

FOOD & PETROLEUM REPORT

VOL. 18, No. 5

MAY 2007

Just In

Reduction in Ohio's Shrinkage/Evaporation Allowance considered

A provision in Governor Strickland's proposed transportation budget that will likely have an impact on Ohio's independent dealers is the lowering of the evaporation/shrinkage allowance permitted in the State of Ohio. The Governor's transportation budget proposal called for a reduction in the evaporation/ shrinkage allowance to wholesale marketers to help pay for a shortfall in the funding of the Ohio State Highway Patrol. The gasoline shrinkage and evaporation allowance compensates fuel retailers and wholesalers for product lost to evaporation during transportation.

The Governor's transportation budget as introduced recommends a reduction in the shrinkage allowance that gasoline wholesalers can deduct

Shrinkage, Continued on page 9.

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Legislation introduced to cut Michigan's tobacco tax

Michigan's \$2 tax on tobacco products would drop by 50 cents under legislation (HB 4470) introduced in March by Rep. Phil LaJoy (R-Canton). The decrease is supported by AFPD, because it will make the state more competitive with bordering states.

The cut would reduce the tax — which is currently the fourth highest in the nation — from \$2 per pack to \$1.50 per pack. It would also cut current Other Tobacco Products (OTP) tax by six percent.

Governor Jennifer Granholm has proposed raising the cigarette tax by another 5 cents per pack for the 2007-2008 fiscal year.

But Rep. LaJoy said people who buy cigarettes could save \$15 a carton by crossing the border into Indiana, which charges 55 cents per pack.

"If the Legislature wants to help Michigan's small businesses - local wholesalers, grocers, convenience stores, gas stations, and 'mom and pop' corner stores - then a cut in the cigarette tax is a giant step in the right direction," he said.

"Many legislators agree that the way to kick-start Michigan's economy is to cut taxes — not raise them. We need to help Michigan's struggling businesses and job creators by, at a minimum, creating a level playing field with our bordering states," said AFPD President Jane Shallal.

Polly Reber, president of the Michigan Distributors and Vendors Association added: "The proposed fifty cent cut in the cigarette tax would help slow the mass exodus of businesses and their tax payments to other states."

The Michigan legislature has, in

recent history, used the cigarette tax as a glass crutch for a failed state tax policy. The result of this tax-raising stampede has been a 167-percent increase in Michigan's cigarette tax since 2002 — from \$0.75 to \$2.00 per pack in five years. During that

Tobacco Tax,

Continued on page 4.

AFPD Michigan Trade Show

The AFPD Annual
Michigan Trade Show
is bigger and better than ever!

Attendees at the AFPD Annual Michigan Trade Show may want to schedule more time at the show this year, since there will be over 25 percent more to see, taste and experience. "We were completely sold of the March and vendors have taken all of the floor space this year," says Cathy Willson, AFPD Special Events Director.

Scheduled for Tuesday and Wednesday, April 24 and 25 at Burton Manor in Livonia, attendees will have five hours each day to visit trade show booths.

For details on the show, including a floor plan, please see pages 26 & 27.

Time for Golf?

AFD Foundation Golf Outing provides scholarships to students and a day on the links

Better start practicing now, because the AFD Foundation Golf Outing is fast approaching. Scheduled this year for Wednesday, July 18 at the beautiful Fox Hills in Plymouth, this popular event gives members of the food, beverage and petroleum industries a chance to "connect" on the course, while putting around for a good cause.

Michele MacWilliams, event coordinator, strongly suggests that foursomes make their sponsorship reservations now, since space is limited

"Your support allows the AFD Foundation to award 30 scholarships to deserving students, plus it is a great way to greet old friends and make new ones," MacWilliams adds. See page 36 for details.

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Chairman's MESSAGE

AFPD's Trade Shows prepare retailers

to meet new challenges

By Fred Dally AFPD Chairman

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Sherwood Food Distributors General Wine & Liquor Co.

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Whitehall Shell

President

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Blissfield BP

Country Acres Market

Park Place Liquor

Diageo

Merchant's Fine Wine-Region 1

Value Center Markets In 'N' Out Foods

House of Prime

Joy Thrifty Scot

As AFPD grows, so do our trade shows. This fact is good news for our members. On a day-to-day basis we must keep up with technology. be keenly aware of the new desires of our customers, trim expenses whenever possible and still have customer service as a cornerstone of our business. Attending one or more of our trade shows can truly help us remain competitive.

What keeps good retailers - and manufacturers - relevant in this competitive market is the ability to understand the changing nature of their own communities and to stay in touch with the needs and wants of the shoppers they serve. That means new products, new services and new

thinking. The AFPD Trade Shows provide you with insight into these new products so that you can offer what your customers want and need.

Today we must also remain competitive with large chains that have consolidated buying power. Many exhibitors at AFPD's Trade Shows offer show specials and discounts that can help you compete with the big box retailers.

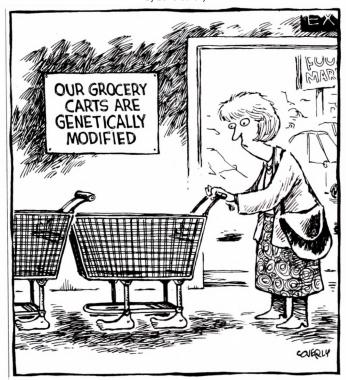
At AFPD Trade Shows, retailers can see new technology that can help speed check-out, aid with security, entice customers to different parts of the store, deter theft and more.

We all talk about the complexity of consumer demands, made only more complex by our increasingly global society. AFPD Trade shows offer a venue for retailers to see and sample new products from around the world



- products that our customers are looking for and want to purchase.

Serving customers, utilizing modern technologies and changing with the times are the keys to a successful operation. At an AFPD Trade show we can see, sample and "test drive" all the new products and services that help us keep up with changing times and serve our customers better. Please see pages 8 and 26 for information on AFPD's next trade shows and plan to attend.



The Grocery Zone

By David Coverly



from you!

is your business celebrating a special anniversary? Did you just remodel or open a new facility? The Food & Petroleum Report wants to know. We will print information about our members as space permits.

Each month we also write feature articles about our members' businesses If you would like to see your name on the pages of the Food & Petroleum Report, call our editor, Michele MacWilliams, at (800) 666-6233.



Legislative issues affecting Michigan food and beverage retailers

AFPD Supports:

SB 120 - A bill to require Department of Human Services to issue food stamps to recipients twice each month, rather than one time per month.

SB 57/HB 4109/HB 4086 - These bills all would allow wine tasting under certain conditions in SDM retail locations.

AFPD Opposes:

HB 4155 - This bill would increase the daily limit for returnable containers from the existing \$25 to \$45.

HB 4156 - Off premise retailers could face the revocation of liquor licenses should violent incidents happen at or adjacent to a store. This makes the store owner responsible for acts of violence in his/her parking lot whether they are their customers or not.

HB 4389 - This legislation would raise the tax on a pack of cigarettes by another 5 cents (SB 328) and double the existing taxes on cigars, pipe tobacco and smokeless tobacco.

SB 29 - This legislation would expand the current bottle deposit bill to include juice, water, tea and other noncarbonated beverage containers.

HB 4426 - This is the Catering Bill which AFPD convinced Gov. Granholm to veto last (SB 56) session. It would allow Class C liquor license holders to sell packaged liquor off premise. It could mean an additional 7,885 licenses to sell for off premise consumption.

SB 287/HB 4444 - This would increase monetary penalties for selling tobacco to a minor without a penalty being assessed to the minor.

SB 339 - This legislation's 10-point increase would mean that Michigan retailers and consumers would pay an additional six percent for distilled spirits. That equates to \$.90 on a \$15 bottle. There would be no change in the minimum 17 percent minimum discount that currently retailers receive. (Governor Granholm's plan would also call for a tripling of liquor license fees).

Tobacco Tax. Continued from front page.



time, legal cigarette sales in Michigan have decreased by 780 million packs in fiscal year 2002 to 572 million packs in fiscal year 2006. That's a 17-percent decrease in sales for Michigan, while sales in neighboring Indiana, with a much lower cigarette tax, have increased.

During the past five years, Michigan retailers have lost an additional \$74 million in sundry product sales (products normally bought in conjunction with tobacco products) as a result of the tax.

"People will purchase a product where it is less expensive," said LaJoy. "That's basic kindergarten math. Our failed tax policies are making criminals out of hardworking citizens. Gimmickry and band-aid approaches such as exorbitant tobacco taxes have contributed to the current structural budget imbalance in which Michigan finds itself."

The high cigarette tax encourages smuggling of cigarettes. A truckload of cigarettes smuggled to Michigan from Kentucky can result in a \$96,000 profit. Cutting the cigarette tax will help small businesses in Michigan, especially those in communities along our border.

"We need to deter the cigarette black market, not encourage it by increased taxation," stated Shallal.

The following chart compares Michigan's current cigarette tax rate with neighboring states:

State Tax Per Pack

Michigan Ohio \$1.25 Wisconsin \$0.77 Indiana \$0.55

Calendar

April 24 & 25, 2007 AFPD Annual Trade Show Burton Manor Livonia, MI Contact: Cathy Willson (248) 671-9600

June 19, 2007 AFPD Ohio Food & Petroleum Show John S. Knight Center Akron, OH Contact: Cathy Willson (248) 671-9600

July 18, 2007 AFD Foundation Golf Outing Fox Hills Plymouth, MI Contact: Michele MacWilliams (248) 671-9600

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National Asparagus Month

- National Barbecue Month
- National Egg Month
- National Hamburger Month
- National Salad Month
- National Strawberry Month

Statement of Ownership

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AFPD works closely with the following associations:







Petroleum News & Views

Information of Interest to Petroleum Retailers, and Allied Trades

Ohio Governor Ted Strickland's State-of-the-State Message

Ohio Governor Ted Strickland presented his first State-of-the-State Message calling for bold new initiatives that were either broadly applauded or criticized depending upon observer's political perspective. During his speech that outlined his administration's first general revenue budget proposal, the Governor recommended a balanced budget that proposed to fund state government for the next two years with \$25.67 billion in 2008 and \$27.22 billion in 2009. The budget must be approved by the Ohio General Assembly and signed by the Governor by June 30, 2007.

The Governor called for \$257 million in property tax relief for the elderly and disabled. In addition, he outlined significant new programs for education, health care and economic development. Two controversial

Ohio Workers' Comp. seminars announced

The Frank Gates Service Company will again offer its annual Ohio State Fund Workers' Compensation Seminars to help you keep upto-date with recent changes. Pre-registration is required While the details regarding the half-day seminars (8am-12pm) are still being finalized, here are the dates and locations:

COLUMBUS - Quest Business Centers Monday, May 7, 2007

CINCINNATI - Manor House Wednesday, May 9, 2007

DAYTON - Holiday Inn Dayton North Thursday, May 10, 2007

TOLEDO - Holiday Inn French Quarter Tuesday, May 15, 2007

CLEVELAND Holiday Inn Select Strongsville Wednesday, May 16, 2007

CANTON - Quality Inn Conference Center Thursday, May 17, 2007

Please contact the seminar coordinator with questions or to register at 1-800-395-4119.

proposals made by the Governor were a reduction in state funding of charter school/voucher programs and the state's securitization of Ohio's tobacco settlement funds to expedite settlement payments to raise an additional \$5 billion.

Areas of interest in the Governor's biennial budget proposal to AFPD members are the expiration of the exemption for motor fuel sales from Ohio's commercial activities tax (CAT). The Governor's budget expects to gain almost \$200 million from the commercial activities tax on motor fuel during the next two years. "We are seeking to continue this exemption for our service station dealers," stated Jane Shallal, AFPD President. This issue remains a controversial debate between the Democrat Governor and the Republican-controlled Ohio General Assembly.

The Strickland Administration budget also calls for a change in the sales tax vendor discount from the current 0.75 percent of all collections to an increased 1.00 percent vendor discount. The new vendor discount rate would be on the first \$3,000 of tax collections for the reporting period and no discount on the remainder. The proposal is an attempt by the Strickland Administration to reduce the state's vendor discount payments to large retail business and so called "big box" retail operations. If enacted by the Ohio Legislature and signed into law, the new vendor discount rate would be effective August 1, 2007. Shallal states that AFPD is opposing this legislation as it harms samll retailers.

In an effort to stop the out-of-state importation of cigarettes that escape Ohio taxes and impact border retailers' cigarette sales, the budget proposes to eliminate a provision in Ohio law that allows Ohioans to bring \$300 of cigarettes into Ohio from out of state without paying Ohio taxes. The elimination of this exemption is expected to gain the State of Ohio an additional \$25 million dollars in increased excise tax revenue.

The Ohio General Assembly will be holding hearings on the state budget over the next three months with many changes expected in the proposal as introduced by Governor Strickland. AFPD will keep members informed of changes that might impact their businesses.

Ethanol issues for the retailer

By Ed Weglarz
AFPD Executive VicePresident of Petroleum

As I write this editorial, the Michigan House is introducing legislation to mandate the use of 10% ethanol in ALL gasoline sold in the State of Michigan. This has yet to occur in Ohio, but with the "monkey see-monkey"



do" history of the legislatures of our two states, similar legislation in Ohio can't be far behind.

My problem with mandated ethanol content revolves around the fact that this legislation could reasonably be expected to exacerbate a supply problem, at the retail level, rather than alleviate the problem.

As you are aware, ethanol cannot be transported by pipeline, but rather must be hauled in railroad tank cars or truck transports. In the event of an ethanol supply disruption, we could find ourselves in the ridiculous position of having "neat" gasoline available but not for sale to the motorist because we don't have the 10% Ethanol to blend into the mandated gasoline formula. I'm sure there will be provisions added to the bill to allow for temporary exemptions in the event of a "declared emergency," but these requests and approvals for exemptions usually take two to three days to be approved, during which time the motoring public will attempt to fill-up every vehicle within their control, contributing further to any supply shortage.

As retailers, we probably shouldn't worry about ethanol sales because the more ethanol the motorist uses, the more product we are going to sell because the ethanol/gasoline blend results in less fuel mileage as the Ethanol percentage increases. However, neither the refiners, the wholesalers, nor the legislature shoulder any blame when product is in short supply; the retailer gets all the heat from the motorist because of the problem with supply.

Using corn to produce ethanol is not the best use of the corn crop. We are literally burning our food to move our cars. Research into use of other raw material products to produce ethanol is the direction we should be headed. In the meantime, inform your elected officials and your customers that we don't need nor want ethanol mandates. If the marketplace demands ethanol blended fuel we'll be around to provide it, but don't jeopardize our ability to supply in times of short supply by dragging us down with a mandate.

RetailerPROFILE

Football hero tackles convenience store and

Operation Helmet

By Kathy Blake

Harold Henson has been taking the ball and running with it ever since college when he earned the nickname, Champ. He played full back from 1971-1974 for the Ohio State University football team, where he held the National Collegiate Athletic Association Record of 44 carries in one game. "We never lost to Michigan," he jibed for the benefit of Michigan readers. He and Archie Griffin, (the two-time winner of the Heisman trophy), were integral forces in 1974 when Ohio State won the Rose Bowl. The next year, Champ played for the Minnesota Vikings and then in 1976, he played for the Cincinnati Bengals.

Champ had to give up the sport professionally after a couple of serious injuries. He went back to working on his family's farm and helping with his father's store, Crazy Ray's in Ashville, Ohio.

Before long, Champ met and

married his wife Karen and started a family. They have two sons and one daughter. "We're very fortunate that they've been able to grow up on a farm. It's not the most lucrative, but sometimes that's not the most important thing," Champ

explained.

Their daughter is attending college, their youngest son, Colton, is still in high school and their oldest son, Clayton, is a corporal in the U.S. Marine Corp. Clayton graduated from Ohio University and then enlisted.

Champ said, "Having a child engaged in battle, you pay more attention to the news and what's happening in the world." He learned that the Marines were using the old suspension-style helmets which don't offer adequate protection from brain injuries. The Army

ground forces were using helmet liners. These shock-absorbing pads keep the helmet from slapping the skull when hit with blast forces, fragments, or being tumbled along the ground or inside a vehicle. The liners decrease the chance of brain injury from IED's, bombs, RPG's, vehicle accidents, falls, etc. Not only do they provide more protection, the liners also help the helmet fit and stay in place on the head and out of the eyes.

Champ learned there was a fundraiser called Operation Helmet started by Dr. Robert Meaders of Texas. "I was going to make a small contribution for my kid and then I thought, well what about other people's kids?" said Champ. He decided to help collect funds locally for Operation Helmet. Over the course of a few months, he raised over \$100,000 and was able to purchase and send 20,000 helmet liners to Iraq. "People just came up to me and handed me money for about

> five months," said Champ adding, "The generosity of the American people is overwhelming. One hundred percent of the donations went to buying and shipping the helmets. The gratitude of the troops was great. The emails and letters that came back

were very genuine." Liberty USA made a significant contribution to Champ's collection.

Champ Henson on the air, raising money

for Operation Helmet.

According to Champ, with the Marines, if everybody doesn't have a helmet liner in the unit. then nobody wears one. After they received additional liners, when they changed shifts, they would share the helmet liners with the next group.

The fundraising efforts helped raise awareness and stir the legislature to action. There was a lengthy process in Congress to get the liners for Marines. "Last fall, the liners became standard issue for





Crazy Ray's in Ashville, Ohio

the Marine Corp, they purchased 90,000."

Champ said he rests a little easier knowing his son and others have better head protection. Yet, he still stays informed of what's happening in Iraq while attending to his business of farming and running a store.

Champ's father, Ray had purchased the store in 1975 and operated it as a drive-thru convenience store until 1990, when he expanded it as a Marathon gas station. Champ's father died in 1996, leaving his family to run the store. Champ's mother, Elizabeth owns the store and managed daily operations up until five or six years ago, when she semi-retired. "She still makes her daily visit to the store," said Champ. Champ's wife, Karen has taken on the duties of running the store. Champ and his brother, Adam, work at the store and on the family grain farm. There are a total of seven employees counting Champ's daughter, Cassidy who works parttime. His youngest son, Colton, helps at the store when needed. Crazy Ray's is 3,600 square feet and has two self-serve gas islands. They keep the store open 7 days a week, from 7 a.m. until 11 or 12 at night.

The family sells beer, wine, carbonated beverages, (a.k.a. soda or pop depending on whether the customer is from Michigan or Ohio). newspapers, candy, and self-serve coffee and cappuccino.

The store is located at the corner of Route 752 and Ashville Pike Street, in Ashville. The town has a population of 3,000, but is being encroached upon by urban sprawl from the capitol city, Columbus. "We are becoming a suburb of Columbus. We've had an increase in sales but not income and they tax on gross sales, not income," lamented Champ adding, "We're (my family), only in business here because we live here. We're farm people and we're very attached to our community."

"All the manufacturing business has gone from our county, 6,000-8,000 jobs lost," he said. RCA, Pittsburg Plate Glass, Container Corporation, a manufacturer of cardboard, all left the area. Champ said he hopes the Ohio legislature will be spurred to action by this loss of tax revenue. As for Champ, he has helped make the legislative process work before for Marine helmets, perhaps he'll turn his attention to Ashville's economy next.

Gilligan Oil Selling 13 Units

12 Shells, 1 Sunoco on block in Cincinnati area

Gilligan Oil Co. LLC is selling 13 gas stations in Ohio—a dozen operating Shell gas stations and one operating Sunoco station, all with convenience stores; 10 locations also have car washes.

All locations will be sold with 15year fuel supply agreements and are located in: Cincinnati (3 locations), Loveland (3 locations), West Chester (2 locations), Blue Ash, Columbus, Hamilton, Sharonville and Withamsville, Ohio. "We are looking to grow our market share by balancing our coop store count with our dealer store count. There are highly qualified dealers out there who will be able to take advantage of this excellent opportunity to grow with us," said Pat Gilligan, president and CEO of Gilligan Oil, Cincinnati.

"These are exceptional properties in high-traffic areas," said Hope Mineo, managing director of Chicago based NRC Realty Advisors, LLC (NRC), which has been retained by Gilligan to coordinate and execute the sealed-bid sale. "Gilligan's superior reputation as a distributor and operator for c-store excellence makes these sites immediately appealing in the Ohio market."

Gilligan Oil was founded in 1993 by Patrick Gilligan, and it has numerous company-operated and dealer-operated locations in central and southern Ohio. It sells fuel under Shell, Sunoco and Exxon banners at more than 80 retail locations. Gilligan's service portfolio includes convenience stores, gas stations, car washes and franchise restaurants.

All sites will be sold through a sealed bid sale in a "buy one, some, or all" format; bids are due May 3, 2007. For more information and reservations, contact the NRC Customer Service Center at (800) 747-3342, extension 707.

— CSP Daily News

Check canopies and signage for winter wear and tear

A late winter storm produced a small tornado and strong winds that severely damaged a number of businesses along Interstate 90 in northern Lorain County.

This early dose of extreme spring weather should serve as a reminder to AFPD members to perform additional site inspections to search for loose and damaged structures

that could become hazardous in high wind and water situations.

"A close inspection of signage and canopies should be performed, looking for evidence they may have been weakened by the weight of snow from earlier snowstorms, high winds and the passing of time," said AFPD Ohio Safety Director, Howard Cherry of Environmental Services of Ohio.

At least three northern Ohio gasoline retailers reported canopy failures in January and February, likely from the added weight of snow, ice and water. Two of the incidents resulted in injuries to customers.

Cherry also urged members to check canopy drainage systems

and to review weight limitations listed on canopies and safety and maintenance information supplied by the manufacturers and installers.

Joe Santiago, a Cleveland city councilman, plans to introduce legislation that would mandate more precise inspections of gas station canopies in Cleveland.

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AFPD's Ohio selling trade show, attracting buyers from: convenience stores, supermarkets, gas stations, specialty stores, bars, restaurants and drug stores.

Shrinkage,

Continued from front page.

from timely tax filings to the state from the current rate of 1.3 percent to 0.35 percent. Retailers were to be maintained at the current 0.65 percent rate for their shrinkage allowance, as the Governor requested retailers be held harmless based on current shrinkage rate because most evaporation occurs at the retail level. The administration estimates the reduction in the wholesale marketer's shrinkage allowance would raise an additional \$38 million a year to fund the Ohio State Highway Patrol.

The Ohio Petroleum Marketers & Convenience Store Association has opposed the Governor's call for a reduction of their member's shrinkage allowance stating, "it could in the long run raise the price of gasoline, but not very much at all." They claim the current shrinkage allowance is appropriate to compensate wholesale marketers for their collection of state taxes and losses due to shrinkage and for "drive off" losses where the state tax still must be paid.

The Ohio House of Representatives altered the Governor's reduction in the wholesaler's shrinkage allowance by splitting the reduction evenly between wholesalers and retailers. As it stands currently in the bill. wholesalers' shrinkage allowance would go down from 1.3 percent to 0.50 percent and retailers will be reduced from 0.65 percent to 0.50 percent. However, the Ohio House added a provision that would offer gasoline vendors a 0.9 percent tax credit for administrative work involved in collecting motor fuel taxes. The Governor has not indicated his support for this alternative proposal and ultimately could choose to veto the changes. He remains supportive of protecting retailers from a reduction in their shrinkage allowance.

The Ohio Senate is reviewing the transportation budget and it is expected that the Senate will approve the legislation and send it to the Governor for his final consideration soon.

Legislation AFPD is monitoring that affects Petroleum retailers

MICHIGAN

HB 4155 – Increases the daily limit for returnable containers from the existing \$25 to \$45.

SB 0289 – This legislation would limit increases to the retail price of motor fuels in the event of a declared emergency.

HB 4011 – Allows retailers to purchase and promote alternative fuels from other suppliers if their supplier doesn't provide the fuel in question. AFPD seeks to have the Petroleum Marketing Stabilization Act introduced in the Michigan House.

HB 4198 - Requires 10 percent ethanol in all gasoline sold in Michigan

HB 4389 - This legislation would <u>raise the tax on a pack of cigarettes</u> by another 5 cents (SB 328) and double the existing taxes on cigars, pipe tobacco and smokeless tobacco.

SB 29 - This legislation would expand the current bottle deposit bill to include juice, water, tea and other non- carbonated beverage containers.

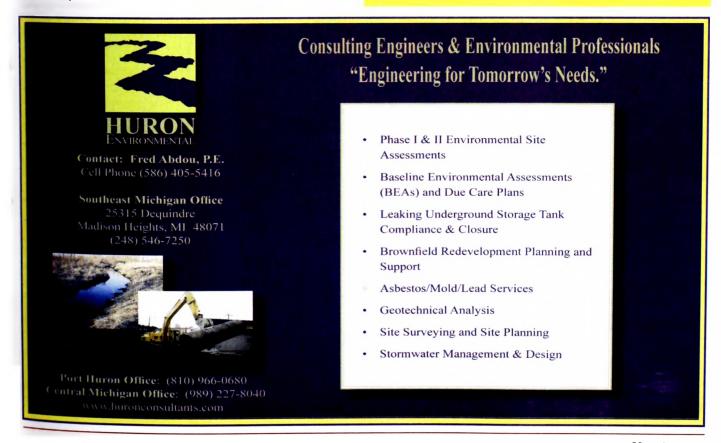
SB 0287/HB 4444 - This would increase monetary <u>penalties for selling tobacco to a minor</u> without a penalty being assessed to the minor.

OHIO

HB 80/SB 101 - Gasoline fuel quality statute

Additional Ohio Legislative issues that we are monitoring:

- · Expiration of the motor fuel exemption from the C.A.T. Tax
- · Repair shop facility registration requirement



OhioLOTTERY

What's new at the Ohio Lottery

By Mike Abouserhal, Director Ohio Lottery Commission

The Indians/Reds instant game

Batter up! Add some fun to this year's baseball season with the \$5 Cleveland Indians/Cincinnati

Reds instant game from the Ohio Lottery, which went on sale April 6. It's a fun summer-themed game, offering \$12 million in total cash prizes, a top prize of \$100,000 and some fantastic second-chance drawing prizes.

Customers can send in their non-winning Indians/Reds instant tickets for a series of special second-chance drawings, with prizes including trips to the All-Star game, season tickets to see the Cincinnati Reds or Cleveland



Indians, merchandise prizes and more. Direct your customers to the Indians/Reds second-chance drawing brochures delivered by your Lottery sales representative. There you'll find complete entry details.

There are four second-chance drawings scheduled between May and September, so encourage your players to enter Information on the Indians/Reds second-chance drawing can also be found at the Ohio Lottery's Web site: www. ohiolottery.com.

Lottery financial information

Our Fun Facts brochure, which provides players with a brief overview of Ohio Lottery operations, should be in all licensed retailer stores. It's a great tool for customers who have an interest in the operations of the Ohio Lottery, its payout to players and its commitment to the Lottery Profits Education Fund. If you need more brochures, please contact your sales representative or regional Ohio Lottery office. Providing this information to as many Ohioans as possible is an obligation that we take seriously, and you can play an important role in that effort.

Having fun, playing for entertainment and knowing when to say when is the hallmark of a good lottery experience. Thank you for supporting that commitment to players and to the Lottery Profits Education Fund.







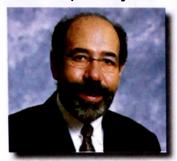
www.NewEnglandCoffee.com





Petroleum NEWS

Fuel quality testing bills begin legislative hearings



By Rick Ayish AFPD Ohio Lobbyist

The Ohio General Assembly has begun consideration of legislation in both the Ohio House and Ohio Senate of bills proposing to create a fuel quality testing program. State Representatives Jamie Healy and Jon Peterson, as well as thirty other members of the Ohio House of Representatives, are sponsoring House Bill 80. An identical bill, Senate Bill 101, sponsored by State Senator Gary Cates and six other Senators, requires the Ohio

Department of Agriculture to establish a program for the testing of motor fuel sold at retail.

The bills call for the testing of motor fuel sold at retail for quality, sediment from retailers' motor fuel pumps, and water in retailers' motor fuel storage tanks. The Ohio County Auditors Association promotes House Bill 80 and Senate Bill 101, and they have sought state authority to conduct fuel testing programs in Ohio the past few years without success. House Bill 80 is receiving hearings in the House Infrastructure, Homeland Security and Veterans Affairs Committee and Senate Bill 101 is being considered in the Senate Agriculture Committee.

House Bill 80 and Senate Bill 101 would permit testing only at retail gas stations and not at distribution centers or refineries. The bills would require retailers to provide a small sample of fuel at their own cost for testing. If a retailer challenges the results of a portable testing device and subsequent laboratory

tests confirm the results, the retailer would have to pay for the laboratory, shipping and related expenses the County Auditor incurs.

No fines would be levied for the first offense and laboratory fees could be assessed only in cases where additional lab results confirm the initial findings of the portable devices. Fines would be levied in the event of a second violation within two years of the first violation.

The Associated Food & Petroleum Dealers, the Ohio Petroleum Council and the other Ohio motor fuel trade groups are opposing granting authority for fuel quality testing to Ohio's County Auditors and do not support House Bill 80 and Senate Bill 101. Senate Bill 90, sponsored by State Senator Tim Grendell and three other Senators, calls for the Director of Agriculture to adopt rules to establish a motor fuel quality testing program in Ohio that is uniform throughout the state versus one established by County Auditors in individual counties

The sponsors of House Bill 80 and Senate Bill 101 contend that Ohio's County Auditors currently check leasoline pumps for accuracy pump fuel and they could easily add qualify checks. They claim that Ohio is one of only a handful of states that does not have a state fuel quality testing program. They propose to establish a series of fines for station owners if violations are found. Dealers run the risk under the proposal of being fined for an unknowing violation when the receive fuel from a supplier that fails the fuel quality test.

Hearings will continue in the Ohio House and Ohio Senate on the fuel quality testing bills in the coming weeks. AFPD members should write their local State Representatives and State Senators and express concern over the potential of patchwork regulation of fuel quality testing in 88 different counties in Ohio and the unfairness of penalizing independent dealers for unknowingly accepting loads of fuel that may fail a fuel quality test.



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Petroleum NEWS

Ohio Department of Transportation Budget

By Rich Ayish AFPD Lobbyist

The Ohio Department of Transportation budget has been approved by the Ohio House of Representatives and is now being considered by the Ohio Senate. Provisions of the proposal could have an impact on independent gasoline dealers. The first budget introduced by Ohio's new Governor Ted Strickland, the first Democrat in sixteen years to hold the office, appropriated more than \$7.8 billion dollars in highway/transportation spending of gas tax revenue from the state and federal governments.

In anticipation that Governor Strickland would call for an expiration of the Commercial Activities Tax (CAT) exemption on motor fuel, the Republicans in the Ohio House amended the Governor's budget to require any revenue generated from the motor fuel sales from the CAT would be dedicated to highway construction and not the general revenue budget

of the state. It had been expected that Governor Strickland would use the almost \$200 million that a commercial activities tax would generate from motor fuels to pay for new programs in his general operating budget that was recently introduced. It is widely expected that the exemption to the commercial activities tax on motor fuels will be permitted to expire on June 30th and that motor fuels will be subject to the tax.

This controversy between the Governor and Republican legislators, who control both the Ohio Senate and Ohio House of Representatives, comes down to one significant issue. Should the commercial activities tax on motor fuels be considered just like an excise tax on motor fuel and follow Ohio's constitutional restriction to use all motor fuel tax revenue for highway construction? The Governor believes that the CAT is a business privilege tax and can be applied to motor fuel and food, thus permitting the revenue to be

used to fund the general operating budget of the state.

The Governor contends that by the Legislature dedicating CAT revenue to highways, the argument will hurt the State of Ohio in its litigation with the Ohio Grocer's Association that is pending in the Ohio Supreme Court. That litigation brought by the grocers claims that food cannot be subject to Ohio's sales tax by Ohio's Constitution and they claim that the CAT is just another name for a sales tax. A similar argument is being made regarding motor fuel being subject to the CAT.

The extension of the commercial activities tax to motor fuel will likely result in an increased price of motor fuels throughout the supply chain, since each business transaction along the distribution chain would be subject to the CAT. It has been estimated that motor fuel costs would result in an increase at the pump to between four and six cents a gallon.

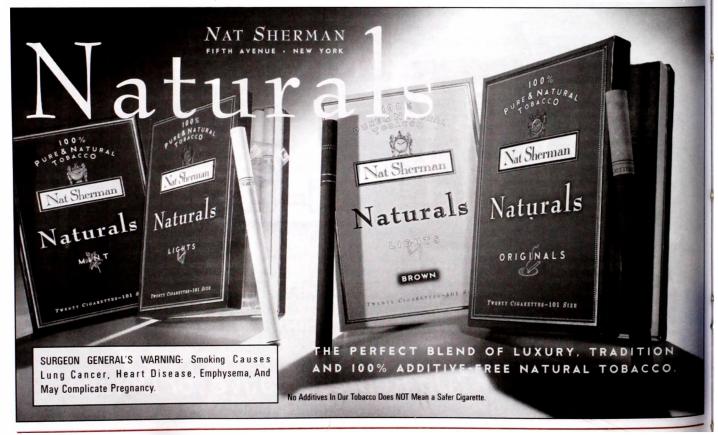
Michigan prepaid gas sales tax rate to change

The sales tax rate for prepaid gasoline has been changed to 13.1 cents per gallon, effective May 1, the Michigan Department of Treasury has announced.

That's an increase from the rate of 12.7 cents per gallon that was effective May 2006 to April 30 of this year. Law requires the department to calculate the prepaid gasoline sales tax rate every six months unless the change in the average retail price of a gallon of self-serve unleaded regular gasoline statewide has been less than 10 percent.

The tax is what a purchaser or receiver of gasoline pays when they buy or get a shipment of gasoline from a refiner, pipeline terminal operator or marine terminal operator.

The tax is calculated by taking the average retail price of a gallon of self-serve unleaded regular gasoline state-wide for a certain amount of time, subtracting the amount of state motor fuel and sales tax per gallon and then multiplying that amount by six percent





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1000ml = 9652-0

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750ml = 115-9

1000ml = 122-3

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Independents express optimism

Most independent retailers expressed high hopes for their business despite having to negotiate a rough-and-tumble competitive playing field, according to a survey of National Grocers Association members.

In assessing the mood of the independent sector, the NGA in conjunction with Supermarket News recently conducted an informal survey and asked its membership to respond to four questions regarding their ability to grow their business in the future, and their mood going forward. In Michigan and Ohio, the optimism is tamed, somewhat due to the economy. However, even stores here see signs of improvement.

For the NGA survey, nearly two-thirds said they are able to grow sales and make a profit each year, and 92 percent said they are optimistic about the future.

Over a quarter, 28 percent, said that their business remains static, with little growth, and 11 percent said they are just surviving. No retailers said they were suffering sales losses or were planning to go out of business. Just eight percent expressed pessimism about their business.

Among factors contributing to high expectations are opportunities to grow store bases through real estate purchases, expansions or new formats. "Over recent years we have seen an exodus of chain stores from urban areas," said Jane Shallal, president of the Associated Food & Petroleum Dealers (AFPD). "Whenever the competition leaves, it opens doors for others."

A March 17 article in the *Detroit News* suggested that A&P may be looking to sell off 66 Farmer Jack stores in Southeast Michigan. (See related story, page 32.)

Shallal says that this type of real estate activity can be beneficial to independent owners. "Independents often have an advantage over chains when it comes to individual store profitability," Shallal maintains. "Where chains must resort to a "one format fits all frame of mind, an independent owner can tailor each store to fill the needs of the surrounding neighborhoods. Especially in urban areas, independents have proven that they can be profitable where chain stores find it difficult," she added.

Some retailers in the survey indicated they now perceived Wal-Mart Stores and its pricing strategies with less trepidation than in the past. "We have turned the corner now that the market has become saturated with Wal-Marts. We have learned that there is life after Wal-Mart. We will remain focused on what made us great. We are independents, and can serve our communities better than chains," said a respondent from

Associated Food Stores, Salt Lake City

Mike Shina, owner of Krown Supermarket in Detroit, said he remains optimistic. "We don't have to deal with corporate offices so we can adjust quickly to our customers' needs," Shina says, adding that many vendors prefer to deal with independent owners, since they can talk one-on-one with the decision maker, which often can speed sales.



A renewed focus and understanding of their business provided survey respondents with momentum for 2007. New York cooperative Olean

NGA Survey, Continued on page 33.



**The Lifetime Machine





KANSMACKER Super Series is a large capacity customer-operated plastic, can and glass redemption center that counts, crushes and bags both plastic and cans. The glass is returned in the Distributors' carton/cases.

STYLE	WIDTH	HEIGHT	DEPTH
Front Unload W/Side Glass	67"	72"	34"
Front Unload W/O Side Glass	47"	72"	34"
Front Unload W/ Rear Glass	47"	72"	54"
Rear Unload W/ Rear Glass	47"	72"	54"
Rear Unload W/O Glass	47"	72"	34"

VOLTAGE

110-115V 1 Ph (Standard Outlet)
PERFORMANCE/CAPACITY

Glass—40/minute—Holds up to 300 Plastic—30-45/minute—Holds 160 Cans—50+/minute—Holds 720

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STYLE	WIDTH	HEIGHT	DEPTH
I was a first to the same of			
Front Unload W/O Glass	32.5"	72"	33"
Name of Street or other Design			
Front Unload W/ Rear Glass	32.5"	72"	53"
Rear Unload W/Side Glass	53"	72"	33"

VOLTAGE

110-115V 1 Ph (Standard Outlet)
PERFORMANCE/CAPACITY

Glass—40/minute—Holds up to 140 Plastic—30-45/minute—Holds 120-200 Cans—50+/minute—Holds up to 480

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Spartan to Buy Felpausch Food Centers

Spartan Stores agreed to acquire the Felpausch Food Centers chain, one of its largest wholesale customers. for an undisclosed amount of cash. "We came to the conclusion that it was a fair deal for us and for the ESOP owners at Felpausch," Craig Sturken, chairman, president and chief executive officer, Spartan, told Supermarket News during the Western

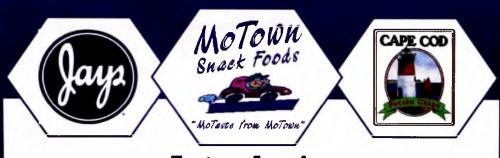
Michigan University Food Marketing Conference in Kalamazoo, Michigan on March 19.

He said Spartan is evaluating whether or not to retain the Felpausch name on the stores, which operate primarily in small towns east and south of Spartan's companyowned store network. The purchase includes all 20 supermarkets

operated by Hastings, Mich.-based G&R Felpausch Co., mostly under the Felpausch Food Center banner, along with two fuel centers and three Xpressmart convenience stores. The purchase does not include Felpausch's Save-A-Lot locations and its distribution center.

Supermarket News said that Sturken said the acquisition would increase

its retail sales by about \$200 million and add \$100 million to its top line, and that first-year synergies from the acquisition would be more than offset by expenses of \$5 million-\$6 million for marketing, training and other associated costs. Chairman and CEO Mark Felpausch will not remain with the company, which was founded in 1933. - Supermarket News



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News NOTES

Postal rates set to go up on May 14

The cost of mailing a letter will go up on May 14, but you'll be able to lock in that price - no matter how rates rise in the future - by buying the new "forever" stamp. The post office governing board agreed on March 19 to accept the new 41-cent rate for first class mail recommended in February by the independent Postal Regulatory Commission.

Frito-Lay, Diageo market to heart and home

Frito-Lay and Diageo have launched separate marketing campaigns highlighting the two brands' dedication to family and home life. Frito-Lay is sponsoring the homeownership reality show "Home Team," and Diageo has donated \$250,000 to the National Council of La Raza, an advocacy group that also helps promote home ownership for Latinos - Media Post Communications

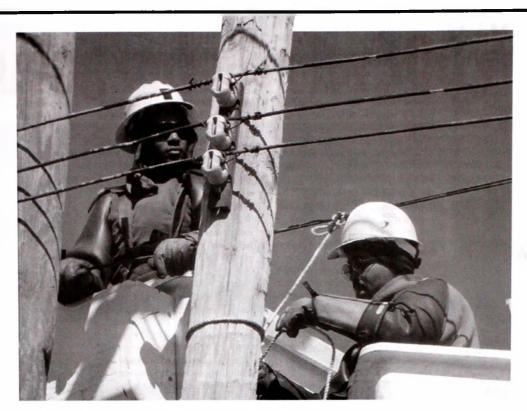
Soda makers to market new drinks as healthy alternatives

Coca-Cola and PepsiCo plan to launch "sparkling beverages" fortified with minerals and vitamins in the coming months, in another foray into the growing health and wellness foods sector. The companies hope consumers will reach for the new carbonated drinks - Diet Coke Plus and Tava - instead of bottled water, sparkling juices and green tea drinks. -The New York Times

Sweden to sell off Absolut vodka

After 90 years in state hands, Absolut vodka is about to be offered up for sale along with its parent company, V&S Vin & Sprit AB, as well as five other companies in which the state holds significant stakes. The government is in the process of getting parliamentary approval for the V&S sale.

With an estimated price tag of \$5.7 billion. potential buyers include market leader Diageo PLC, Pernod Ricard SA and Fortune Brands, which already has a distribution deal with V&S



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MichiganLOTTERY

Licensed branded tickets increase in popularity



By Gary Peters Michigan Lottery Commissioner

You may have noticed that over the past few years the Michigan Lottery has produced more instant tickets that carry a licensed brand theme, such as The Price is Right, Pink Panther and the Three Stooges. This trend has been growing among all lotteries for a number of reasons.

First and foremost, players instantly recognize the imagery associated with these brands and are drawn to

the ticket. In a sense, half our work is done because we've captured the players' attention. Who in Michigan doesn't recognize the old English "D" of the Detroit Tigers, or the winged-wheel of the Red Wings? By using images like these, our tickets have a built-in, loyal audience from the moment they hit the streets. Additionally, licensed products have proven successful in bringing new players to the Lottery. For example, following the launch of our American Idol ticket, which is detailed below, membership in our Internet VIP club, Player City, increased considerably.

Another very important element to licensed brands is that they offer us great opportunities to give away merchandise prizes. These prizes often include apparel, tickets, trips--any number of items related to the brand-as you will see below.

We recently launched two very popular licensed brands, the \$2 Detroit Red Wings and the \$2 American Idol tickets. The Red Wings ticket that was launched in February is actually a second turn

for this game, which when offered in February 2006, sold out in just seven weeks. The ticket offers a grand prize of either a Red Wings home game trip for two plus spending money and accessories, a road game trip for two plus spending money and accessories, or a 46-inch LCD wide-screen TV and \$500 in cash. The game also offers a total of 676 Red Wings prize packs to be given away in four drawings that include team merchandise like shirts, jackets and caps. The top prize in that game is \$20,000.

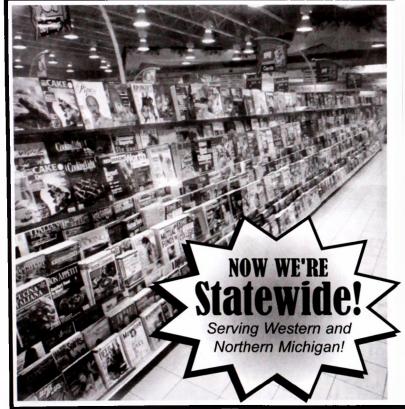
The American Idol ticket, also with a \$20,000 top prize, is proving extremely popular as it is offered in conjunction with the show's current TV season. The grand prize in American Idol is a trip for two to the two American Idol finale shows in Los Angeles, entrance to which is nearly impossible. There will be four second chance drawings, with one wide screen TV and 741 prize packs to be given away in each.

Deal or No Deal, which has a top prize of \$25,000, was launched on March 5. While this game does not

have second chance drawings, it has been tremendously successful in every state in which it has been offered. The play style is very much like the actual Deal or No Deal television show.

On April 2, in conjunction with Opening Day, we launched a Detroit Tigers instant ticket. Not only will this \$5 ticket have a top prize of \$100,000, but it also offers players a chance at three sets of two, 2008 season tickets. Besides the great prizes in the game itself, the Detroit Tigers ticket has a terrific second chance bonus that will feature four drawings. The grand prize in each drawing will be a set of two, 2008 season tickets, and 375 prize packs that contain an authentic jersey. plaque, wind shirt, cap, jacket and stadium cushion seat. Given the great success of the Tigers in their 2006 season, we think this ticket will generate a lot of interest.

For additional information, please visit the Lottery's website at www. michigan.gov/lottery.





NEWS

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Dean Foods ends ice cream production at Detroit Stroh's plant

The Michigan heritage of Stroh's is continuing to melt away, as Dean Foods Co. ceases production of Stroh's Ice Cream at its plant off of Gratiot Avenue in Detroit.

According to *Crain's Detroit Business*, Dallas-based Dean Foods Co. (NYSE: DF) said that recent acquisitions gave the company more production capacity than it needed.

"When you acquire plants, which is what we have been doing, you wind up with too much production capacity....and you start looking at the footprint," for consolidation opportunities, Marguerite Copel, vice president of corporate communications for Dean Foods told Crain's.

Ice cream brands including Stroh's, Melody Farms. Mooney's and Nafziger have been shifted to a Dean Foods plant in Belvidere, III., while the Detroit plant continues to serve as a warehouse and distribution site.

"We are closing the Melody Farms plant because of excess ice cream capacity in the area," Copel explained to Crain's. "We just don't anticipate being able to secure enough volume because of the market conditions there."

Copel said about 29 jobs will be affected. Some employees will be offered jobs elsewhere and others will receive severance packages and outplacement assistance, she said.

Dean Foods, with 2006 sales of \$10.1 billion, claims that it is the largest processor and distributor of milk and other dairy products in the country, with products sold under more than 50 local and regional brands and a wide array of private labels.

Detroit-based Stroh Brewery Co. began making ice cream as a way to survive the prohibition era. Ohio businessman Stuart Giller bought Stroh's Ice Cream in 1990.

In 1999, the Stroh Brewery Co. ended its existence as a brewer in its 149th year, selling its brands to rivals Miller Brewing Co. and Pabst Brewing Co. for an estimated \$500 million.

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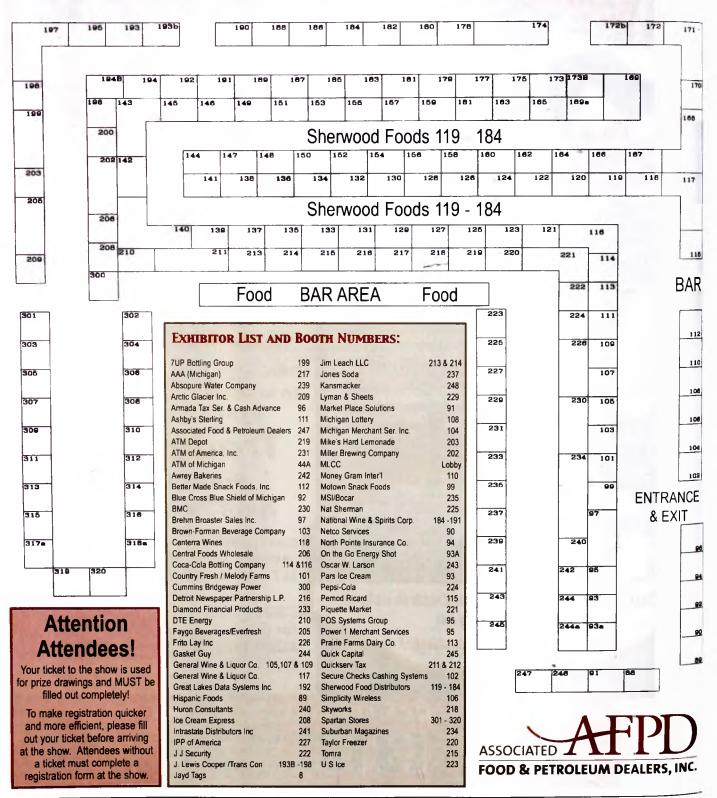
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booth #111 for a sample Ashby's Sterling Ice Cream is a



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Show special features \$500 off a Tranax Mini Bank 1500. They will also introduce their FREE ATM program. Ask for details at booth, #231. For additional information, call ATM of America, Inc. TOLL FREE at 1-866-5ATM-INC (1-866-528-6462).



Awrey's is back! By popular demand, one of Michigan's most recognizable names in quality bakery products since 1910 is once again available to the retail market. Please stop by booth #242 to see their exciting offering of unique retail products and learn how Awrey's can help you increase your bakery category profitability. For more information, you may also call Awrey's at (734) 513-4223.

Better Made Snack Foods will be sampling their new products; On Yums, Triple Mix Popcorn and Sylvia's Kettle Chips along with some "oldies but goodies," Salt &



Pepper and Salt N Vinegar chips. (Better Made Salt N Vinegar chips were recently named the #1 Salt and Vinegar chip in the country according to the Food Network's Rachael Ray.) They will also sample Stella D'Oro cookie line, Old Wisconsin and Cheyenne meat snack line and the Better Made nut line. Stop by booth #112, Miss Better Made will be looking forward to meeting you!

Brehm Broaster Sales, Inc. Broaster Foods is a nationally known trade name and trademark and is a complete program for chicken and other foods. Brehm Broaster offers all the advantages of a franchise without the franchise fees. Visit booth #97 for samples and information.

The Michigan Liquor Control Commission (MLCC) will be available at the show to answer licensing and enforcement



questions, sign interested parties up for electronic fund transfer (EFT) product payment and to provide educational materials including server training information as well as a variety of materials. Please stop by their booth in the lobby to talk to the friendly MLCC representatives!





Bridgeway Power is the Michigan distributor representative for Cummins Power Generation Systems, a leading worldwide producer of Generators Systems of all sizes and types. Bridgeway Power; a Division of Cummins Bridgeway LLC., will be providing customers with business solutions for emergency backup power. These services include rental generators and associated equipment/service, 24/7 service/parts and maintenance and new stationary emergency generator systems. Make sure your business is ready to deal with the unexpected! Stop by booth #300 for more information.



Brown-Forman Beverage Company will be featuring some popular products. Marvel at the hot new packaging of Gentleman Jack. Then, sample Finlandia Grapefruit Fusion. In the wine department, Brown-Forman will showcase Fetzer Pinot Noir, Sonoma Cutrer Sonoma Coast Chardonnay, Little Black Dress Wines and Durbanville Hills South African Wines. Visit them

within the General Wine booths

At the Faygo booth you can sample a variety of new products. To celebrate their 100th birthday,



Faygo will feature Centennial Soda, a flavor that will only be available this year. In addition, try Everfresh 6402 in Orange Drink, Grape Drink, Cherry Apple Drink and Cranapple. From National Beverage comes "Chic" Energy Drink Just for Women. Visit booth #205 to quench your thirst.

Who is the GasketGuy?

He is the guy you call when you need a refrigerator or freezer gasket replacement. The GasketGuy repairs walk-in coolers and freezer doors and works on all makes and models. The GasketGuy can even repair old, out-of-production models and will measure and custom-make gaskets the same day, at a 25 to 40 percent discount. Stop by booth #244 for more information or call 810-334-0484.

GENERAL WINE COMPANY

General Wine will showcase a large selection of wine, including the collection by 3 blind moose. Truth be told, the moose aren't blind. They just think it's cool to share good wine with friends, minus the pomp and ceremony. So, if your herd likes fresh, tasty wines that complement a wide range of casual cuisine, introduce them to The unmoosetakable wines from 3 blind moose: Cabernet Sauvignon a "big moose," Chardonnay customers will fall head over hooves for this beauty, Merlot forget "Sideways," they will drink this Merlot, and Pino Grigio -"Mooselini" would like this one. (No shades required.)

New Products, Continued on page 29.

*A STAR IS BORN

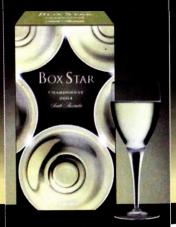


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New Products,

Continued from page 27



Huron Environmental, LLC is an environmental consulting firm that specializes in underground storage tank compliance, including soil ground water sampling, and report writing. Huron is also a bank approved consultant for Phase I & II and BEAs for property transactions. Huron specializes in mold and asbestos sampling, assessment, and abatement and has a full engineering department that assists with site selection, site plan design, surveys, and construction oversite. Huron is offering a five percent discount on engineering services to all AFPD members. Stop by booth #240 and register to win an IPOD!

IPP of America, Inc. is the fastest-growing electronic payment

network with a nationwide presence in over 6,000 retail outlets. IPP's systems enable cash-paying consumers to pay all of their bills in person at local grocery stores, pharmacies, convenience stores and other neighborhood retail stores. IPP offers turn-key PC, POSA & Kiosk solutions, as well as custom technical integrations. Visit them at booth #227.

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Lyman & Sheets Insurance Agency is proud to be working with AFPD members on their risk management needs. We help AFPD members with their workers compensation, property and liability, garage liability, auto and underground storage tank liability, among other insurance policies. Our programs meet stringent guidelines in the area of rate competitiveness, depth of coverage, customer service and financial strength of the insurance company. Stop by booth #229 to learn more from Lyman & Sheets about obtaining a customtailored program.



North Pointe Insurance Company is a property and casualty insurance company headquartered in Southfield, Michigan. Rated A- ("Excellent") by A.M. Best, North Pointe takes pride in providing insurance products for unique, niche business operations. Their commitment has made them Michigan's #1 provider of Liquor Liability for the past 20 years. North Pointe's dedication to AFPD and their policyholders has earned them the exclusive endorsement of the AFPD for the past 19 years. North Pointe remains committed to offering insurance products that provide quality protection at a competitive price. Visit booth #94 at the AFPD tradeshow for more information.

On GoTM Energy Shot is the new 2 ounce energy booster that stimulates the mind and fuels the body to maximize performance. Packed with all the essentials needed to reenergize, Representatives from On Go, with its lemon lime flavor, claim that it is the best tasting, most effective energy shot on the market. Give it a shot to see for yourself, by visiting booth #93 for samples and more information.

Anyone contemplating a service station construction or remodeling project should be sure to visit the Oscar W. Larson Company in Booth #243. With over 60 years of experience Oscar W. Larson provides an accomplished team of professionals, including qualified project managers and field superintendents who are versed in coordinating the efforts of skilled craftsmen, technicians and contractors. They also provide in-house electrical, mechanical and carpentry divisions, creating a one-stop shop for all general contracting needs.

New Products, Continued on page 31.



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New Products,

Continued from page 29.



POS Systems Group will be demonstrating their new DVR Video-Security Monitoring System and The Store Controller's new EZ-Touch Screen POS System. Catch them in booth #95. You can also call Craig Cesarone at 877-271-3730 Special Show Offer comes in threes:

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POWER 1 Merchant Services will be demonstrating their new Credit-Debit Card and Voice Over-IP (VOIP) felephone Systems in booth #95. Special Show Offer:

- Free, Debit-EBT Pin-Pad with every new Merchant Account
- Drawing for Free VOIP Service for 1 year!

For more information call Wally Abdal at (734) 737-0604



Prairie Farms is pleased to announce the opening of a brand new ice cream storage facility located in Battle Creek. The new ice ream freezer allows Prairie Farms to better serve the needs of current and future ice cream customers. With the new facility in place, the company will expand their lines of frozen treats in the coming year. If you haven't started an ice cream or darry program through Prairie Farms yet, stop by booth # 113 to see and sample what they have to offer.

Need Money? See Quick Capital LLC at Booth 245. Qualified customers can receive equipment leases and real estate financing. Quick Capital can also arrange a working capital line of credit for your business. Financing is also available for mergers and acquisitions, workouts and preforeclosures. We fund local, out-of-state, and nationwide transactions.



Quickserv Tax will be introducing its exciting dealership program at the upcoming AFPD trade show. Offer your customers tax preparation services and add substantial revenue, generated in less than three months! This program is possible with a very low investment, little space and no experience. With Quickserv Tax you will be able to print refund checks right in your store. They provide the

training, support and marketing, Visit booth # 211 for more information or call (248) 586-1040.



Join in the fun again this year at the **Spartan Stores** "Fresh" section. Spartan will again be presenting meat, seafood, produce, floral, deli, and bakery products in an expanded 20-booth area. Summer grilling specials, fresh merchandising ideas, and many exciting prizes await you in the Spartan Stores "Fresh" aisle.

New this year - you could win \$150!

Attendees will receive a cash prize drawing entry card when they enter the show, to qualify for a \$150 cash prize. Simply get your card stamped at all three Validation Stations throughout the exhibit hall and then deposit your ticket in the tumbler at the AFPD booth (#247). Drawing times are as follows:

- Tuesday 6:30, 8:00, 9:30
- Wednesday: 5:30, 7:00, 8:30
 You must be present to win!



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NGA Survey,

Continued from page 18.

Wholesale grocery said it has made great strides using "event" planning by tying into deli-bakery extravaganzas, big-pack meat sales, tent sales and midnight madness.

"A red-hot perimeter with decent grosses and a strong catering-delibusiness will help us out," said Tony Orlando, owner-manager of Tony's Supermarket and Catering, North

Positive momentum

In a survey by the National Grocers
Association, many independents voiced an
upbeat assessment of their food retailing
business, which most expect will continue
to grow.

What do you consider your biggest business challenge going forward?

- · Competition from Wal-Mart 36%
- · A level playing field 36%
- Competition from large supermarket chains or independents 14%
- Disinterested and poor supplier/vendor relationships 11%
- Sufficient finances to add stores or technology 8%
- Too many local/state and federal regulations that restrict growth 5.5%
- Other, (multiple responses) 5.5%

What is the most important thing you have done or will do to overcome competitive challenges?

- Find a specific niche or format that
- distinguishes you in the marketplace 50%
- Establish a recognizable name/brand and strong community relations 36%
- · Build, remodel or relocate stores 18%
- · Invest in technology to lower costs 8.3%
- · Change pricing/promotional structure 8.3%
- Establish strong supplier relationship 0%

How would you rate your ability to grow your business?

- Able to grow sales each year and make a profit 61%
- Business remains fairly static, with little growth 28%
- · Just surviving 11%
- Business is suffering sales losses and faces financial problems 0%
- · Getting out of the business 0%

As an independent food retailer, how do you feel about your business and ability to improve in 2007?

Member

FDIC

- · Optimistic 92%
- · Pessimistic 8%

Kingsville, Ohio. He said a new direction for its advertising will be introduced this year.

When considering their biggest business challenges ahead, over a third of respondents, 36 percent each, were split between competition from Wal-Mart and other nontraditional food retailers and maintaining a level playing field. A smaller 14 percent of NGA members said they considered competition from large supermarket chains or other independents as their biggest challenge. Just 11 percent pointed

to poor supplier relationships as an obstacle.

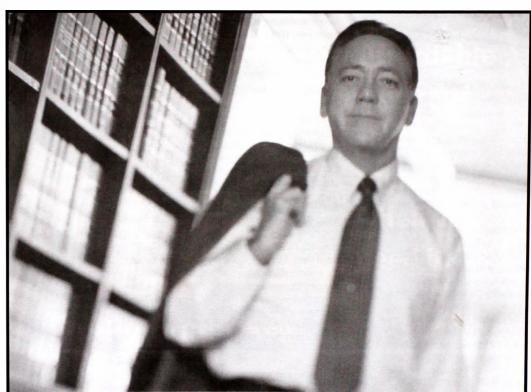
For half of those surveyed, the most important strategy they have pursued to combat the competition is establishing a niche or format that stands out from others. Terry Farida, owner of Value Center Markets in Southeast Michigan agrees, stating: "you can't survive unless you distinguish yourself from the competition."

Over a third, 36 percent of NGA members, said a strong brand identity and community relations

were important to compete, and 19 percent said they were building, remodeling or relocating stores to compete and grow their business.

Many of the respondents cited rising costs in health, taxes, and labor and government regulations in limiting their ability to stay strong and compete.

Ronnie Jamil of Mug & Jug Liquor Stores and South Lyon Mobil Mart remains optimistic as long as "government gives me a fair chance to stay competitive by lowering taxes and reducing legislation."



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Legislator**PROFILE**

Michigan's economic health is primary focus for Senator Mark Schauer

Mich. State Senator Mark Schauer Senate Democratic Leader District 19 Battle Creek

Democratic Vice Chair for the Senate Government Operations and Reform Committee

Campaigns and Election Oversight Committee member

By Kathy Blake

Senator Mark Schauer of Battle Creek, is leading a juggling act to invest in Michigan's future and still balance the budget. Schauer explained that the biggest challenge has been the budget crisis and the deep cuts to education and vocational training. "We must invest in our people to make sure they have the education and skills to attract higher level jobs. We need to create a knowledge-based economy that can compete globally."

As Senate Democratic Leader, Schauer oversees the Democratic caucus and sets the legislative agenda for Democrats in the Senate. "We must position the state to be economically healthy by putting our fiscal house in order and creating new jobs that will overcome the loss of automotive positions. As the auto industry is headed downward," he added, "it is critical to invest in the 21st century jobs funds including alternative energy technology."

Senator Schauer recently promised to cut the budgets he controls by five percent. He is the Democratic Vice Chair for the Senate Government Operations and Reform Committee and a member of the Campaigns and Election Oversight Committee.

"We must all sacrifice in order to make the essential investments required to move Michigan forward. Our next step must be to quickly settle upon the comprehensive solution that the public deserves."

Before his election to the State Senate, Schauer served three terms in the Michigan House of Representatives. While a state representative, Schauer sponsored Michigan's Country of Origin bill that became law in the late 1990s.

As a state legislator for 10 years, Schauer has been a consistent advocate for quality and safe schools and early childhood development. His other priorities have included investing in job training and economic development, and access to health care. He has also worked hard to provide neighborhood and community safety through community-oriented policing.

Insurance rates rollback

In 2006, Schauer helped introduce legislation to rollback insurance rates.

The Democratic package consisted of 20 initiatives that strengthen regulations to bring fair, affordable and accessible auto and homeowners' insurance to Michigan citizens. The package addressed three primary areas of concern: rates, consumer protection and industry accountability. Senator Schauer's bills included provisions to make the Freedom of Information Act and Open Meetings Act apply to the operations of insurance companies and to provide more opportunities for community leaders to find ways to reduce rates in their communities.

Although the package did not pass, new bills are being created to address insurance rates this session.

A recent report by the National Association of Insurance Commissioners on the average cost of auto insurance rates found that rates in Michigan are the tenth highest in the nation and the highest in the Midwest.

Michigan Petroleum Marketing Stabilization Act

In 2003. Schauer helped introduce the Michigan Petroleum Marketing Stabilization Act to protect consumers from gas price volatility. The measure received bipartisan support to encourage free and fair competition among retailers to stabilize consumer fuel costs by eliminating predatory pricing. "The Petroleum Marketing Stabilization Act would protect Michigan consumers and level the playing field amongst fuel retailers by keeping fuel costs low in the long

run," Sen. Schauer said.

The proposed act would help ensure free and fair competition between small, independent, locally owned gas stations and huge out-of-state owned retailers – competition, which in the long run, provides customer choice and lower fuel costs. About 20 other states have adopted similar legislation.

Many major fuel retailers sell fuel at a price that is often far below wholesale cost to discourage and eventually eliminate competition from smaller, independent gas stations. Predatory pricing will eventually eliminate most of Michigan's independent gas stations, which will allow major retailers to sell fuel at a much higher price.

19th Senate District

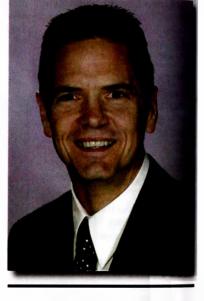
Schauer's district includes the counties of Calhoun and part of Jackson. It also includes the cities of Battle Creek, Jackson, Marshall and Albion.

In 2005, \$22 million in Michigan Department of Transportation (MDOT) Greenlight project investment for road reconstruction and rehabilitation was slated for Calhoun County and surrounding areas. These projects supplement MDOT's previous commitments to road and bridge investments over the next five years.

Area projects include rehabilitation grants worth almost \$10 million, \$4 million worth of preventive maintenance along US-12, M-86, and M-96, and construction of the Rice Creek Bridge along I-94. Additionally, \$12 million will be spent to fund the completion of an Interstate 94 Business Loop through the southeastern portion of downtown Battle Creek.

"We've spent a great deal of energy trying to get the Business loop project funded," said Schauer. "Along with the other improvement grants for the area, we're getting good roads, good jobs, and even better communities."

Schauer helped bring 380 jobs



to Battle Creek by partnering with Michigan Economic Development Corporation, (MEDC) to make Duncan Aviation the recipient of a job development grant. The company was considering locating those new jobs in its Nebraska plant until being offered the MEDC funding.

Community and civic involvement

His community involvement includes work with the Food Bank of South Central Michigan; Habitat for Humanity; and the Urban League of Battle Creek. He also sits on the board of directors for Lifespan and Kids 'n' Stuff. Schauer was named one of the Top Ten Most Effective State Senators in a 2005 survey conducted by Michigan Information and Research Service, (MIRS).

Background

Prior to serving in the State Senate and State House, Schauer was a Battle Creek City Commissioner from 1994-1997. He also previously served as the Coordinator for the Calhoun County Human Services Coordinating Council from 1992-1997 and held the position of Executive Director of the

Schauer,

Continued on next page

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The Sulf Detroit Warehouse. 22 ft. refrigerator truck for hire – daily/weekly Call Dave Evcla 586) 360-7662

Continued from previous page.

Community Action Agency of South Central Michigan (CAA), where he oversaw 200 employees, providing a broad range of assistance programs for the poor. "CAA's whole idea was to help low-income people reach self sufficiency in their lives. That's what attracted me to the work. And

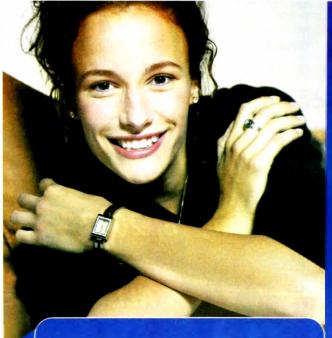
that is still what motivates much of my thought, and what I work on in Lansing today," explained Schauer.

He started his career in 1984 as an urban planner for the Calhoun County Planning Department.

Sen. Schauer holds a Bachelor of Arts degree from Albion College. a Master's Degree in Public Administration from Western Michigan University and a Masters Degree in Political Science from

Michigan State University where he has all-but-dissertation for a Doctorate in Political Science and Urban Studies. He is married, has three stepchildren and enjoys traveling, reading and walking his two dogs.

To reach Senator Schauer, write to him at: The Honorable Mark Schauer, State Senator, PO Box 30036, Lansing, MI 48909-7536; call his office at (517) 373-2426 or email SenMSchauer@senate.michigan.gov.



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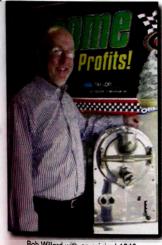
Taylor Freezer helps retailers shake up fast food sales

By Michele MacWilliams

If increasing sales and gaining an edge over the competition are important to your retail business, then a stop to the Taylor Freezer both at the AFPD Trade Show should be a priority.

started in 1946, the company negan by selling equipment to make milk shakes. Since that time they have expanded into frozen carbonated beverage machines, softserve ice cream, homemade premium ice cream makers, deep fryers, grills and more. Taylor Freezer is in the business of selling equipment that can turn a corner of a convenience store, supermarket or gas station into a unique fast food outlet.

"Our primary customers are gas stations, convenience stores.



Bob Willard with an original 1946 Taylor Freezer ice cream machine



Dispatcher Kevin Schonfeld, coordinates customer service

mass merchandisers and fast food restaurants," says Taylor Freezer President Bob Willard. Originally located in Adrian, Michigan, the company moved to Livonia in 1982, to be more centrally located to its customers. Taylor Freezer now has three offices, the headquarters in Livonia and satellite offices in Grand Rapids and Traverse City. Between the three offices, the entire state of Michigan is serviced.

Willard beams when he explains that Michigan sells more frozen carbonated beverages (more commonly known as Slushies or Slurpees) than any other state in the country. In fact, he says, "Michigan sells more Slurpees in the winter than Florida does in the summer!" (Editor's note: Slurpees must go well with potato chips, since Michigan is also number one in chip consumption.)

Taylor Freezer sells both new and used equipment. They also operate a rental business, where the company maintains the equipment for its customers. "Service is something that we take great pride in," says Willard, adding that he has a staff of 54 very dedicated employees, many of whom have been with Taylor Freezer for numerous years.

Willard's company offers a huge assortment of foodservice machines, all of which are designed to add profit centers to a retail business. Some of the more unique items include a ventless cooktop that produces fully-cooked hamburgers, hot dogs, sausage patties and chicken filets in about 25 seconds. "You can literally make a hot sandwich as fast as you can prep the bun," says Willard.

Taylor Freezer also sells equipment to quickly cook barbecue ribs, roast chicken and deep fry potatoes or onion rings. One of the most interesting new concepts in fast food marketing is Taylor Freezer's Flavor Burst system. The system adds a variety of different flavors to products such as frozen carbonated beverages, soft-serve ice cream and milk shakes. "These systems can really set the retailer apart from the competition by providing a huge assortment of





Taylor Freezer's Flavor Burst Systems for frozen carbonated beverages (top), milkshakes (bottom left) and soft-serve ice cream machine (bottom right)



flavors to the customer," says Willard.

As an example, the Flavor Burst system can turn vanilla soft-serve ice cream into a multi-colored treat, flavored with mocha cappuccino, cheesecake, raspberry, tropical orange or cotton candy. Another unit can blend chunks of Oreo cookies and Heath Bars into the ice cream, giving it a crunchy texture and familiar taste.

With frozen carbonated beverages, the consumer can choose up to four flavors to fill their cup, so as they drink, they will experience layers of different frozen flavors. The customer selects the flavors of choice on an electronic keypad and concentrated flavorings are injected and blended throughout the product as it is drawn. The flavor output is adjustable for both flow and taste and flavors include black cherry, watermelon, raspberry, cool lemon and piña colada to name a few.

All Flavor Burst systems are built with easy-to-wipe-clean

stainless steel cabinetry. They also have clean and sanitize-in-place functions so cleaning requires only a few minutes each day.

Although most of us think of ice cream and frozen beverages as popular summer fare, Willard says his business is steady year-round. Even with the slowdown in Michigan's economy, Taylor Freezer products are still in demand by Michigan retailers. Willard explains that although nothing is truly recession proof, most people don't stop buying small treats like ice cream and frozen pop when the economy gets rough.

"They may hold off on a major purchase or a big vacation," says Willard, "but they are still going to allow themselves a small treat like a soft-serve ice cream."

To find out more about Taylor Freezer products, visit them at the AFPD 23rd Annual Trade Show at Burton Manor in Livonia on April 24 and 25 or call them at (734) 525-2535.

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DENED A DEG		H. Meyer Dairy	.(513) 948-8811	Better Made Snack Foods		Leach Food Equipment Dist	
BEVERAGES: 7UP / American Bottling	(040) 003 0500	Ice Cream Express Unlimited	1-800-844-6032	Detroit Popcorn Company		Martin Snyder Product Sales	
		Kistler Farms	(269) 788-2214	Frito-Lay, Inc.		MSI/Bocar	(248) 399-20
Absopure Water Co.		Pars Ice Cream Co		Herr's Snacks		Petro-Com Corporation	
Allied Domecq Spirits USA		Prairie Farms Dairy Co	(248) 399-6300	Motown Snacks (Jays, Cape Cod		Taylor Freezer	
Anheuser-Busch Co	(248) 470-4200	EGGS & POULTRY:		Kar Nut Products Company Nikhlas Distributors (Cabana)		TOMRA Michigan Wayne Service Group	(61A) 326 27
B & B Beer Distributing Co	(616) 459-1177	Consumer Egg Packing Co.	(313) 971 5005	Pik a Snak, Inc.		wayne service Group	(014) 330-31
Bacardi Imports, Inc.		Linwood Egg Company		TIR & OHAR, IIIC.	1-000-400-3100	WHOLESALERS/FOOD DISTRIE	RUTORS
Brown-Forman Beverage Co.	(734) 433-9989	zimoda zag dompany	(240) 024 0000	PROMOTION/ADVERTISING:		Brownwood Acres	
Brownwood Acres	(231) 599-3101	ENVIRONMENTAL & ENGINEER	RING:	DBC America	(313) 363-1875	Capital Distributors	1-800-447-81
Cadillac Coffee		Environmental Compliance		Enterprise Marketing	(616) 531-2221	Central Foods Wholesale	(313) 862-50
Central Distributors	(734) 946-6250	Technologies, LLC	1-866-870-8378	PJM Graphics		Chef Foods	(248) 789-53
Coca-Cola Bottlers of MI		Environmental Services of Ohio		Sign-A-Rama - Commerce Twp		Consumer Egg Packing Co	(313) 871-50
Auburn Hills	s (248) 373-2653	Flynn Environmental, Inc.	(330) 452-9409			D&B Grocers Wholesale EBY-Brown, Co	(734) 513-17
Bellville	e (734) 397-2700	Huron Consultants.	(248) 546-7250	RESTAURANTS:		EBY-Brown, Co.	1-800-532-92
Metro Detro		Oscar W Larson Co	(248) 620-0070	Copper Canyon Brewery	(248) 223-1700	Great North Foods	(989) 356-22
Port Huro		COCOU DOODUAG		OF CURITY OF THE LANGE		H.T. Hackney-Columbus	(614) /51-51
Coca-Cola Bottling - Cleveland		FRESH PRODUCE:		SECURITY/SURVEILLANCE:	(0.40) 000 0400	H.T. Hackney-Wyoming	(000) 743 64
Coors Brewing Co.		Andrews Brothers Inc Detroit Produce Terminal	/212) 941 7400	Closed Circuit Communications . Freedom Systems Midwest, Inc		I & K Distributing	(248) 353-88
E & J Gallo Winery		Aunt Mid Produce Co		JJ Security Systems		Interstate Brands/	(240) 333 00
Eastown Distributors	(313) 867-6900	Authority Froude Co		so decumy dystems	(z=0) =04*0 144	Wonder Bread/Hostess	(313) 868-566
Faygo Beverages, Inc.	(313) 925-1600	FUEL SUPPLIERS:		SERVICES:		Jerusalem Foods	(313) 846-170
Future Brands		FUEL SUPPLIERS: Central Ohio Petroleum Marketers, Inc.		AAA Michigan	-800-AAA-MICH	Kaps Wholesale Foods	(313) 567-67
Galaxy Wine	. (248) 669-9820	Marketers, Inc.	(614) 889-1860	Advance Me Inc.		Karr Foodservice Distributors	(313) 272-640
General Wine & Liquor Co	. (313) 867-0521	Certified Oil Company	(614) 421-7500	Al Bourdeau Insurance Services.	1-800-455-0323	Liberty USA	(412) 461-27
Great Lakes Beverage		Countywide Petroleum	(440) 237-4448	American Communications of Ohio		Liberty Wholesale	(586) 755-36
Hansen's Beverage.	. (313) 575-6874	Free Enterprise, Inc.	. (330) 722-2031	American Liquid Recyclers		Lipari Foods	(586) 447-35
Henry A. Fox Sales Co		Gilligan Oil Co. of Columbus, Inc.		American Mailers	(313) 842-4000	Mexicantown Wholesale	(313) 554-00
Hubert Distributors, Inc.		Gillota, Inc.	(216) 241-3428	AMT Telecom Group	(248) 862-2000	Nash Finch	(303) ///-100 (301) 725.00
Intrastate Distributors		Refiners Outlet Company		Bellanca, Beattie, DeLisle		Nat Sherman	(248) 582.88
Jones Sodas		Ullman Oil, Inc	. (440) 343-3195	C. Roy & Sons.		Norquick Distributing Co	(734) 254-100
Kent Beverage Co. Inc.		ICE PRODUCTS:		Carttronics, Inc.		Piquette Market	(313) 875-55
L & L Wine World		Arctic Glacier, Inc.	(810) 987-7100	Cateraid, Inc.		Polish Harvest	(313) 758-05
McCormick Distilling Co.		U.S. Ice Corp.		Central Alarm Signal		Robert D. Arnold & Assoc	(810) 633-04
Michigan Beverage Dist. LLC				Cherry Marketing Institute		S. Ahraham & Sons	(616) 453 -63
Mike's Hard Lemonade	(248) 344-9951	INVENTORY SERVICES:		Clear Rate Communications	.(734) 427-4411	Coors Brewing Co	(513) 412-33
Miller Brewing Company		Action Inventory Services		Cox, Hodgman & Giarmarco, P.C.	(248) 457-7000	Sara Lee Fonds LIS	(508) 580-34
National Wine & Spirits		Goh's Inventory Service	. (248) 353-5033	Cummins Bridgway Power		Shaw-Ross International Importers	(3131013-10
	1-888-642-4697	WOUDANGE		Diamond Financial Products		Sherwood Foods Distributors	(515) 300-310
New England Coffee Co	. (/1/) /33-4036	INSURANCE:	4 000 4 4 4 440	Dragon Systems		Spartan Stores, Inc.	(249) 046.49
On Go Energy Shot.	1-8/7-LIV-ONGO	AAA Michigan	1-800-AAA-MICH	DTE Energy	1-800-477-4747	Suburban News: Southfield	(240) 343-18L (037) 374-78L
Paramount Coffee	(517) 853-2443	Al Bourdeau Insurance Services	. (248) 835-6690	Excel Check Management		SUPERVALU	(313) 568-05
Pepsi-Cola Bottling Group – Detroit	1 800.368 0045	CBIZ/Employee Benefit	(614) 702 7770	Financial & Marketing Ent		Total Marketina Distributor	/ 44 04 -30
– Detroit	1_800_979_8220	Specialist Inc		Gadaleto, Ramsby & Assoc Gasket Guy		IIS Ica Com	3131 002-00
- Pontiac	(248) 334-3512	Gadaleto, Ramsby & Assoc		Great Lakes Data Systems		United Wholesale Diet	7411 330 15
Pernod Ricard USA	(248) 601-0172	Frank Gates Service Co		Integrity Mortgage Solutions		Value Mholocale	7481 907-25
Petitpren, Inc.		Frank McBride Jr., Inc.		Jado Productions		Weeks Food Corp	586) 727-35
		JS Advisor Enterprises, Inc.		Kansmacker.		•	
Powers Distributing Co. Inc	. (240) 333-3700	30 Advisor Enterprises, Inc	. (240) 004 3000	Number and Control of the Control of	(240) 245 0000		



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