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## New Racetrack Licensing Process

### Process and Required Documents

September 18, 2018

Under the *Horse Racing Licence Act, 2015* (“the Act”), the Registrar of the Alcohol & Gaming Commission of Ontario (AGCO) has responsibility for issuing licences to all participants in racing, including Racetracks. An Applicant seeking to obtain a licence to operate a new Racetrack must submit an application to the Registrar. Once a licence is granted, an approved Racetrack Association must apply annually to renew its Racetrack Operator licence.

Licensing a new Racetrack involves a two stage process:

1. *Preliminary Approval* – Preliminary approval for a licence is issued by the Registrar once a due diligence investigation of the Applicant is complete and the Registrar is satisfied as to the suitability of the Applicant. Preliminary Approval is issued with a licence and terms and conditions that **must** be agreed to by the Applicant.
2. *Final Approval* – Final Approval for a licence is issued, once the Registrar is satisfied that the terms and conditions of the initial licence, issued at the time of Preliminary Approval, have been met.

A staged process for licensing provide the Applicant with a certain degree of comfort that certain regulatory issues have been addressed and allows the Registrar to maintain regulatory control over the longer term project of developing and building a racetrack. Applicants are advised that Preliminary Approval in no way guaranteed that Final Approval will be granted.

It should be noted that at any stage in the process, the Registrar can make the decision not to proceed with an application.

### **Preliminary Approval**

Steps to be taken to obtain Preliminary Approval:

1. The Applicant files a Letter of Intent with the Registrar, indicating the Applicant’s intent to apply for a Licence to Operate a Racetrack;
2. The Registrar will supply the Applicant with the required forms, information and requirements for attaining Preliminary Approval;

3. The Applicant submits all Stage 1 Required Documents, as described in Appendix A;
4. The material will be assessed by the Administration to:
  - a. Determine a preliminary estimate of the licensing fees as prescribed under subsection 12(3) of the Act;
  - b. Assess on the preliminary basis the completeness of the materials;
  - c. The applicant will be informed by letter of the fees required and any additional requirements for filing. Note: the fees are considered an estimate of the costs of the inquiries. At any time in the investigation, particularly where new filings on ownership and financing are received, the Registrar may determine that returned to the applicant upon the completion of the investigation;
5. Once all the necessary material has been submitted and the fees have been received, the file will be forwarded to the AGCO Investigative Unit to conduct the due diligence investigation;
6. Acting on the material filed and the results of the investigation, the Registrar will make a decision on the applicant's suitability for licensing. If approved, the applicant will receive Preliminary Approval for a Licence to Operate a Racetrack.

If the Registrar decides not to approve the application, a Notice of Proposed Order to Refuse to Licence will be issued, and the applicant then has 15 days to request a hearing in respect of the Registrar's refusal.

#### Circulation of Application

A circulation of the application to the industry will take place once the Registrar is satisfied as to the suitability of the Applicant to be licensed. Industry participants will be invited to make submissions (in writing) by an established date. All submissions will be provided to the Applicant. The Registrar may also determine other means of soliciting input, including holding a public forum.

The purpose of the public circulation is to provide the Registrar with further information in arriving at their decision to grant Final Approval and licence the Applicant.

#### Preliminary Approval Issued

Preliminary Approval is issued in the form of a letter and will stipulate certain terms and conditions that must be met before Final Approval for a Licence to Operate a Racetrack is issued. The terms and conditions of the Preliminary Approval must also be agreed upon by the applicant and could include, but is not limited to, the following:

- Filing of some or all of the materials listed under Stage 2, Required Documents in Appendix A;
- Consent to a public forum on the application;

- A commitment to building new facilities to standards and acceptance of the Administration;
- Submission of any new investors and/or owners for due diligence;
- Approval of race dates;
- Backstretch Security Plans, approved by the Administration;
- Racetrack Maintenance Plans, approved by the Administration;
- Track readiness - documentation that the track is ready for racing and has been inspected and approved by the local horsemen's group and the Administration.

The Registrar will work with the Applicant to determine appropriate filing dates for certain requirements under the terms and conditions, as they relate to the milestones of the project plan filed with the AGCO.

#### Steps to be Taken to Obtain Final Approval

The Applicant will work with the Registrar and the Administration to satisfy the terms and conditions set out in the Letter of Preliminary Approval. At any time the Registrar may require further filings, as necessary, to satisfy as to the suitability of the Applicant for licensing.

### **Final Approval Issued**

Final Approval for a licence is issued in the form of a letter and will stipulate certain terms and conditions that must be agreed to by the Applicant. Depending upon the timing, the Final Approval may be issued with the physical licence in late December of each successive year.

The Registrar may, at any time, make a decision to:

- Refuse to issue the licence;
- Deactivate a file, if the application is determined to be not proceeding.

#### Issuing a Physical Licence

A physical licence is issued in December of any year in which the racetrack intends to start the racing operations, granting the Racetrack Operator authority to operate. It is the responsibility of the Racetrack Operator to apply to renew the licence each year.

#### Change in Ownership

Under the Act, the Registrar has the power to affect the status of a licence as follows:

- Any new ownership and any new officers and directors involved in the ownership structure of any company granted a Licence to Operate a Racetrack is subject to review by the AGCO, and must submit to a due diligence investigation and be deemed suitable for licensing by the Registrar;

- Any changes to the financial arrangements of any company granted a Licence to Operate a Racetrack is subject to review by the AGCO, and must be submitted for due diligence and be deemed suitable by the Registrar;

Any questions regarding the procedures outlined above can be directed to Tanya Cadeau, Manager, Horse Racing Eligibility at 416-212-1999.

### Required Documents

The following is a list of the documents and/or information that must to be filed with the AGCO Administration when applying for a Licence to Operate a Racetrack, where the racetrack was not in operation in the previous licensing period and/or where the applicant does not have Preliminary Approval from the Registrar.

Please note that further documentation may be required at the discretion of the Registrar.

#### *Stage 1 (Proceeding to Preliminary Approval)*

- AGCO licence application forms:
  1. Application for a Licence to Operate a Racetrack (Form 04051);
  2. Personal History Report (Form 04053) – to be completed by all officers, directors, shareholders and key personnel of the Applicant;
  3. Corporate Disclosure Form (Form 04000) – to be completed when the shareholder is a corporation.
- Documentation (e.g. Articles of Incorporation, Letters Patent, Shareholder agreements, etc.) and description (including schematics) of the business organization of the proposed Applicant, including financing and financial details. Such documents shall be in sufficient detail to complete an investigation of sources;
- Proof of ownership of the land or letter of commitment from the lessor of the land, if land not owned. If ownership or a lease has not been established, a letter of intent is required;
- Physical property description including a survey of the facilities;
- Correspondence from the local municipality stating that the racetrack is zoned correctly for the use and that the facilities meet all fire, health and safety standards;
- Correspondence from the association or group representing the Horsepersons in the area, stating their position regarding the application;
- A proposed schedule of race dates including the type of racing being conducted (Standardbred, Thoroughbred or Quarter Horse racing);
- Business Plan of the proposed racetrack - at the preliminary stage, should include the following:
  1. Table of Contents of the final business plan submission;
  2. Multi-year Project Plan, including pre and post development, date specific milestones, etc.;
  3. Projected Operational Budgets, including pre and post development;
  4. Proposed management structure.

#### *Stage 2 (Proceeding to Final Approval)*

A final list of requirements will be stipulated in the terms and conditions in the Preliminary Approval for a Licence, and may include:

- Business Plan of the proposed racetrack which should be finalized to include the following:

1. Income/expense forecast;
  2. Projected purse pool and a description of purse distribution mechanism, detailing necessary controls and procedures for purse account management;
  3. Intertrack Wagering schedule outline, providing description of product mix and source;
  4. Other ancillary services or entertainment/gaming at the track;
  5. Proposed commission rates.
- Market study with focus on the financial and economic projections and impacts on the horse racing industry. The study should address:
    1. Horse supply;
    2. Projected attendance;
    3. Per capita spend;
    4. Handle;
    5. Demographic profile of immediate catchment area.
  - If not already submitted, proof of ownership of the land or letter of commitment from the lessor of the land, if land not owned;
  - Evidence of a contract with the local Horseperson's Association in the area to demonstrate the establishment of a relationship;
  - Correspondence from the Canadian Pari-Mutuel Agency stating their position regarding the application;
  - Approved Race Dates - A schedule for live race dates and intertrack schedule to include post times and product;
  - If not already submitted, correspondence from the local municipality stating that the racetrack is zoned correctly for the use. Also from the local municipality stating that the racetrack facilities meet all fire, health and safety standards;
  - Backstretch/Paddock Security Plan, approved by the Administration;
  - Racetrack Maintenance Plan, approved by the Administration;
  - Fire Safety Plan, approved by the Administration;
  - List of proposed Key Employees, including submission of key employees for due diligence;
  - List of proposed Racing Officials, including evidence of licensing and accreditation where required and including submission for due diligence where deemed necessary.

## **Filing Format**

Documents submitted to the AGCO are confidential and private unless otherwise specified. All documents submitted to the AGCO are subject to the *Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c F.31*.

Forms and information are available on the AGCO website at: [www.agco.ca](http://www.agco.ca)

The preferred submission format for material is electronic.

All material must be submitted to the attention of:

Jessica Harvie  
Licensing Coordinator  
(416) 326-0863  
[jessica.harvie@agco.ca](mailto:jessica.harvie@agco.ca)

Please direct any questions regarding this material to Jessica Harvie.