

APPROVED: _____

GLC RESOLUTION NO. 14 - 07: (COAM-01)

**AMENDMENT OF THE RULES AND
REGULATIONS FOR THE
ADMINISTRATION OF COIN OPERATED
AMUSEMENT MACHINES (“COAM”)**

**PREPARED FOR THE MEETING OF THE
BOARD OF DIRECTORS OF THE
GEORGIA LOTTERY CORPORATION TO BE HELD ON
THURSDAY, JULY 17, 2014**

BACKGROUND:

OCGA 50-27-89 authorized the COAM Advisory Board to issue a request for proposals on behalf of the Georgia Lottery Corporation (“GLC”) to solicit bids for consideration by the GLC of a Class B accounting terminal authorized by OCGA 50-27-101.

OCGA 50-27-101 directed the GLC to procure a Class B accounting terminal linked by a communications network through which all Class B COAM machines shall connect to a single point of commerce for the purpose of accounting and reporting to the GLC.

In order to facilitate accurate and secure accounting and reporting to the GLC, one of the requirements of the request for proposals was for SAS 6.02 communication protocol.

OCGA 50-27-101 further provided that in no event shall the terminal approved by the GLC limit participation to only one manufacturer or one type of bona fide COAM machine; and that consideration shall be given to the cost associated with retrofitting all existing Class B COAM machines and efforts made to minimize that cost.

On June 12, 2014, GLC awarded a contract to INTRALOT Inc. (“INTRALOT”) for a central accounting system for the central monitoring and accounting of class B COAM machines in accordance with the requirements of OCGA 50-27-101.

Both 1) the requirement for SAS 6.02 to facilitate accurate and secure accounting and reporting to GLC; and 2) the requirements to allow participation of multiple manufacturers and minimize costs associated with retrofitting all existing Class B COAM machines are equally legitimate.

Given that an immediate implementation of SAS 6.02 violates the requirements in OCGA 50-27-101 to allow for participation by multiple manufacturers and consideration of and minimization of cost of retrofitting existing Class B COAM

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machines, and may lead to a restraint of trade, the GLC has developed a transitional but temporary alternative to SAS 6.02 supplemented by physical security and alternate technical security for the retrofitted Class B COAM machines in order to facilitate an orderly migration to SAS 6.02 which allows competition to develop.

RESOLUTION

WHEREAS, the Board has the power to adopt, amend and repeal bylaws, regulations, and policies and procedures for the regulation of its affairs and the conduct of its business (OCGA 50-27-9(a)(3)); and

WHEREAS, OCGA 50-27-101 directed the GLC procure a Class B accounting terminal linked by a communications network through which all Class B COAM machines shall connect to a single point of commerce for the purpose of accounting and reporting to GLC.

WHEREAS OCGA 50-27-101 further provided that in no event shall the terminal approved by the GLC limit participation to only one manufacturer or one type of bona fide coin operated amusement machine and that consideration shall be given to the cost associated with retrofitting all existing Class B machines and efforts made to minimize that cost.

WHEREAS, Section RU 13.1.14 of the GLC Rules and Regulations for Coin Operated Amusement Machines (“COAM”) include rules for certain required activities of COAM operators, owners, master licensees, location owners, and location operators; and

WHEREAS, GLC management desires to amend Section RU 13.1.14 to establish technical standards that COAM operators, owners, master licensees, location owners, and location operators must comply with to provide cost effective, accurate and secure accounting and reporting to GLC during an orderly transition to mandatory SAS 6.02 communications protocol in order to meet the requirements of OCGA 50-27-101 to allow for participation by multiple manufacturers and consideration of and minimization of cost of retrofitting existing Class B COAM machines.

WHEREAS, this transition period shall end December 31, 2016 at which time all Class B COAM machines shall comply with SAS 6.02.

NOW, THEREFORE, BE IT RESOLVED that the Board amend Section RU 13.1.14 of the GLC Rules and Regulations for COAM in accordance with the attached amended Rule 13.1.14 to approve and incorporate technical standards for Class B COAM machines; and that on January 1, 2017 all Class B COAM machines shall comply with SAS 6.02.