

## **Web Backgrounder**

### **1. Why is SLGA Retail re-auctioning some of the permits that previously sold? Which communities are included in the new auctions?**

Ten of the 35 successful bidders decided not to proceed with the permitting process so those permits are being re-auctioned. The permits are located in: Saskatoon (2), Regina, Moose Jaw, Yorkton, Estevan, Humboldt, Assiniboia, Moosomin and Esterhazy.

### **2. Why did the original purchasers decide not to proceed?**

There are generally some who choose not to proceed (for various reasons). This has happened with past auctions as well.

### **3. Did the successful bidders who decided not to proceed forfeit any payments?**

Yes, the successful bidders forfeited their \$5,000 non-refundable deposit after deciding not to process with the permitting process.

### **4. When are the 10 auctions taking place?**

The auctions for the 10 permits begin May 29 and end June 7 on <https://mcdougallauction.com/new>. Auctions will take place in real time with bids visible as they are made.

### **5. What is included with the sale of the permits?**

The auctions are for the interest in a retail store permit only. There are no assets, inventory or buildings included with the permits. Note: the winning bidder still has to apply and qualify to hold a retail store permit.

### **6. Why are the permits being sold via online auction?**

The online auction format is an objective method to determine a purchaser, giving interested individuals and businesses the ability to follow and participate in the bid process in real time. The successful bidder must still apply and qualify to hold a retail store permit.

### **7. How do bidders register for these auctions? Is there a deposit required?**

Interested bidders must first create an account at <https://mcdougallauction.com/new>. Once the account is created, interested bidders must contact McDougall to preregister (which includes paying a \$5,000 deposit for each permit being bid on). The deposit will be refunded if you are not the successful bidder. Bidders must allow at least 24 hours for the registration process. Contact McDougall by phone at 306-757-1747 to register (hours of operation for registration are Monday to Friday, 8 a.m. to 4:30 p.m.)

Note: The successful bidder must also pay a bidder's premium (auction fee) (15 per cent to maximum of \$750), permit application fee (\$525) and annual permit fee (\$525 city/\$263 town). More information is available on slga.com.

### **8. Who can participate in the auctions?**

The auctions are open to anyone interested although the successful bidders will need to meet qualifications of holding a retail store permit. \*Note: As per SLGA Regulations, successful bidders who decided not to proceed with the permitting process in the initial auctions are disqualified from bidding on the same permit in this round of auctions.

### **9. Once an auction ends, what happens?**

The highest bid gives the individual/business the opportunity to formally apply for the retail store permit. It's important to note that the prospective retailer must meet regular SLGA liquor licensing requirements to hold a retail store permit. Simply being the highest bidder does not automatically qualify someone to hold a retail store permit.

### **10. When do the winning bids have to be paid?**

The Bidder's premium of \$750 (plus GST) must be paid to the auction service within three days of the auction closing.

Payment of the winning bid is as follows:

- Within 30 days after the conclusion of the auction, 25% of the total bid amount must be paid.
- Within 12 months after the conclusion of the auction, an additional 50% of the total bid amount must be paid; and
- At the earlier of 18 months from the conclusion of the auction, or the effective date of the new Retail Store Permit, the remaining 25 per cent of the total bid must be paid.

Note: the bid amount must be fully paid and the permit issued prior to the opening of the bidder's retail liquor store. Failure to pay on time is a default that will end the bidder's right to proceed and results in forfeiture of the payments made.

### **11. What are the permits worth?**

The value of permits depend on the communities in which they are located and how many businesses are interested in the permits.

### **12. Is there any financial information available for interested bidders?**

The permits being sold are not tied to any specific location or previous operation but must remain in the municipality they are associated with. As such, financial projections for a new liquor operation will vary depending on factors that the successful bidder will decide such as the location of the store in the community, building size, the number of staff, hours of operation, etc. rather than results of a specific SLGA location. Further, SLGA does not release financial information for individual stores.

### **13. Are there rules about where the stores can be located in communities?**

A permit can only be used to operate a retail store in the community the permit is currently associated with. The new operator must meet local zoning requirements regarding the location of their planned liquor outlet and other related bylaws, if any.

### **14. Are these permits for standalone stores or can they be operated with another business (ex. a liquor section within another business)?**

Retail liquor stores operating in communities with a population greater than 5,000 must operate a standalone store (freestanding or store-within-a-store configuration). This includes Saskatoon, Regina, Moose Jaw, Yorkton, Estevan and Humboldt. Communities with a population less than 5,000 (Moosomin, Assiniboia, Esterhazy) can operate an integrated store. For more information, see the Commercial Liquor Permittee Manual, Chapter 8 – Retail Store Permit, available at slga.com.

### **15. Can someone own more than one retail store permit in a community?**

An individual or business cannot own/operate all of the stores (if there is more than one permit) in a community.

**16. Can a successful bidder sell the permit without opening for business?**

The bidder must complete the permit process and open a retail liquor store before they can sell their interest in the permit. The retail store must be opened within 18 months of the auction closing.

**17. What if the successful bidder is disqualified during the licensing process? Will any payments made be refunded?**

A refund will only be provided if the condition of good character is not met.

**18. What's happening with the empty liquor store buildings and the fixtures, shelves and other assets from SLGA Retail?**

The majority of SLGA's empty buildings have been sold, are in the sale process or are being repurposed by other government entities. Items like shelves, fixtures, shopping carts, etc. were disposed of on SaskSurplus.com over the past couple of months.

**19. What about the auctions for unallocated permits that were paused when the pandemic began. When will those auctions resume?**

These 10 permits are associated with SLGA Retail Inc. liquor stores that closed earlier this year. Once these auctions conclude, auctions will be held for permits in communities that qualify for an additional permit under the population matrix prescribed in *The Alcohol Control Regulations, 2016*, if someone has expressed interest in the permit. (The auctions will be advertised in community newspapers and dates will also be posted on slga.com. A list of communities/RMs where unallocated permits will be auctioned is posted on slga.com).

**20. How are the unallocated permits different than the SLGA Retail Inc. permits?**

The auctions associated with the former SLGA stores are being offered for sale by an existing retailer. The unallocated permit process is when someone expresses interest in a permit in a community/RM that qualifies for a permit under the population matrix prescribed in *The Alcohol Control Regulations, 2016*. Auctions for these permits were suspended during COVID but will resume once the SLGA Retail auction process concludes.

**21. Where can I find a list of winners from the auctions held earlier this year?**

Applicant names for liquor permits are not considered public until a permit is issued. (Third party commercial information is considered private). Successful bidders have up to 18 months to obtain their permit and open for business.

**22. How many liquor retailers are there in Saskatchewan?**

There are approximately 600 liquor retailers currently operating in Saskatchewan.

**23. Where can people get more information?**

Please see slga.com for more information.