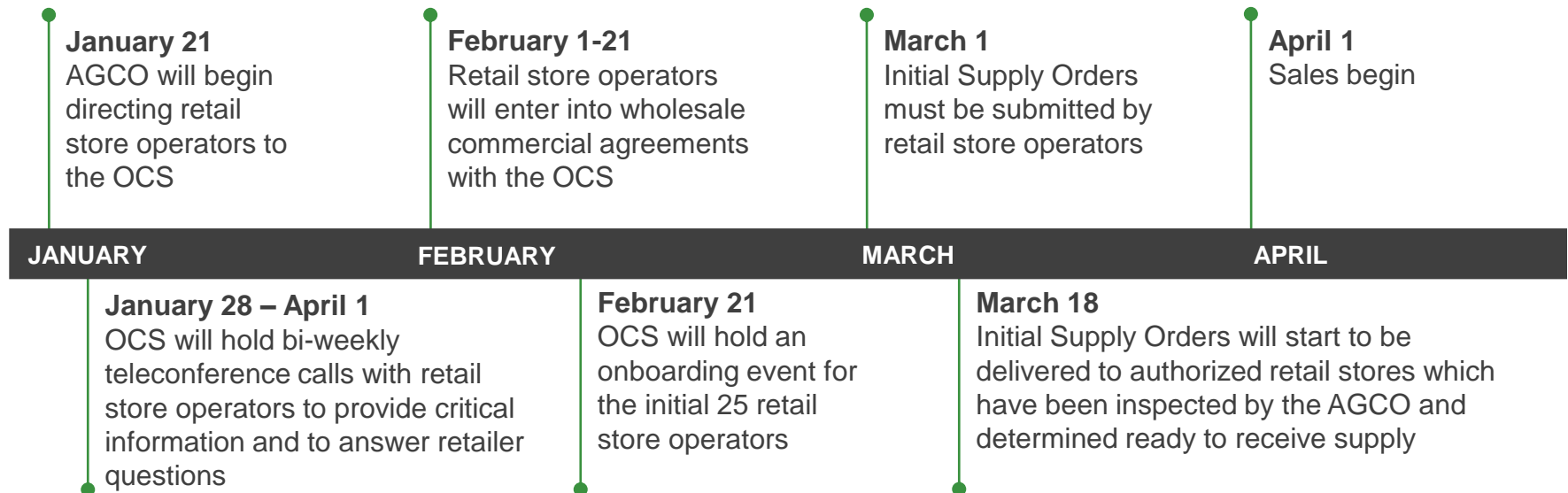
OCS will not accept any returns of cannabis products from authorized stores. Exceptions will apply for:

1. Products that are damaged on delivery
2. Products not accurate to the order paid for by the retail store operator
3. Products that are subjected to a product recall issued in consultation with Health Canada

OCS Onboarding Timeline



In the lead up to April, the OCS will be working closely with retail operators to provide additional information to support their onboarding and preparations for launch. Key milestones include:





Additional questions on the wholesale distribution process not covered in today's webinar can be shared with the OCS directly at: **wholesale@ocs.ca**

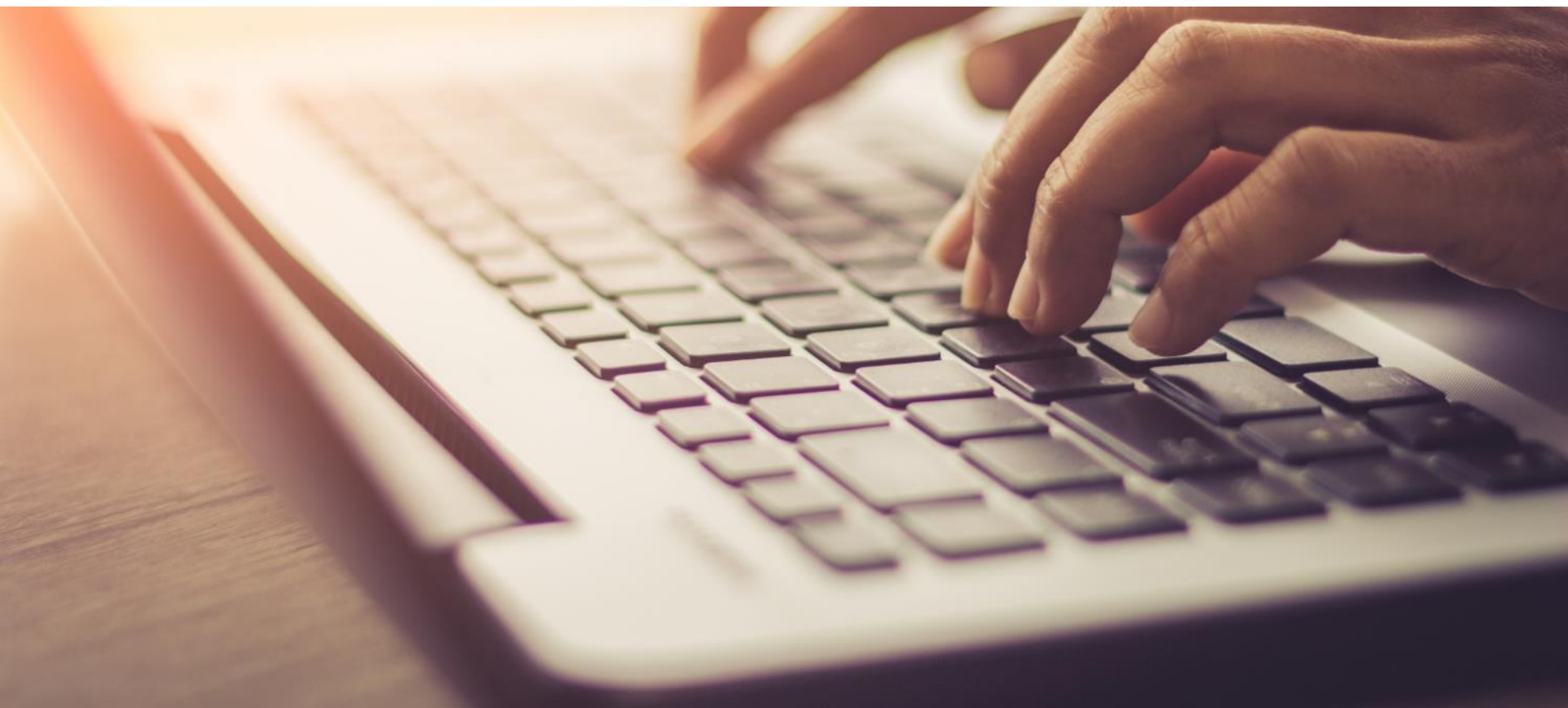


Follow OCS on Twitter at **@ONcannabisstore**

Section 3:

Additional Information and Live Q&As

Presented by: AGCO and OCS






Information on Store Location

- When submitting an Expression of Interest Application, Applicants are required to identify the Region in which they wish to locate their cannabis retail store
- Only Applicants on the Selected List who are issued a Retail Operator Licence will be required to select a location to be considered for a Retail Store Authorization
- Municipalities have until January 22, 2019 to opt out. A store may be located in a lower or single tier municipality that has:
 - Chosen not to opt out of cannabis retail sales in their jurisdiction
 - 50,000 or more residents
- As mentioned in previous webinars, AGCO recommends that Applicants engage with prospective municipalities when considering a location

Municipalities with 50,000+ Population

EAST REGION

Status as of January 4, 2019:

	Opt In
	Opt Out
	Undecided

English Name:	French Name:
Barrie, City of	Barrie, Cité de
Belleville, City of	Belleville, Cité de
Kawartha Lakes, City of	Kawartha Lakes, Cité de
Kingston, City of	Kingston, Cité de
Ottawa, City of	Ottawa, Ville de
Peterborough, City of	Peterborough, Cité de

*Please note not all Municipalities have yet chosen to opt out or in of hosting private cannabis retail stores. See AGCO website for an updated list of all opt-out and -in municipalities.

Municipalities with 50,000+ Population

GTA REGION

Status as of January 4, 2019:



Opt In



Opt Out



Undecided

English Name:

Ajax, Town of
 Aurora, Town of
 Brampton, City of
 Burlington, City of
 Caledon, Town of
 Clarington, Municipality of
 Halton Hills, Town of
 Markham, City of
 Milton, Town of
 Mississauga, City of
 Newmarket, Town of
 Oakville, Town of
 Oshawa, City of
 Pickering, City of
 Richmond Hill, Town of
 Vaughan, City of
 Whitby, Town of

French Name:

Ajax, Ville de
 Aurora, Ville de
 Brampton, Cité de
 Burlington, Cité de
 Caledon, Ville de
 Clarington, Municipalité de
 Halton Hills, Ville de
 Markham, Cité de
 Milton, Ville de
 Mississauga, Cité de
 Newmarket, Ville de
 Oakville, Ville de
 Oshawa, Cité de
 Pickering, Cité de
 Richmond Hill, Ville de
 Vaughan, Cité de
 Whitby, Ville de

Municipalities with 50,000+ Population

NORTH REGION and **CITY OF TORONTO**

Status as of January 4, 2019:

	Opt In
	Opt Out
	Undecided




English Name:	French Name:
Greater Sudbury, City of	Grand Sudbury, Cité de
North Bay, City of	North Bay, Cité de
Sault Ste. Marie, City of	Sault Ste. Marie, Cité de
Thunder Bay, City of	Thunder Bay, Cité de

English Name:	French Name:
Toronto, City of	Toronto, Cité de

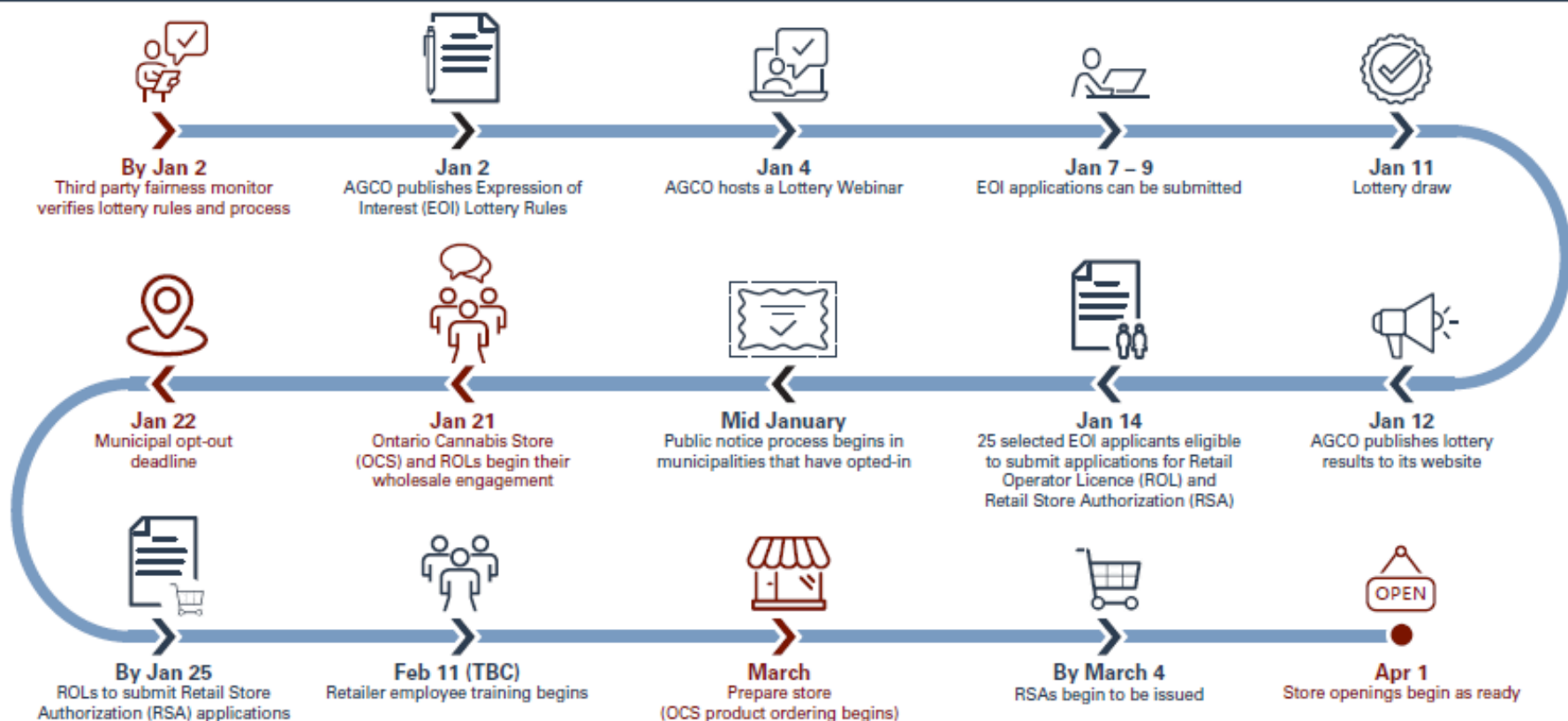
Municipalities with 50,000+ Population

WEST REGION

Status as of January 4, 2019:

	Opt In	English Name:	French Name:
	Opt Out	Brantford, City of	Brantford, Cité de
	Undecided	Cambridge, City of	Cambridge, Cité de
		Chatham-Kent, Municipality of	Chatham-Kent, Municipalité de
		Guelph, City of	Guelph, Cité de
		Hamilton, City of	Hamilton, Cité de
		Kitchener, City of	Kitchener, Cité de
		London, City of	London, Cité de
		Niagara Falls, City of	Niagara Falls, Cité de
		Norfolk County	Norfolk County
		Sarnia, City of	Sarnia, Cité de
		St. Catharines, City of	St. Catharines, Cité de
		Waterloo, City of	Waterloo, Cité de
		Welland, City of	Welland, Cité de
		Windsor, City of	Windsor, Cité de

Timeline for Cannabis Retail Lottery, Licensing and Store Authorization Process



Dates may be subject to change

● AGCO led activity ● Other Party-led activity

For more information, visit us online www.agco.ca or call (416) 326-8700 or toll free 1(800) 522-2876

We are Here to Help

- iAGCO is available anytime from anywhere
- AGCO Customer Service Representative can be contacted Monday-Friday from 8:30am-5:00pm.
- Questions may also submitted online anytime through iAGCO and a response will be provided by a Customer Service Representative.
Certain questions and answers will be posted on AGCO's website
- The toll free number for inquiries is 1-800-522-2876
- **The AGCO has a dedicated cannabis licensing team to work with those who are selected through the lottery**

Questions?



Resources...

- Access iAGCO www.agco.ca/iAGCO
- Get iAGCO updates: www.agco.ca/iagco-information
- Follow [@Ont AGCO](https://twitter.com/OntAGCO) on Twitter
- Inquiries or complaints: www.agco.ca/iAGCO
 - *Note: you do not need an account to submit an inquiry*