

# **Appendix IX**

## COAM Industry

### Past, Present & Future

***"Prediction is very difficult,  
especially if it's about the future."***

United C-Stores  
David Jaffer  
(770) 939-8720  
djaffer@jafferlaw.com

United C-Stores

## Future of the COAM Industry

1. The future is in your hands
2. Future of Education Funding
3. Future of Responsible Gaming
4. Future of Sensible COAM Legislation

United C-Stores

## Future of the COAM Industry

### Proposed Legislative Framework – Three Prong Test

1. Is the proposed legislation good for Georgia?
2. Can the Georgia Lottery Corporation administer the proposed legislation?
3. Is the proposed legislation equitable to the participants?

United C-Stores

## Future of the COAM Industry

### Independent C-Store Operators' Recommendations:

Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Minimum C-Store share to be no less than 45%

Georgia Lottery Gift Card Program

Revision of 50/50 Gross Retail Receipt rule to include gift card purchases

United C-Stores

## Future of the COAM Industry

### Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Better Solution – Build on legitimacy, transparency and with clarity:

- ✓ Allow market to provide for incentives like other vendors provide to control the real estate inside the convenience store
- ✓ The incentive can be a form of a signup bonus or performance bonus, allow the free market to dictate
- ✓ COAMs contracts will be fair, inducements will be flushed out of our system, Georgia Lottery's job will become easier and Masters will be able to better protect their legitimate COAM contracts

United C-Stores

## Future of the COAM Industry

### Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master

United C-Stores

## Future of the COAM Industry

**Allow for contract incentives and remove roadblocks, like the 9-Months Rule**

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master
- ✓ 12/31/2019 Location sells business

United C-Stores

## Future of the COAM Industry

**Allow for contract incentives and remove roadblocks, like the 9-Months Rule**

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master
- ✓ 12/31/2019 Location sells business
- ✓ The new owner cannot bring another Master to this location

United C-Stores

## Future of the COAM Industry

### Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master
- ✓ 12/31/2019 Location sells business
- ✓ The new owner cannot bring another Master to this location
- ✓ Either assume the existing contract or stay out of the market for 9-months – no COAM for 9-months

United C-Stores

## Future of the COAM Industry

### Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master
- ✓ 12/31/2019 Location sells business
- ✓ The new owner cannot bring another Master to this location
- ✓ Either assume the existing contract or stay out of the market for 9-months – no COAM for 9-months
- ✓ Punishment to New Owner and Property Owner

United C-Stores



## Future of the COAM Industry

### Allow for contract incentives and remove roadblocks, like the 9-Months Rule

Application of the 9-month rule (2016 SB388):

- ✓ 1/1/2018 Location enters a three-year contract with a Master
- ✓ 12/31/2019 Location sells business
- ✓ The new owner cannot bring another Master to this location
- ✓ Either assume the existing contract or stay out of the market for 9-months – no COAM for 9-months
- ✓ Punishment to New Owner and Property Owner

Because Master paid the inducement on 1/1/2018, they want to protect that inducement, it was not a legal transaction, they cannot sue based on a breach of contract, so they created this 9-month rule

Why does the new owner want to bring another Master? Same Reason – Inducement. Masters are now looking to expand the 9-month to 42 Month

*United C-Stores*

## Future of the COAM Industry

### Minimum C-Store share to be no less than 45%

Maintain minimum C-Store share to be no less than 45%

1. The 2013 legislation made COAM more lucrative for Masters
2. Locations were made to do more work for less payout
3. Future demands equity and fairness
4. Allow market driven incentives to reflect the workload between Location, Lottery and Master or change allocation amongst them

*United C-Stores*

## Future of the COAM Industry

### Minimum C-Store share to be no less than 45%

Maintain minimum C-Store share to be no less than 45%

1. The 2013 legislation made COAM more lucrative for Masters
2. Locations were made to do more work for less payout
3. Future demands equity and fairness
4. Allow market driven incentives to reflect the workload between Location, Lottery and Master or change allocation amongst them

Location	Lottery	Master
60	20	20
70	10	20
45+Incentives	20	35-Incentives

United C-Stores

## Future of the COAM Industry

### Georgia Lottery Gift Card Program

Encourage Georgia  
Lottery to move  
forward with  
rolling out its Gift  
Card Program



United C-Stores



## Future of the COAM Industry

### Georgia Lottery Gift Card Program

Encourage Georgia Lottery to move forward with rolling out its Gift Card Program



Encourage Masters Licensees to reinvest in propriety card system



United C-Stores

## Future of the COAM Industry

### Revision of 50/50 Gross Retail Receipt rule to include gift card purchases

1. 50/50 GRR
2. Reset GRR quarterly to allow for minor month to month fluctuation

United C-Stores

## Future of the COAM Industry

### Independent C-Store Operators' Recommendations:

Allow for contract incentives  
and remove roadblocks, like  
the 9-Months Rule

Minimum C-Store  
share to be no less  
than 45%

Georgia Lottery  
Gift Card  
Program

Revision of 50/50  
Gross Retail  
Receipt rule to  
include gift card  
purchases

### United C-Store

United C-Stores