

NOVA SCOTIA GAMING CORPORATION

***REQUEST FOR PROPOSAL:
REVIEW OF LONG TERM CAPITAL ASSET REQUIREMENTS OF
HALIFAX AND SYDNEY CASINO***

Issue Date: March 31, 2009
Closing Date: April 30, 2009 (4:00 p.m., Atlantic Daylight Time)

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SECTION A: OVERVIEW

1.0 Introduction

- 1.1. Nova Scotia Gaming Corporation (NSGC) is a Crown corporation established in 1995 under Part I of the *Gaming Control Act* to conduct and manage the Provinces gaming business.

NSGC currently has three business lines . ticket lottery, video lottery and casinos. This Request for Proposal relates to services required in relation to NSGC's casino business.

- 1.2. An interim Casino was established in Halifax on June 1st, 1995 and a permanent facility opened in Sydney, August 1st, 1995. The permanent casino in Halifax opened on April 24, 2000.

- 1.3. On May 31, 1995 NSGC entered into a series of contracts with Metropolitan Entertainment Group (MEG) related principally to the development, construction and operation of the casinos in Halifax and Sydney. On June 1, 2005, Great Canadian Gaming Corporation acquired 100% of MEG from Caesars Entertainment, and on July 1, 2005 an amended operating contract was signed between NSGC and MEG.

- 1.4. The Casino Operating Contract stipulates that \$5 million or 5% of gross operating revenues from Casino Nova Scotia, whichever is greater, must be contributed to a Capital Reserve Account on an annual basis. The purpose of this fund is to acquire and maintain capital assets for the casino properties.

- 1.5. In 2003-04, a review of the casino properties was undertaken to assess and determine the adequacy of the Capital Reserve Account. The review included the following components:

- an assessment of gaming equipment upgrades required over a long term period;
- a review of building components including a description of each key building component with useful life projections; and,
- preparation of a reserve fund analysis to show each year over a 25 year period including: projected expenditures; provisions for major capital improvements as required; and, the annual contributions required to fund the expenditures.

- 1.6. In 2005-06, a significant capital improvement project was undertaken for both casino properties that included: expanded entertainment and food and beverage offerings; new poker room in Halifax; new slot machines and a ticket-in, ticket-out system; new digital surveillance; and, live entertainment facility at the Halifax property.

- 1.7. Annually, a 10-year detailed capital plan is prepared as part of the business planning process. This plan estimates capital expenditures for each casino by department, and is based on casino management's assumptions. As a result of the changes that have taken place since 2003-04, there is a need to review and validate the long-term capital asset requirements of the Halifax and Sydney casinos.
- 1.8. On that basis, NSGC is proceeding to a Request for Proposal (RFP) process in order to retain a qualified and independent resource to conduct a review of the long term capital asset replacement requirements for the Casino Nova Scotia properties.

2.0 Administration of RFP and Engagement

- 2.1 In its conduct and manage function, NSGC will lead the RFP process and oversee the management of the engagement.

3.0 Casino Business in Nova Scotia

- 3.1 Casinos in Nova Scotia are located in Halifax and Sydney.
- 3.2 The Halifax Casino is a two storey, 130,000 square foot facility located on the Halifax waterfront. The gaming floor is approximately 34,000 square feet and includes approximately 634 slot machines ranging from \$0.01 slots to \$100 machines all with ticket-in, ticket-out technology. In addition, there are 32 table games including Blackjack, Roulette, Mini Baccarat, Let it Ride, Three Card Poker, 8 Texas Hold'em and Omaha Poker tables, Texas Hold'em Bonus Poker and Midi Baccarat. Amenities include the restaurants Paradise Buffet and Trapeze Grille and Bar, as well as the Harbourfront Lounge. There are two entertainment/meeting rooms, the Schooner Showroom and the Compass Room, located on the second floor. There is also the Compass Boardroom and the management offices for Casino Nova Scotia on the second floor.
- 3.3 The Sydney casino is a two storey, 43,000 square foot facility located adjacent to Centre 200 in Sydney. The gaming floor is approximately 14,070 square feet and includes approximately 310 slot machines ranging from \$0.01 to \$25 machines with ticket-in, ticket-out technology. In addition, there are 10 table games including Blackjack, Let it Ride, Three Card Poker and Poker. The casino also offers a restaurant, the All Star Grille, and an entertainment lounge.

4.0 Objective and Scope

- 4.1 The objective of the review is to ensure that Casino Nova Scotia has the infrastructure in place to maintain its position as Atlantic Canada's premier entertainment destination.
- 4.2 Specifically, the review will estimate or forecast the annual capital expenditures necessary until 2025. It is expected that the forecast expenditures will be presented with low, medium and high case scenarios. The expenditures are to be estimated for:
- Typical building elements . structure, interior finishes, exterior finishes and roofing.
 - Building support systems . mechanical and electrical (typical of a normal reserve fund study for a building).
 - Gaming equipment, food and beverage, catering, convention and show facilities which are unique to the casino complexes.
- 4.3 The scenarios are meant to include:
- *Low Case Scenario* - reflects minimal expenditures necessary to maintain the casino in good condition.
 - *Medium Case Scenario* - reflects expenditures necessary to maintain the Casino on par with its Canadian counterparts.
 - *High Case Scenario* - reflects expenditures necessary to ensure this is a world class casino operation.
- 4.4 For additional clarity, the review should include but is not limited to:
- Review of construction drawings for both facilities.
 - Site review of each facility.
 - Meetings with officials from NSGC and Casino Nova Scotia to discuss short and long term capital expenditure plans.
 - Cross jurisdictional reviews with similar sized casinos in other provinces.
 - Estimated life expectancy of various assets.
- 4.5 A copy of both the 2003-04 review and the annual 10-year capital plan is available upon request, and conditional upon the recipient signing a non-disclosure agreement.

5.0 Evaluation Criteria

- 5.1 The following is the evaluation criteria / requirements to be included in the response and the percentage of points allocated to each category that will be used to determine the Selected Proponent:

Experience in doing similar engagements: 25%

- Does the Proponent have demonstrated experience in conducting similar reviews?
- Do the examples of similar engagements presented have the same objectives as the stated objectives for this engagement?
- What were the outcomes of similar engagements? Were the recommendations implemented?

Proposed approach and methodology: 30%

- Does the proposed approach demonstrate an understanding of the RFP requirements?
- Is the methodology and work plan clear and logical, with identified milestones and deliverables?
- Does the methodology demonstrate how it will be relevant for others monitoring and regulating the casino business in Nova Scotia
- Does the methodology demonstrate an efficient use of resources?
- Will the methodology identify gaps and clear recommendations to address such gaps?

Strength and relevance of proposed team: 30%

- Do the proposed team members possess relevant experience to conduct the engagement?
- Have proposed team members carried out similar engagements?
- Are subject matter experts assigned an appropriate amount of hours?

Price: 15%

- Is the proposed hourly rate or per diem reasonable given the experience of team members?
- Are all costs clearly presented and included in the response?
- Are travel and disbursements reasonable and billed at cost?
- Is the cost reasonable given the proposed methodology?

6.0 Timelines

6.1 The timelines for the RFP process are as follows:

- Issue RFP March 31, 2009
- Schedule 1 completed and returned to NSGC April 15, 2009
- Close RFP April 30, 2009
- Evaluate RFPs and notify Proponents May 19, 2009
- Begin project May 25, 2009

6.2 Timelines may change at any time, at the sole discretion of NSGC.

SECTION B: PROPOSAL REQUIREMENTS

1.0 Copies Required

- 1.1 Four identical copies and one electronic copy of the Proposal are required.

2.0 Subcontractors

- 2.1 Attach a list of any subcontractors (name, address, service provided, qualifications) who have agreed to work with the Proponent on the engagement. The absence of such a list will be taken to mean that only the Proponent's resources will be used.

3.0 Proposal Contents

- 3.1 The Proposal must be no longer than 30 pages (excluding appendices).
- 3.2 *Title Page* - title page, identifying the RFP, Closing Date and time, Proponent's name and address, contact person, telephone number and email address.
- 3.3 *One Page Letter of Introduction* - one page letter of introduction identifying the Proponent and signed by an appropriate authorizing officer, binding it to the statements made in the Proposal.
- 3.4 *Table of Contents* - section headings and page numbers should be included in the table of contents.
- 3.5 *Executive Summary* - a short (one or two page) summary of key features of the Proposal. Proponents are required to demonstrate a clear understanding of the objectives and clearly articulate the proposed methodology.
- 3.6 *Approach and Methodology* - the Proposal must include a description of the Proponent's proposed approach and methodology to be employed in completing the engagement. Proponents should identify risks and uncertainties associated with the methodology and propose ways in which these risks can be managed, mitigated or avoided.
- 3.7 *Experience* - the Proposal must include a description of the Proponent's experience in completing similar engagements.
- 3.8 *Project Team* - Proponents must describe the team it proposes to carry out the engagement. For each team member, provide a brief summary of background, relevant skills, knowledge and experience. The Proponent's

project manager must be clearly identified. Resumes (maximum of three pages each) should be included as an appendix. They should include the role the proposed individual played in the referenced projects.

3.9 *Project Schedule* - the Proposal must include a draft work plan with a proposed time frame and schedule of activities and their timelines.

3.10 *Project Cost* - the Proposal must include the following:

- total cost;
- any assumptions made by the Proponent estimating the cost to complete the engagement; and,
- a table showing days of effort broken down major work plan item and by individual team member and estimating expenses, by type of expense (e.g. travel, report production, survey administration).

SECTION C: GENERAL CONDITIONS

1.0 Definitions

1.1 In this RFP, except where otherwise qualified, the following terms mean:

"NSGC" means Nova Scotia Gaming Corporation;

"Closing Date" means April 30, 2009, 4:00 P.M., Atlantic Standard Time.

"Proponent" means a person or entity, which submits a response to the RFP;

"Proposal" means a response or submission to this RFP, including all schedules and attachments thereto and any amendments made in conformity with this RFP;

"RFP" means this Request for Proposal, including all schedules and attachments hereto and any addendum or amendment issued in conformity with this RFP;

"Selected Proponent(s)" means the proponent(s), if any, whose Proposal is selected by NSGC;

"Subcontractor" refers to any person to whom a Proponent intends to delegate all or part of the provision of goods or services to be provided under the RFP.

2.0 Closing Date and Address

2.1 All Proposals must be submitted by courier by the Closing Date to:

Nova Scotia Gaming Corporation
5151 George Street, suite 800
Halifax, NS B3J 1M5
Attention: Wayne Vincent

2.2 Proposals received after the Closing Date will not be considered and will be returned unopened to the Proponent.

3.0 Agreement/Contract

3.1 Unless otherwise agreed to, the selection of a Proposal will be binding upon the Selected Proponent and the terms and conditions of this RFP will form part of the Proposal so selected.

- 3.2 Any Proponent whose response to this RFP has been selected must be prepared, at NSGC's sole discretion, to:
- a) execute a written agreement on the terms and conditions set out in the Proposal; or
 - b) enter into exclusive *bona fide* negotiations with NSGC to conclude a written agreement.
- 3.3 If a written agreement cannot be negotiated within 30 days of notification to the successful Proponent, NSGC may, at their sole discretion at any time thereafter, terminate negotiations with that Proponent and execute a written agreement or enter into negotiations with another Proponent or choose to terminate the RFP and not enter into negotiations or execute an agreement with any of the Proponents.
- 3.4 This document is a request for Proposals. All Proposals must constitute offers open for acceptance. A Proposal does not constitute a binding agreement, unless and until a written agreement is executed.

4.0 Compliance with Law

- 4.1 Proposals must fully comply with all laws, regulations and policies, whether federal, provincial or local, as may be amended from time to time. If any approvals, consents or other discretionary actions are required for the Proposal to comply with such laws, such actions must be clearly identified in the Proposal with an alternative Proposal in the event such approval, consent or discretionary action is not obtained.

5.0 Authorized Contact

- 5.1 The only authorized contact in relation to this RFP is Wayne Vincent, Director Casino Gaming, NSGC. Any contact, other than a Proponents submission of a Proposal, must be by registered mail, courier, facsimile transmittal or e-mail to:

Nova Scotia Gaming Corporation
5151 George Street, suite 800
Halifax, NS B3J 1M5
Fax: (902) 424-0724 / via e-mail to wvincent@nsgc.ca
Attention: Wayne Vincent

- 5.2 Other than as specified in 5.1 hereof, any contact by or on behalf of a Proponent with any other Proponents or with any government official of the Government of Nova Scotia with respect to this RFP, or any matter related thereto, may disqualify the Proponent, in the sole discretion of NSGC.

6.0 Additional Information and Instructions

- 6.1 All requests for additional information or instructions concerning the RFP and the preparation of Proposals should be received in writing at least three (3) working days before the Closing Date.
- 6.2 Additional information or instructions that may be of general interest or represent amendments to the RFP or any other information or instructions that NSGC determines appropriate, may be incorporated in an addendum to the RFP which will be distributed to all Proponents. Any such addendum will automatically, upon its issuance, become a part of the RFP, provided it is issued and sent to Proponents at least three (3) working days prior to the Closing Date. Proponents will be deemed to have agreed to the terms of any such addendum and will be automatically bound thereby unless they withdraw their Proposals.

7.0 Amendment or Withdrawal of Proposal

- 7.1 NSGC reserves the right to amend the terms of the RFP or to withdraw the RFP at any time before or after the Closing Date in their sole discretion. Proponents will be deemed to have agreed to any such amendments and will be automatically bound thereby unless they withdraw their Proposals.

8.0 Amendment or Withdrawal of Proposals by Proponent

- 8.1 Prior to the Closing Date, a Proponent may amend or withdraw its Proposal by written notice.
- 8.2 No Proposal(s) can be amended or withdrawn by a Proponent after the Closing Date, except with the written agreement of NSGC.

9.0 Negotiation of Amendments

- 9.1 NSGC may, in its sole discretion, conduct negotiations with any and all Selected Proponent(s) to amend their Proposal(s), without offering other Proponents the right to amend their Proposal(s).

10.0 Acknowledgment of Receipt of RFP

- 10.1 Proponents are requested to complete the attached Receipt Confirmation Form (Schedule 1) and return it by April 15, 2009.
- 10.2 Any addendum, notice or further communication related to this RFP will only be directed to those who return this form indicating that they intend to submit a Proposal. All subsequent information will be sent to the address and contact person named on the Receipt Confirmation Form.

11.0 Ownership and Disclosure of Proposals and Final Work Product

- 11.1 Proposals will not be returned to Proponents and will become the property of NSGC at the Closing Date.
- 11.2 Proposals may be subject to disclosure under the *Freedom of Information and Protection of Privacy Act* (Nova Scotia). All Proponents, by submission of a Proposal, agree to disclose to the public all information in their Proposal; except such information as is specifically identified otherwise. An explanation why such information should not be disclosed must be provided. Such information will not be disclosed except in accordance with the requirements of the *Freedom of Information and Protection of Privacy Act* (Nova Scotia).
- 11.3 The Proponent agrees to obtain written approval prior to issuing a publicity or news release pertaining to this RFP, its Proposal, or any selection or contract.
- 11.4 The Proponent also agrees that all final work product delivered during the term of the engagement shall be and remain at all times the sole and exclusive property of NSGC.

12.0 Costs of Proposals

- 12.1 All costs and expenses incurred by the Proponent, directly or indirectly, in connection with its Proposal, the selection process are solely and exclusively the responsibility of the Proponent, and NSGC shall not incur any obligation for any costs or expenses incurred by any Proponent.
- 12.2 NSGC shall not be liable to any Proponent for any loss, cost, expense or damages of any nature whatsoever arising out of, or resulting from this RFP, including any damages resulting from the submission of a Proposal in response to this RFP, or the choice of the Selected Proponent(s), if any, whether based on contract, tort, including negligence, strict liability or otherwise.

13.0 Validity of Proposal

- 13.1 All Proposals must remain valid and open for acceptance from the Closing Date of the RFP to and including June 15, 2009.

14.0 Evaluation of Proposals

- 14.1 Proposals submitted which do not comply with all of the terms and conditions of this RFP or Proposals that do not provide sufficient information, may be rejected by NSGC in its sole discretion.
- 14.2 Proposals will be evaluated by NSGC based upon the evaluation criteria in Section A, 5.1.

14.3 NSGC will forward a notice to all Proponents advising of the selection or rejection of their Proposals.

15.0 Governing Law

15.1 This RFP and any response related thereto shall be governed by, and construed in accordance with, the laws of Canada and the Province of Nova Scotia and the Proponents agree to attorn to the exclusive jurisdiction of the courts of Nova Scotia.

16.0 Indemnity

16.1 The Proponent shall indemnify and hold NSGC harmless against any loss, damages, costs and expenses of any nature whatsoever arising out of or resulting from this RFP, any Proposal in response to this RFP and any resulting agreement hereunder.

17.0 Conflict of Interest Policy

17.1 All Proponents must disclose any interests which could conflict with the interests of NSGC or the Government of Nova Scotia.

18.0 Registered Supplier

18.1 Proponents agree that there is not understood to be a requirement at this time for Proponents to register as a registered supplier pursuant to Section 68(2) and (3) of the *Gaming Control Act*; however, should registration be determined to be required in the future, Proponents agree to undergo registration pursuant to Section 68 of the *Gaming Control Act* with the Nova Scotia Department of Labour and Workforce Development , Alcohol and Gaming Division, immediately upon learning of this requirement.

19.0 Accuracy and completeness of RFP information

19.1 NSGC make no representation or warranty as to the accuracy or completeness of the information contained in this RFP.

SCHEDULE 1

INTENTION TO BID CONFIRMATION FORM

**REQUEST FOR PROPOSAL
REVIEW OF LONG TERM CAPITAL ASSETS OF THE CASINO BUSINESS IN
NOVA SCOTIA**

Please complete this form and return by April 15, 2009 to:
Nova Scotia Gaming Corporation
5151 George Street, Suite 800
Halifax, NS
B3J 1M5
Attention: Wayne Vincent
Fax Number: 902-424-0724

**FAILURE TO SUBMIT THIS FORM WILL RESULT IN NO FURTHER
COMMUNICATION REGARDING THIS RFP**

COMPANY:

ADDRESS:

CITY:

POSTAL CODE:

CONTACT:

TITLE:

PHONE:

FAX:

We intend to submit a Proposal in response to the RFP.

We do not intent to submit a Proposal to response to the RFP.

Company

Authorized Signature

Print Name of Authorized Signature

Title

Date