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Maurice Helou has worn a lot of hats in his career. From management at Shell Oil to lease dealer and real estate guru, Helou has been involved in a variety of occupations in his professional life.
David & Goliath

Every one of us wants to be the best in their field. Every athlete trains to be faster, stronger and better. Every organization strives to dominate their competition. Seems like everyone wants to be Goliath. At AFPD, we understand our role. As the representative of independent retailers in Michigan and Ohio, we understand and feel the struggles our members face on a daily basis. We understand that competition is fiercer today than ever before and the pie is not growing, yet there are more companies trying to tap into that retail pie. Just like the independent retailers we proudly represent, AFPD represents the David figure when compared to the big box retailers of today and we cherish the underdog role! As we proved in our CAT tax victory in Ohio in 2013, when we work together, we can win and achieve our goal! Yet, sometimes, our members become frustrated and challenge us at AFPD as though we are this huge Goliath and merely treat us as another vendor, instead of the entity that not only represents them, but literally bleeds for them in everything we do. I know our board of directors who volunteer their time to represent the membership welcomes any and every member to get more involved with AFPD and really see what the staff does on a day in and day out basis. AFPD personifies David in so many ways, but we are working harder than ever to get bigger and stronger so we can compete without forgetting about who we are and who we represent. We need your help to get this done. We need you to spread the word to those who may not be an AFPD member. We need to hear from you in order to make sure you are happy with our work. We need your ideas and your support. We all know there is strength in numbers. We will remember 2013 as the year we leveled the playing field on the CAT tax in Ohio for our gas station members and as the year we brought millions of Bridge Card dollars back into our retail members in Michigan with the elimination of Bridge Card use in restaurants’ for certain groups. We hope 2014 will bring us even more success. 2014 will bring us a new Chairman of the Board and possibility some new executive officers. It has been an absolute pleasure to work with Chairman Joe Bellino, Jr. He is a great leader who always led by example. Very humble and a great representative for members in Michigan as well as the most active Chairman I have worked with in regards to supporting Ohio activities and priorities. Joe knew how to build coalitions and we know he will be a wonderful and active mentor for the next Chairperson. Please remember that we are an extension of your business and we need to hear from you. We are here to serve you! In a world where everyone wants to be Goliath, I am proud we represent and personify David! Happy New Year!
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Planning is Also Part of Your Job

As we turn the page on another year it’s an appropriate time to plan for the future and review plans implemented in the past. I always suggest that whether you are a family, a small business, or a large business planning for the future is of utmost importance. The old adage: “No one plans to fail, but many fail to plan” is as true today as it ever was; perhaps even more important.

Schedule a planning meeting when your situation is stable and you can evaluate without emotion. Then, write down your plans and objectives for the next one, three and five years. Your plans for the near term need to be more specific and measurable than your longer term plans, but in all cases the objectives need to be measurable.

When the business climate becomes chaotic that’s when you refer back to your business plan and objectives. If the plan that was conceived and established during calm, routine times it should serve as your “security blanket” when times are tumultuous. That’s the time to use your plan to determine if the decision will lead to your pre-planned objectives.

Now, addressing objectives, is the appropriate time to decide upon or expand alternative profit centers for your gas station operation. For the most part, the refiners have divested themselves of their retail holdings. And the vast majority of industry analysts project continued sparse margins on retail gasoline sales. The refiners continue to forecast this trend. And other, non-traditional fuel retailers, continue to enter the marketplace. Every grocery chain seems to want to add gas pumps to their offerings, and use gasoline as a loss-leader to attract customers. The momentum of that trend shows no signs of letting up, while total gallons of gasoline continue to erode each month and year as the new cars get better and better fuel mileage.

Hence, you need to explore other profit centers for your operation. And if you are lucky enough to already have alternative profit centers that produce more than adequate returns on investment, then figure out how to optimize it to an even greater extent. If you are not complimenting your operation with an alternative profit center, start researching today! Whether it’s adding offerings to your C-Store or upgrading your vehicle repair operation, start to evaluate additional products and services and start to promote and sell. Keeping up-to-date products and services for your customer are more important than ever today. Visit and talk to other businesses in your trade area to see what you might be able to cross-merchandise with them. Or, determine what product or service they could possibly outsource to you! Explore any and all unorthodox situations, who knows what may develop.

Then, incorporate those new offerings when planning for the future objectives. That’ll give you something to aim for each and every day. And, lastly, share the plans and objectives with your employees so as a team you can produce favorable results. Your employees can’t help meet your objectives if you keep them out or the loop.
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Judge Approves Swipe Fee Settlement

U.S. District Judge John Gleeson approved a proposed $5.7 billion class-action settlement in the underlying credit card swipe fees case between merchants and Visa/MasterCard. In his order, Judge Gleeson explained that he was satisfied with the settlement.

NACS filed private antitrust litigation against the major credit card companies and banks in 2005. Counsel for the class of merchants in that case reached a proposed settlement with the defendants in 2012, but it is woefully inadequate. The proposed settlement would give merchants a limited right to surcharge that is too complex to implement and would allow the credit card companies to continue to set prices for their member banks. Furthermore, the proposed settlement would do nothing to give merchants competitive network routing choices, and also lock-in many anti-competitive activities of the credit card companies forever.

NACS led opposition to the proposed settlement, opting out of and objecting to it, and was joined by dozens of trade associations and thousands of retail companies.

“Losing would not bar the courthouse door to merchant challenges to future unfair card industry practices including current bad practices being applied to new technologies like mobile payments. The settlement provides nothing of any real value beyond the money. And the scope of the release will allow the Defendants to raise rates and recoup the money before it is even distributed to merchants, which is precisely what happened in the Visa check case,” Armour said at the fairness hearing.

Amazon.com Opens Up a Pantry

USA Today reports that e-commerce giant Amazon.com is “working on a new business” called Pantry that could help the company expand even further into the CPG market and “take on warehouse club stores” such as Costco and Sam’s Club.

The newspaper reports that Pantry, run by Billy Hegeman, a senior manager in vendor management and consumables at Amazon, is set to launch in 2014.

Amazon will target existing members of Amazon’s Prime shipping program for Pantry, which will launch with about 2,000 CPG products such as “cleaning supplies, kitchen paper rolls, canned goods like pet food, dry grocery items like cereal and some beverages,” writes USA Today. Prime shoppers will be able to put these products into a sized box up to a specific weight limit.

“Amazon has the clubs in their cross hairs,” Keith Anderson, who leads RetailNet Group’s Digital Advisory practice,” told the newspaper, adding, “This will be a potential issue for Costco.”

Spending in the CPG market — about $850 billion a year in the United States — mostly takes place in grocery stores. To be successful Amazon will have to solve “some of the problems inherent in shipping big boxes of cereal and heavy cans to people’s homes.” There’s also high shipping costs for online orders, which Amazon could solve by encouraging customers to place multiple items in a single box from each order.

Bernstein Research suggests that Amazon can profitably capture significant market share. “We expect Amazon to take advantage of its strong relationship with Prime users, its existing infrastructure, and its leading online channel to continue to grow aggressively in CPG,” Carlos Kirjner and other analysts at Bernstein wrote in a recent note to investors.

Coca-Cola Splits North American Business

The Coca-Cola Co. is splitting its North America business into two operating units: Coca-Cola North America and Coca-Cola Refreshments. Effective January 1, 2014, the new structure will help Coca-Cola streamline operations and accelerate its refranchising to independent bottling partners.

J.A.M. “Sandy” Douglas will lead Coca-Cola North America and also continue his role as global chief customer officer. Paul Mulligan will lead Coca-Cola Refreshments (CCR), the bottling operations of North America, as president.

The Coca-Cola Americas operating structure will cease to exist. The Latin America Group, led by Group President Brian Smith, will become part of Coca-Cola International.

“We organized the business to intensify focus on key markets, streamline reporting lines and provide flexibility to adjust the business within these geographies in the future,” said Muhtar Kent, Coca-Cola chairman and CEO.

“Now, we are in a position to leverage this flexibility to return to a traditional company and bottling operating model in North America, which will enhance our focus on execution and accelerate the refranchising of our bottling system in our flagship market.”
AFP Endorsed Vendor Partner Heeren Brothers Opens New $22 Million Facility

On Wednesday, December 11, Heeren Bros., Inc. held a ribbon-cutting ceremony to celebrate the opening of its new $22 million state-of-the-art facility in Alpine Township.

Heeren's new 178,000-square-foot facility is located at 1055 7 Mile Road.

“Since we opened our doors in 1933, Heeren has continued to grow and innovate as a company. This new facility represents a significant investment in our future and demonstrates that when we say we’re committed to growing in West Michigan, we don’t mean just apples. The new technology has already made us more efficient, allowing us to comply with tighter food safety standards while being a better steward of our natural resources,” said Hal Roy, CEO of Heeren Brothers.

Heeren Brothers is the largest family owned wholesaler, marketer and distributor of fresh fruits and vegetables in Michigan. The company broke ground on its new facility in October 2012. It was designed by Dixon Architecture and built by First Companies, both of which are West Michigan-based companies. It features:

- Employee-focused amenities, such as dedicated workout facilities and an expanded employee lounge and break room
- Expanded storage capacity by 19 percent, including 15 controlled atmosphere rooms that enable Heeren to store more apples
- New state-of-the-art technology that expands processing capabilities with new apple packing and grading lines with color and defect-sorting as well as presort capabilities
- Energy-saving refrigeration equipment and other energy-conscious features
- Exceed food safety regulations and initiatives, including SQF 2000 and the Bio-Terrorism Act of 2002

The new Heeren facility, which is seeking LEED certification for its environmentally friendly features, includes 60,000 square feet for produce distribution and 11,000 square feet for corporate offices. Heeren's packing arm, Ridgeking Apple Packing, invested $5.6 million in the remaining 107,000 square feet to double its capabilities with new state-of-the-art apple packing lines that include color sorting, internal and external defect sorting and presort capabilities.

Through its subsidiaries and joint ventures, Heeren manages more than 1,500 acres of orchards, represents 75+ family-owned Michigan grower operations and packs and sells more than 20 percent of all fresh apples grown in Michigan.

Heeren Brothers got its start in 1933 when brothers John and Elmer Heeren began a produce trucking business, bringing fresh fruits and vegetables from the South to sell in Grand Rapids. Over the next 30 years, they expanded their operations, selling and distributing produce, purchasing land and building an apple packing and storage plant.

The second generation of Heerens joined their fathers in 1962 as the business continued to grow, adding new facilities and expanding capabilities. The third generation stepped into leadership roles in the late 1990s as their fathers prepared to retire. In the mid-2000s, Heeren launched a series of subsidiaries and joint ventures – including All Fresh GPS, Ridgeking Apple Packing and Storage and Gourmet Specialty of Michigan – in a move to expand its product offerings and geographic reach.

In December 2006, Heeren acquired rival J.A. Besteman Co., creating the largest family-owned, full-line produce distributor in Michigan. The acquisition allowed Heeren to expand its distribution footprint throughout the Midwest and add national, regional and small independent grocers to its retail customer list.

In August 2011, Ridgeking joined forces with Michigan-based Applewood Orchards to create All Fresh GPS, which focuses exclusively on the marketing of Michigan apples. Today, the fourth generation of Heerens has taken roles within the growing company.
Top 10 Supermarket Trends Coming in 2014

BY BARBARA SODERLIN // WORLD-HERALD STAFF WRITER

With growing selections of healthy snacks, store brands, recipe apps and international flavors, supermarkets will evolve in 2014 to better meet consumers' desires to save money, save time, eat healthfully and enjoy their food while doing it, a supermarket expert predicts.

The “Supermarket Guru,” ConAgra Foods consultant Phil Lempert, said in his annual trend forecast that supermarkets are making dramatic changes to respond to the demands of an evolving consumer. Here are Lempert's Top 10 Trends for 2014:

BREAKFAST PROTEIN
Supermarkets and food manufacturers are responding to consumers' desire for a more protein-packed breakfast by stocking new breakfast products such as more varieties of Greek yogurts and ConAgra's Egg Beaters. Breakfast now is “much more focused on the protein source,” Lempert said. Progressive Grocer magazine said cereal manufacturers are responding by adding more whole grains.

Hy-Vee is expanding its breakfast offerings, including more premade breakfast sandwiches, oatmeal bars, and frozen breakfast entrees people can buy and bring to work to heat up, spokeswoman Ruth Comer said. Its new Plattsmouth, Neb., store has a full-service restaurant serving breakfast daily.

INTERNATIONAL FOODS
Growing Latino and Asian populations, coupled with increasing consumer demand for variety, are bringing more “global flavors' to the supermarket, Lempert said. International food products are gaining distribution in mainstream grocery stores. “We're going to see more and more of that as those populations continue to rise much faster than our Caucasian population does,” Lempert said.

Hy-Vee has expanded its in-store selection of international prepared foods, such as Chinese food and sushi, Comer said, and is bringing in new bulk spices as customers' interest in cooking with international flavors grows.

Also in Omaha, Nash Finch this year remodeled two supermarkets, including a former No Frills, into Supermercado Nuestra Familia stores with a focus on serving Hispanic shoppers.

CLICK TO COOK
Stores will make it easier for shoppers to use their mobile phones to shop. Lempert sees more shoppers using the Web to plan meals, make grocery lists and then find the items in aisles. He said that in a recent online ConAgra Foods survey, one-third of consumers reported using their mobile phone while at the grocery store, most often to refer to shopping lists and recipes.

In 2014, he said, more stores will let customers order online and just pick up the fulfilled order from a drive-up window. “It's really a very easy way to satisfy customers,” he said.

That trend hasn't taken off yet in Omaha, but Hy-Vee and Baker's both have apps that let shoppers create shopping lists, find items in the store and track coupons.

HEALTHFUL SNACKING
People are eating fewer prepared meals and more snacks, NPD Group research indicates, but they also want to eat healthful foods. As a result, 60 percent of new snack food products are positioned as “better for you,” Lempert said, citing Innova Market Insights.

In response to demand and competition from health-foods stores, Hy-Vee is expanding its in-store “health markets,” which include bulk and packaged snack items like popcorn and trail mix.

MILLENNIALS' INFLUENCE
Millennial-generation shoppers are forcing supermarkets to participate in social media and online sales channels. Lempert predicts more grocers will start sharing recipes and products on sites like Pinterest. Millennials are expected to outspend baby boomers by 2017, Progressive Grocer reports.

And supermarkets will have to evolve their online shopping and delivery options to compete with or connect with services like Google Shopping Express, a new home delivery service available only in California. “I think you're going to see it ramp up very quickly,” he said.

A Baker's supermarket in Bellevue saw more than 2,500 people attend a book signing with food blogger Ree Drummond,
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PRIVATE BRANDS
Private brand sales growth continues to outpace branded products’ growth, and retailers will continue to expand their lines of private brands by working with manufacturers like ConAgra, Lempert said.

Retailers aren’t just looking to create knockoffs, they’re developing unique products with attractive labels, he said.

“There’s a lot of competitive pressure,” he said. For example, he said ConAgra has worked with retailers to create unique lines of spelt pasta and gluten-free pastas with quinoa.

Hy-Vee has store brands ranging from its less expensive Country Fare line to specialty products that don’t even say “Hy-Vee,” Comer said.

Baker’s “Private Selection” line includes gourmet ice cream and other “artisan” foods, Lowrie said.

INDIE WOMEN
Lempert said supermarkets will cater to a new type of shopper, the “indie woman,” with semi homemade meals.

The indie woman, 27 or older, lives alone, has no children and is too busy working and socializing to spend time on elaborate menu planning. The term was used by AdWeek in 2012 to describe these 20- and 30-something fashionable women who have strong brand affiliation but not much time for homemaking.

“They’re building their careers,” Lempert said.

ConAgra’s Bertolli and P.F. Chang’s frozen dinners appeal to this shopper, Lempert said. Supermarkets are expanding their premade meal offerings to cater to busy women on the go.

GATHERING PLACES
Supermarkets will increasingly use in-store community rooms not only for culinary classes, but also for other types of community gatherings, Lempert said. He calls it an extension of social sites where people swap recipes.

“The supermarket becomes that community center,” Lempert said.

Omaha-area Hy-Vee stores host events such as a gluten-free support group, holiday baking events and slow-cooker classes. Whole Foods’ Omaha store’s calendar includes a children’s cooking class, an online Twitter chat about holiday wines and a discussion on Transcendental Meditation.

PACKAGING
Food packaging has been evolving beyond the can and box to include using containers like pouches and cartons for soup and wine.

In the future, customers will want even more information about their food than the typical package can present, Lempert said, so manufacturers will use technology to add another dimension. They’ll increasingly use codes customers can scan with their mobile phones to find out more about the food’s origins and uses.

“We want more information, but we don’t want to have to Google it,” he said.

COMMUNITY CAUSES
More supermarkets and manufacturers are expanding their community service work, Lempert said. He said a ConAgra survey found 62 percent of consumers want to support companies that donate to social causes, such as ConAgra’s Child Hunger Ends Here program.

Baker’s charitable work supports hunger relief, women’s health and military families.

At Hy-Vee, too, “customers are going to see more of those things,” Comer said. Hy-Vee said its efforts increasingly invite consumers to be part of the effort, through purchases or social media.
More Products for Consumers!
More Value for Retailers!

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Ken Schulte (248) 425-8332
As the page turns on 2013 and we move into the new year, the retail industry can expect to see changes that will open the market to new areas and practices. At the forefront of these trends is convenience. More than ever before, businesses are reaching into areas that were foreign to them to meet customer demands.

According to Jeff Lenard, spokesman for the National Association of Convenience Stores, channel lines that were once blurred are now virtually gone.

“Over the last decade, we’ve heard about channel blurring,” Lenard said. “That trend no longer exists because the blurring is complete. Everyone sells convenience, and time is money. That is the biggest trend you see in retail. There are very few distinct channels anymore where you can say, ‘That store only does this.’ Everyone has a little bit of every other channel in them right now.

Retailers also find themselves stocking their shelves in ways to attract new customers, while keeping their current customer-base from shopping elsewhere, he noted.

“A report from three years ago revealed that stores that (formerly) did not sell food as their primary product were selling food. Clearly, it’s more than half now,” said Lenard. “To a certain extent, a lot of these retailers look the same at the register. You have brick-and-mortar stores seeking to address that one-stop convenience shopper on some level with food and drinks.”

Phil Lempert, a consultant to ConAgra Foods, said trends for 2014 will include some supermarkets catering to new eating habits, while others will offer new shopping methods to keep up with tech-savvy shoppers.

Breakfast, for example, will begin to be “much more focused on the protein source,” Lempert said. As a result, expect to see items containing more whole grains. The health food trend will continue even though consumers are eating more snack foods. Citing Innova Market Insights, Lempert said “Better for You” will be the key term for how 60 percent of the snack food products will be promoted.

Increased cell phone features are driving up usage at supermarkets to nearly one-third. However, shoppers are not just using the Web when planning meals and creating grocery lists; they now want to be able to order their items online and pick them up at the store. Thus, stores that offer a drive-thru window will have a distinct advantage over the competition.

“It’s a really a very easy way to satisfy customers,” Lempert said.

Social media also will play a big role. Customers are sharing recipes on such sites as Pinterest, which has led some grocers to post their own favorites. For in-store shoppers, some grocers are not only providing cooking classes but also creating social meeting areas for shoppers.
Bringing customers together and providing a place to gather can have a transforming effect, Lempert said, adding, “The supermarket becomes a community center.” To help keep up with growing trends, AFPD is continuing to look for ways to help serve its members. One of the best and most direct ways is to provide new programs and opportunities to bring down the cost of goods and services. With the new year upon, AFPD has added four programs for members that offer substantial savings in areas ranging from legal assistance to logistics: Monster Energy, Pinnacle Propane Express, Hi-Way Distributing and Willingham and Coté, P.C.

Monster Energy, which is available in both Michigan and Ohio, offers two types of rebate programs, C-Store and Grocery accounts. The first is a Growth Rebate Program that provides a rebate of 25 cents per case (24 pack equivalent) on 25 percent sales increases from 2013 sales for the Monster Energy and Java Monster product line. It also requires carrying the Peace Tea line. The second program—available in May, June, July and August only—is the Pallet Display Promotional Program, which offers members two 16-ounce Monster Energy drinks for $3 and a four-pack of Monster Energy for $5.99. Members also can receive special pricing of $29.50 each on all cases at MAX. Member must sign up by February 28. More details and requirements are available at AFPDonline.org.

Pinnacle Propane Express provides members the full installation of tank racks, as well as assistance with licensing requirements. The program offers a two-year price lock of $12 per cylinder on exchange tanks. Customers have the option to fully customize branding on rack displays with custom graphics co-branded with the AFPD logo. New customers also receive 10 free cylinders with initial display rack setup. Pinnacle uses routing and tracking software that allows customers to access their account online, check balances, print delivery tickets and view delivery schedules.

Michigan members are able to take advantage of the legal service of Willingham & Coté, P.C., which specializes in hospitality and alcohol beverage law. AFPD members are not only eligible for discounts on legal fees, but also will benefit from the firm’s in-depth knowledge of the Michigan regulatory system. The law firm has substantial experience in obtaining and transferring liquor licenses, sales or purchases of businesses with liquor licenses, transferring liquor licenses, sales or purchases of businesses with liquor licenses and representing licensees in administrative proceedings before the Liquor Control Commission.

Hi-Way Distributing, a full-service carrying distributor, is AFPD’s fourth new programs for 2014. It provides members with rebates based on invoiced quarterly purchases, with a rebate increase based on increases in purchases. Members can receive 3 percent, 7 percent or 9 percent rebates depending on their quarterly purchases. Hi-Way Distributing is also the exclusive distributor of Wild Wear®, Truck Stuff®, State Stuff Souvenir® and Hi-Way Entertainment® brands.

APFD will continue to provide its programs on which members have relied over the years. These include the coupon redemption program, which has been successful for more than 40 years. The program eliminates time spent sorting, counting and mailing coupons to individual manufacturers and reduces the volume of accounting records a retailer must keep. Retailers are given online access to view all their coupon activity, including shipments, charge backs and checks in real time.

Ohio members will be able to take advantage of the Liberty USA distributor program, which relies on AFPD’s group purchasing power. New to the program is the ability to earn an additional growth rebates above and beyond the 2 percent rebate earned from this program, excluding tobacco items. Liberty USA also has a point-of-sale package, a comprehensive c-store signage program and customer loyalty cards. The program also provides customized marketing plans, promotional signage and updates of retail pricing.

Volunteer Energy’s program helps Michigan and Ohio AFPD members reduce cost during the winter months. Volunteer Energy helps businesses reduce energy expenses by offering exceptional pricing on electric and natural gas. The natural gas saving plan offers three pricing options, while the electric plan allows members to save up to 30 percent or more.

APFD’s programs are designed to help members reduce the impact of rising costs and provide savings through the power of high-volume purchasing. The new and current programs—exclusive to AFPD members—provide a clear understanding of the benefits the association has to offer.

There is strength in numbers, which provides small- and medium-size businesses the ability to compete against large-scale enterprises in today’s market. Independent retailers are at the core of our economy, and AFPD provides valuable tools and resources to help keep those businesses running strong.

Kris Harris is a writer for Denha Media & Communications.
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The reasons for opening a retail business can be many and various. Some people open an operation after years of experience in the family business, while others set out to prove a point. Sometimes, however, a business launches when a person takes a chance and meets success by seizing an opportunity to fill an area’s demand.

The latter case best describes how Pohl’s Market began and how it has evolved over the years. Owned and operated by Dennis Pohl and his wife in Farwell, MI, the market truly is the definition of a convenience store. It has a humble beginning matched only by its owner’s. Dennis Pohl puts on no airs when he says, “We’re just a small convenience store, out in the country,” said.

It’s what Dennis saw in the store’s possibilities that tells how his market came to be.

“The store was near a lake, and I thought it had a lot of potential, so we decided to buy it and put gas in it,” Dennis said. “It was just a little red metal building, and we decided to take a chance on it.”

The couple’s gamble has paid many dividends. The combination of his market’s location and adding gas pumps boosted his customer traffic and his business’ profitability.

“By living on a lake, you knew that on Friday you had to get all your gas cans together so you could fill them up for the weekend, because it used to be so far away to get gas. We thought that if there was a gas station close by, that it would make it a lot more convenient,” Dennis said.

From there, the store grew so the Pohls could provide their customers even more convenience. The key to success was simply listening to their needs.

“It was something I thought would work, but it was also something I had heard from people around town who would say, ‘I wish we had this, I wish we had that,’” Dennis explained. The store first added pizza, and sub sandwiches came a year later. Now hand-dipped ice cream also is available.

Dennis said AFPD’s programs have helped him grow his store, specifically through the items he now carries.

“We’ve used them for a coupon distributor, and we’ve used the suppliers they recommend,” Dennis said, noting that Prairie Farms and Monster Energy both offer rebates that help his business.

He also enjoys the information about the industry that AFPD provides, adding, “Bottom Line is great publication to see what’s going on in the industry. We try to keep up with all the trends.”

By filling his customer’s needs and filling their gas tanks, Pohl’s Market continues to run strong. Its growth since he joined AFPD in 1986 has been fueled by providing the goods and services that are needed most. The family’s market is not only about convenience, but a perfect example of what can come from believing in the ability to fill a community’s need.

Kris Harris is a writer for Denha Media & Communications.
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Pro Sam Unlimited was founded in 2011 by Shirad Thakar after he was inspired by the success his friends and relatives achieved in starting their own businesses.

Thakar’s business includes a convenience store, gas station and fast food restaurant in Lodi, Ohio.

The unique name for Thakar’s establishment came simply as a result of a suggestion from a colleague.

“Although my name is Shirad, people call me Sam,” said Thakar. “The previous owner had the ‘unlimited’ at the end of his business and someone suggested putting ‘pro’ at the beginning, and I liked that and went with it.”

Thakar said that starting his own business seemed like a good fit to blend his personable attitude with his acumen for business.

“I like to interact with people so I thought that this was the right thing where we can see money and make money, since I have a business mind,” he said.

According to Thakar, Pro Sam Unlimited carries a full line of food and beverage items in the convenience store, but the main key to his success so far has been a firm dedication to quality service.

“We train people to always offer a hand in taking items to their cars or asking customers how they’re doing so we get to know families,” he explained. “In my experience, if you’re a little bit higher on the price but there’s a smile on your face, then the customer will come back. That’s our main focus — it doesn’t matter who you are; we will provide you a good service.”

Being dedicated to serving the community and offering discounts to students or donating to schools has been another focus of Pro Sam Unlimited.

“We donate pizza or other food or give out coupons for free food or drinks to local elementary and middle schools,” said Thakar. “Most of the coupons are a small amount for four or five dollars, but they still feel like they’re earning a deal.”

Thakar said that his business has been affiliated with AFPD since its beginning, and that he has been able to benefit greatly from it.

“We use the coupon program and take advantage of that,” he noted. “We always call the association with whatever problems we may have and they always solve it. They work very hard. The association will always call me and let me know what’s going on and what changes are coming, so it’s very helpful. AFPD runs a gas station training program that is very easy and it’s local, so I don’t have to drive to Michigan from Ohio.”

Tommy Franz is a writer for Denha Media & Communications.
INCREMENTAL GROWTH REBATE PROMO for non-cigarette/non-tobacco.

• 5% increase in units receives a .50% additional rebate
• 10% increase in units receives a 1.00% additional rebate
• 15% increase in units receives a 1.50% additional rebate
• 20% increase in units receives a 2.00% additional rebate

This rebate for incremental growth is only for customers purchasing north of $4k per week as of 12/31/13 (take last 13wks avg purchases of 2013 to validate).

Promotions are IN ADDITION TO THE 2% REBATE already being tracked for current AFPD members!

* Please see your Liberty USA representative for qualification details & all other program information.

These programs valid 1/1/13 through 12/31/13 ONLY.
Sitting in his office on Northwestern Highway, where he has been operating his businesses for the past 30 years, Mike George reads an e-mail from a former employee. Her son was an ex-convict who served time for drugs. George not only helped pay for his legal fees, but he also gave him a job.

His mother wrote to George and the Melody Farms family to thank them and provide an update on her son, who turned out to be a Yale University graduate touring the world with his art, his wife and his children. “I am passing this along to anyone interested to know what came from one man’s compassion for someone who was down and out,” she wrote.

Whether you call him Mike or Mr. George, the long-time entrepreneur is where he has always been — seeing good in everyone he meets, mediating in business, helping with charitable causes, spending time with his family and overseeing George Enterprises.

Over the years, George has been very involved with AFPD.

“I started to become more engaged with then AFD when Ed Deeb took over and the organization was refocusing its direction; there was also conflict between retailers,” recalled George, who owned Melody Farms at the time. “The organization saw active Chaldean and non-Chaldean members working together.”

He continued his involvement during Joe Sarafa’s tenure. “He took an approach of bringing the retailers together and growing the organization,” said George, who stayed very close as a supplier serving a majority of the retail members with his dairy products.

He also credits Sarafa for elevating the association’s status with its golf outings and annual events “Joe did a phenomenal job with the association and his brother Mike continued with that philosophy of growth by adding the petroleum side.”

Today, George views AFPD as a highly sophisticated association that serves its members well. “They truly represent the members on the legislative side,” he noted. “Auday does a magnificent job in following through with all the needs of retailers and having created a highly respected organization, and one of the most active. They are not dormant. They are working and they involve their members.”

George is also a regular reader of Bottom Line. “The publication always has such good articles,” he noted.

If you ask the 81-year-old when he will retire, he will give you the same answer he has always given. “You will know I have retired because you will be attending my funeral,” he said, only half joking. “I have seen too many retired people deteriorate mentally and physically, and my wife says me being home all day Sunday is enough.”

He spends about six hours a day overseeing seven operating companies and 12 investment companies. His six sons and some of his 10 grandchildren run the day-to-day operations. The rest of the time, George is helping others. He is involved in various charities, as well as serving as an unpaid yet highly respected mediator.

He shares his business philosophy with anyone who is interested. “Communication and relationship building is key,” said George. “I have seen way too many problems in business because people don’t know how to communicate. We won’t do business with people who are not responsive and who don’t communicate well.”

Although still very much involved in business, Sundays are reserved for family. “We hang out at the house and communicate over a big dinner,” said George. “In the summer, we play sports and we swim. The whole purpose is to keep the family together.”
AFPD INVITES YOU TO JOIN US FOR OUR

98th ANNUAL TRADE DINNER & BALL
FEBRUARY 22, 2014

DIAMOND CENTER | SUBURBAN COLLECTION SHOWPLACE

Sponsorship opportunities are available!
For ticket information call Alyssa Franchi at (800) 666-6233 or visit www.AFPDonline.org.
Former Petroleum Retailer
Now in Real Estate

Maurice Helou is selling commercial and residential property

Maurice Helou has worn a lot of hats in his career. From management at Shell Oil to lease dealer and real estate guru, Helou has been involved in a variety of occupations in his professional life.

Helou began his career in business after he graduated from college and worked for Shell Oil Co. in New York. He went through several management positions, in addition to spending three years in real estate buying properties.

Following his time in New York, Helou moved to Cleveland in 1978 to do marketing work, and he has remained in the Cleveland area since. Following his work as a marketing manager, Helou became a lease dealer with Shell until 1990, when he was able to purchase the property from Shell, turn it into a BP station and expand the property over the next few years.

Helou became involved with what would become AFPD in the early 1980s when he first became a dealer. He joined the Northern Ohio Petroleum and Retailers Association, and he reflected on the roles he took on as a member of the organization.

“I was able to join the board and joined several committees through the years,” said Helou. “Eventually I was asked to become the president, which I did, and under my years of presidency I led the merger with first the Columbus dealer association and then with Michigan.”

Helou not only presided over those mergers, but he also led the charge in creating a more favorable political landscape for those involved with AFPD.

“We went to Washington on many occasions to speak with legislators, trying to point out the issues that dealers face in regard to government regulations and oil company practices,” he said. “Those days were the basis of establishing relationships that are coming to fruition today with some of the legislation that’s being passed for the protection of dealers.”

One particular project that Helou mentioned paved the way to help families of business owners.

“If a dealer died, the oil companies would take the gas station back and the family wouldn’t be able to continue the business,” he explained. “We got legislation passed that forced the oil companies to recognize what’s called succession, where the business could then go to a spouse or family members.”

Following his work in AFPD and other endeavors, Helou became involved with the real estate industry. Helou earned his educational requirements for real estate at Hondros College in 2008 by completing the required courses and exams in five weeks, which Helou said was a record.

Helou has worked in commercial and residential real estate since then by selling various types of properties, from Shell stations to homes. Helou said that he has enjoyed this newest occupation by embracing the challenge of educating people looking for their first home.

“I’ve represented first-time home buyers, and that has been a challenge because they’re young people who don’t know a lot about buying a house,” he said. “I’ve enjoyed teaching them everything they need to know and keeping them out of the traps of buying a new house.”
Frusion C-Charged Yogurt Smoothies
Keep your day going smoothie!

Premium Lemonade
Two delicious new flavors!

New! Uncweetened Brewed Tea!

Call Jim Evans at (216) 214-7342 to place an order today!
Ohio Government in 2014

Do not expect much out of the Ohio General Assembly in 2014, because it is an election year and not just any election year, all statewide office holders are up for re-election as well as all 99 Ohio House Seats, 13 Ohio Senate Seats, 2 Ohio Supreme Court Races and all 18 of Ohio’s Congressional seats. At this early date it looks to be a good Republican year due to unpopularity of President Obama and a weak “top of the ticket” for Democrats in Ohio. A quick look at the races: Governor – Incumbent Governor John Kasich and his Lt. Governor Mary Taylor appear to be headed to reelection as Democrat candidate Ed Fitzgerald of Cleveland shot himself in the foot by choosing the wrong running mate who he had to dismiss two weeks after naming him. Fitzgerald was a long shot to begin with and an even longer shot now. Of the 5 statewide office holders, Attorney General, Secretary of State and Treasurer, Republicans hold all five and are likely to retain all five. The Ohio House is currently controlled by Republicans 60-39 and that number won’t change much. The Ohio Senate is 23-10 Republican and looks to stay at that level. Of the 18 Congressional races currently its 13-5 Republican and again that’s unlikely to change. The two Ohio Supreme Court Races are unpredictable as it’s usually a name game. The court is currently 7-1 Republican.

The major agenda items for the General Assembly will be a mid-year budget review (MBR) where they look to see what changes need to be made to budget passed in 2013. That’s usually where a lot of legislation ends up, called a Christmas tree bill. A severance tax proposal on oil and gas drilling HB 375, will also be high on their list. Legislative leaders would also like to pass a new redistricting bill which wouldn’t take effect until 2022.

On the regulatory side look for Ohio EPA to continue to look at fuel make-up to meet new standards under the Federal Clean Air Act.

For AFPD members hopefully a bill to increase percentage of lottery profits will be introduced and passed. Also the Ohio Department of Taxation will be implementing new rules for taxing fuel as the CAT tax on gasoline expires on June 30, 2014. As always there will be a number of state and local issues on taxing alcohol and tobacco to look out for.

The Ohio House, as expected, passed HCR 32, declaring the first week of July 2014, as Independent Retailers week. The Senate will act on this very early in 2014. Representative Anne Gonzales carried the resolution at the request of AFPD and it passed 85-0 and had over 60 cosponsors.
Alcohol Sales Promotions

The Division of Liquor Control prides itself on providing excellent customer service and being a resource for permit holders to help them navigate the regulations, be in compliance and have the best opportunity to grow and create jobs. In this New Year, we will continue to provide that same level of quality assistance by clarifying various issues that affect the alcohol beverage industry.

Ohio’s growing economy and improved business climate has allowed the alcohol beverage industry to really take off. As many new businesses begin operations, and existing ones continue to grow, we have seen a corresponding increase in advertising and promotions to attract new customers. We want to make sure they are conducted in compliance with Ohio laws and administrative rules to help prevent business from committing violations that could result in citations against their permits. The best way to accomplish this is through education and cooperation.

One type of promotional activity that needs to be addressed is frequent buyer or customer loyalty programs by retail permit holders. These are programs where consumers earn points by purchasing merchandise, including beer, wine, or spirituous liquors and by participating in certain client-sponsored events. The points are redeemable for merchandise and promotional items. When offering this type of program, you cannot include the purchase of alcoholic beverages in rewarding points or offer alcoholic beverages as a redeemable reward. The Division believes that such programs violate Ohio Administrative Code section 4301:1-1-45(A), which states that no merchandise or thing of value shall be given away in connection with the purchase of an alcoholic beverage.

Another promotional activity the Division has seen involves participation in a program where vouchers, gift certificates or gift cards are sold at a discount such as the purchase of a $50.00 gift card for $25.00. This promotion would also be illegal if the gift card was used to purchase alcoholic beverages. By doing so, the retailer would be giving away alcohol.

We understand that promotions are a necessary part of doing business and that some regulations can be confusing. If you have questions, please contact the Division and let us assist you in making sure that your promotions are in compliance with the rules before they are put in place. Our goal is to work with our stakeholders and provide the best customer service possible to safeguard Ohioans, and help Ohio businesses succeed.
The Michigan Lottery had a big year in 2013. We hit a sales record of $2.476 billion for fiscal year 2013, the ninth straight year of more than $2 billion in sales. Nearly 30% of the lottery’s total sales, $734.3 million, went back to the state’s School Aid Fund. That’s 100% of our profit and about 6% of the total School Aid Fund budget.

Since it began in 1972, the Michigan Lottery has contributed more than $18 billion to support education in Michigan. About $2.5 billion of those contributions, more than 20 percent, have come in the past five years.

The record sales in 2013 also created a record sales commission total of $178.4 million for our 11,000 Michigan Lottery retailers. This was a 3.6 percent increase from last year’s total commissions of $172.1 million.

**MONOPOLY**

Monopoly Jackpot is joining the instant game line up. The Lottery is excited for this game to hit retailer shelves as it has been a popular purchase in the past. Monopoly Jackpot features a second chance promotion that allows players to enter their non-winning Monopoly tickets to collect properties over multiple visits. Each “Property Set” qualifies a player to win an instant cash prize between $25 and $2,500. Even more exciting, players may qualify for a chance to win a progressive jackpot prize of up to $1 million or more.

**ZUMA**

We are very excited to announce Zuma, the original action puzzler! Popularly played on the internet, Zuma is making its Michigan Lottery debut as a $2 Instant Game. Players may also enter Zuma non-winning tickets for the chance to win one of three prizes, a downloadable game of the player’s choice from PopCap® Games, an instant ticket coupon, or Player’s Club reward points.

“The Michigan Lottery. All across the state good things happen.”

About 97 cents of every dollar spent on Lottery tickets is returned to the state in the form of contributions to the state School Aid Fund, prizes to players and commissions to retailers. In fiscal year 2013, the contribution to schools totaled $734.3 million. Since its inception in 1972, the Lottery has contributed over $18 billion to Michigan’s public education.

For additional information, please visit the Lottery’s Web site at www.michiganlottery.com.
NON-JACKPOT PRIZES ARE GOING UP WITH POWERBALL POWER PLAY

That's right: the higher the Power Play number, the more non-jackpot prizes increase—by 2, 3, 4, or even 5 times. And with Power Play anyone matching all five white balls automatically wins $2,000,000 cash. So suggest Power Play for just $1 more to your Powerball players, and watch their excitement—and winnings—escalate!

Power Play increases non-jackpot prizes only. Odds of winning: $4: 1 in 56; $4: 1 in 111; $7: 1 in 707; $7: 1 in 386, $100: 1 in 12,246, $100: 1 in 6,980, $100: 1 in 6,485,976; $1,000,000: 1 in 6,980,363. If you bet more than you can afford to lose, you've got a problem. Call 1-800-270-7117 for confidential help.

On sale January 19
MLCC Announces New Streamlined Process For License Renewal

New Process is Faster, Easier, and Electronic

In 2013, the Michigan Liquor Control Commission (MLCC) implemented process improvements to ensure faster service to its customers. A process that once took 275 days to complete, now takes less than 100 days. The customer now fills out 63 percent less paperwork, allowing the MLCC to process liquor license applications 64 percent faster and provide the customer with their liquor license more than 175 days sooner.

To kick off 2014, the MLCC is starting out with a faster and easier way to renew liquor licenses, electronically.

The MLCC mailed letters to all license holders which details the new procedure and provides a new personal identification number (PIN) for online liquor license renewal, thus creating a new access point for MLCC staff to interact with current license holders.

Renewal packages will be mailed March 3, 2014 and all licenses must be renewed by May 1, 2014 (see below for additional information).

The past practice required a license holder to submit a written “Online Internet Renewal Authorization” form and wait for a password to be assigned and then mailed to them to gain access to the MLCC website to renew their liquor license. With the ever increasing demands of businesses, even the simplest task, such as requesting a password, seems monumental when trying to prioritize the issues most critical to their business. In fact, during the 2013 renewal period, only 11 percent of liquor licensed businesses took advantage of the online renewal process due to the waiting period of receiving their PIN. Staff will now be automating the system to generate a password for each licensed business.

Additional pointers for licensees to make note of when renewing under the new procedure:

- The password letter does not include the business identification number; however, it is located on the upper left hand corner of their license and they can also find it on our website.
- If the master business identification number is not known, the licensee is advised to contact this office for assistance in locating their number.
- For security purposes, passwords will not be released by telephone.

We encourage every licensee to utilize the new and improved Online License Renewal system. Our staff has been working hard on streamlining this important aspect of the licensing process. They are here to help and answer any questions. There’s no reason not to renew on time. Licenses must be renewed by April 30, 2014.

All licenses expire on April 30 of each year and new licenses are to be displayed on the licensed premises by May 1 in order to continue to sell or serve alcoholic beverages and be in compliance with Section 501 of the Liquor Control Code and Rule 436.1107. The completed and signed original license renewal form and the required license fee must be received by the MLCC before April 15 to ensure that the renewed license is received by May 1. The MLCC is committed to ensuring that all license holders adhere to statutory requirements for license renewal statewide.

Under the law, licenses are only good from May 1 to April 30. Licenses that are not renewed timely are terminated under the law. For licensees who fail to renew their licenses on time, the Commission will continue to terminate licenses. Without a renewed license, licenses cannot purchase spirits from the MLCC or sell or serve alcohol. Additionally, local law enforcement agencies are notified of which businesses failed to renew their licenses.

There is no reason to not renew on time. Renew on time. Don’t lose your license because you failed to renew.

For more information about the MLCC, please visit www.michigan.gov/lcc. Follow us on Twitter www.twitter.com/MILiquorControl, “Like” us on Facebook.

For more information about LARA, please visit www.michigan.gov/lara. Follow us on Twitter www.twitter.com/michiganLARA, “Like” us on Facebook or find us on YouTube www.youtube.com/michiganLARA.
Michigan Issue Advocacy Summary

The following is an updated summary of the issues being monitored by Public Affairs Associates (PAA) on behalf of the Associated Food & Petroleum Dealers:

**POLITICAL ENVIRONMENT**

Many of the most controversial public policy items pending before the Michigan Legislature, were unable to win passage before the end of 2013. These include: No-Fault Reform, Teacher Evaluations, Liquor Reform, Road Funding, Certificate of Need Reform, Charitable Gaming, and Energy Reform. The Legislature may be successful putting together the necessary votes to pass into law these extremely difficult issues. However, the forthcoming 2014 election cycle may influence which of these issues ultimately is adopted into law.

**SDM CAP BILL**

A bill seeking to cap off-premise SDM licenses is pending before the Senate Regulatory Reform Committee. Senate Bill 643, sponsored by Senator Rick Jones, was introduced on October 23, 2013. AFPD will be working with Senator Jones to secure a hearing for SB 643 before the Regulatory Reform Committee in early 2014.

**½ MILE RULE DISCUSSED, RETAINED BY LIQUOR CONTROL COMMISSION**

In December 2013, the Michigan Liquor Control Commission heard a request to issue a declaratory ruling relative to the existing rule that retailers selling liquor through a specially designated liquor distributor license must be a half mile from another retailer with the same license. Such a declaratory ruling would have ultimately led to the rule being rescinded. The Liquor Control Commission was asked to issue a declaratory ruling, based on a claim that the restriction exceeded the Commission’s rulemaking authority, and was counter to competition and discriminatory. The Commission voted to uphold the rule, rejecting this claim and noting that all license applicants are treated equally by the standards.

AFPD is promoting the introduction of legislation to codify the ½ Mile Rule. We anticipate that such a bill will be introduced in January 2014.

**COMPREHENSIVE RECYCLING**

AFPD continues to participate in a workgroup, being lead by the Michigan Department of Environmental Quality (MDEQ). The group is working to reach consensus on a comprehensive recycling plan for the State of Michigan. The MDEQ has convened a number of subcommittees that are seeking to garner broad consensus on issues around the following topics: 1) Goals & Measures; 2) Education & Technical Assistance; 3) Market Development; 4) Access to Recycling Options; and 5) Funding. These subcommittees have begun their work, and AFPD is actively participating in each.

**COUNTY-WIDE SDD LICENSE TRANSFERS**

House Bill 5140, sponsored by Rep. John Walsh, won overwhelming bi-partisan support in the House and Senate. The bill was passed on the final day of session, and signed by the Governor (PA 237, effective December 26, 2013). Specifically, HB 5140 authorizes the intra-county transfer of escrowed SDD licenses. AFPD worked to amend the bill before its final passage. However, our amendments to protect against transfers into already saturated or oversaturated areas, and codification of the ½ Mile Rule were defeated.

**LIQUOR REFORM**

The Liquor Control Advisory Rules Committee recommended a comprehensive overhaul to Michigan’s current liquor control regulations. A package of bills to implement these changes is pending before the Legislature in various stages of the process. Some of the key issues addressed by these bills include: Secondary Use, Microbreweries, and Conditional Licenses. Negotiations continue on various aspects of these seemingly controversial bills. Nevertheless, we anticipate that the package will be adopted in early 2014.

//Continued on next page
Enlist These Foods to Help Prevent Cancer

Plant foods, which contain antioxidants, may help reduce your risk for many cancers

Try to eat approximately 2 cups of fruit, 2½ cups of vegetables, and plenty of grains, of which half should be whole grain, each day. Be sure to make room on your plate for the following nutrition-packed foods.

**BLUEBERRIES**
These small fruits contain anthocyanins, the antioxidants that give blueberries, cherries, plums, red and purple grapes, and red cabbage their color. Anthocyanins help neutralize cancer-causing substances and may help prevent gastrointestinal cancers.

*Tasty tip:* Freeze red or purple grapes and eat them frozen. Add blueberries or cherries to cereal, yogurt, or pudding.

**CRUCIFEROUS VEGETABLES**
Broccoli, cabbage, bok choy, cauliflower, chard, kale, and Brussels sprouts have substances that cause enzymes to be released into your system. These enzymes help break down chemicals that cause cancer and may slow early tumor growth.

*Tasty tip:* Add broccoli to salads and cabbage or chard to soups.

**ORANGE FOODS**
Beta-carotene is the pigment that colors pumpkins, carrots, acorn and winter squash, apricots, cantaloupe, mangoes, and sweet potatoes. It is also an antioxidant that may help prevent cancer cells from spreading.

*Tasty tip:* Use canned pumpkin puree as a savory soup base. Pack dried apricots and mangoes for a portable, chewy, sweet snack.

**TOMATOES**
Lycopene makes tomatoes red. It is also an antioxidant that may help prevent bladder, breast, cervical, digestive tract, lung, prostate, and skin cancers. Cooked tomatoes (in a little oil) provide more lycopene than raw tomatoes. Watermelon and pink grapefruit are other sources of lycopene.

*Tasty tip:* Try a refreshing grapefruit, guava, and papaya salad or end a meal with a slice of watermelon.

**TEA**
Green tea contains catechins, which are antioxidants that may protect against colon, skin, and stomach cancer. Black tea may help protect you, too.

*Tasty tip:* Iced or hot, tea is a healthy addition to any menu. Try chai, a fragrant Indian beverage of tea, milk, and sweet spices.

**WHOLE GRAINS**
Brown rice, whole wheat pasta, bran cereal, and other whole grains may help stop cancer from starting and slow tumor growth.

*Tasty tip:* Start your day with at least two servings of whole grains, such as a full bowl of oatmeal or bran flakes, or two slices of whole wheat toast.

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**ISSUE ADVOCACY SUMMARY**

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**WINE BOTTLES**
Mr. Snyder also signed HB 5046 (PA 235, effective March 14, 2014) allowing patrons to bring an unopened bottle of wine into a restaurant where permitted and allowing the restaurant to establish a corking fee. AFPD supported this bill.

**CONDITIONAL LICENSES**
The Conditional License bill which AFPD supported was also signed into law: HB 4277 (PA 236, effective May 22, 2014) which requires the Liquor Control Commission to permit conditional liquor licenses.

**SKIMMING DEVICES**
Mr. Snyder also signed bills that would make it a crime to use skimming devices, which illegally attach to automatic teller machines and record a person entering a PIN. The device then reads the information on the ATM or the debit or credit card’s magnetic strip. The new laws mandate a person convicted of the crime could face five years in prison for a first offense, increasing to 15 years for a third and subsequent offense.

The five bill package (HB 5050, PA 212; HB 5051, PA 213; HB 5052, PA 214; HB 5053, PA 215; HB 5054, PA 216) goes into effect April 1, 2014.

“These devices are used to steal from others, and we need to crack down on this problem to help protect Michiganders,” Mr. Snyder said in a statement released on Thursday. “This is a bipartisan package of bills approved unanimously, showing the united commitment to fighting this growing issue.”
Transition Proposed to Help Consumers Facing Product Discontinuation

On November 14, President Barack Obama announced administrative guidance in an effort to allow insurers to renew existing individual market and small group market plans even if they do not include the full menu of required health care reform benefits. The President’s announcement came in response to concerns expressed by individuals and groups who had received notification that their current plan would be discontinued because it was not compliant with Affordable Care Act requirements.

After the President’s announcement, the Department of Health and Human Services (HHS) issued a letter to state insurance commissioners detailing the “transition policy” that the federal government is proposing. Importantly, while HHS is encouraging states to adopt this approach, insurance commissioners have discretion regarding whether they will permit issuers in their state to extend policies in the manner specified by HHS.

**UNDER THE TRANSITION POLICY:**

- Issuers would be permitted, but not required, to extend individual market and small group market policies that were in effect on October 1, 2013 without amending the policies to meet all ACA standards. The transition policy cannot apply to individuals or small businesses that obtain new coverage after October 1, 2013.
- The transition policy would apply to renewals of existing business occurring from January 1, 2014 until October 1, 2014.
- HHS indicated that it will re-evaluate this policy in 2014 and could extend it to additional renewal months.
- If issuers choose to use this transition policy to extend existing coverage, they must provide notification to enrollees in the extended coverage that includes the following:
  - any changes in the options available to them
  - which of the specified ACA market reforms would not be reflected in any coverage that continues
  - their potential right to enroll in a qualified health plan offered through a Health Insurance Marketplace and possibly qualify for financial assistance
  - how to access such coverage through a Marketplace
  - their right to enroll in health insurance coverage outside of a Marketplace that complies with the specified market reforms
- Policies that are extended using this transition relief are not technically grandfathered. But the HHS guidance indicates that they will not be expected to comply with certain ACA market reforms, including:
  - The requirement to limit premium variations to age, tobacco use and geography
  - Essential health benefits
  - Actuarial value metal levels
  - Restrictions on cost sharing
  - Guaranteed availability of coverage
  - Guaranteed renewability of coverage
  - Non-discrimination against a provider operating within their scope of practice
  - Prohibition on health status discrimination (exclusion would not apply to small group)
  - Non-discrimination in coverage for individuals participating in approved clinical trials
  - Prohibition of pre-existing condition exclusions or waiting periods for adults (exclusion would not apply to small group)

Though the President’s proposal grants discretion to insurers to allow people in individual market or small group market plans to stay on their existing plans, there is no guarantee that insurers will do so, or that the states will allow such renewals.

Individual market policies that are extended using the transitional policy are not eligible for premium tax credits. Only insurance sold through the Marketplace can receive government subsidies for those who qualify. The “transition policy” plans that President Obama is proposing to allow to be renewed for an additional year cannot be sold in 2014 and are not eligible for subsidies.

This transition policy does not impact those who are uninsured or have Medicare, Medicaid or large employer coverage.

The information in this document is based on preliminary review of the national health care reform legislation and is not intended to impart legal advice. The federal government continues to issue guidance on how the provisions of national health reform should be interpreted and applied. The impact of these reforms on individual situations may vary. This overview is intended as an educational tool only and does not replace a more rigorous review of the law’s applicability to individual circumstances and attendant legal counsel and should not be relied upon as legal or compliance advice.
Ohio Changes Workers’ Comp Billing Procedure-Explained

The Ohio Bureau of Workers’ Compensation (BWC) recently approved some changes concerning the way they collect premium from businesses. Currently, companies pay workers’ compensation premium six-months in arrears. In other words, employers pay premiums after the six-month coverage period. For example, in February of 2014 businesses will pay premiums covering the period of July 2013 through December 2013.

At their last meeting, the BWC Board of Directors approved a transition to a prospective premium collection model. See the one-page fact sheet, titled Modernizing BWC, in this issue of Bottom Line, summarizing this change.

Modernizing BWC – The plan to optimize the premium collection model

BWC is transitioning to a billing system that will provide more flexibility for employers while reducing overall systems costs. This change aligns BWC with standard industry practice and enables us to collect premiums before extending coverage. This transition becomes effective July 1, 2015, for private employers, and Jan. 1, 2016, for public employers. This conversion is part of BWC’s ongoing efforts to modernize its operations and provide better service to Ohio’s employers.

The benefits of prospective payment
A switch to a prospective billing system could provide the following benefits to Ohio employers:
- Overall base rate reduction of 2 percent for private employers and 4 percent for public employers;
- Opportunities for more flexible payment options (up to 12 installments);
- Better opportunities for BWC to provide quotes online or via the phone;
- Fewer costs from employers who either don’t pay premiums timely or have workers injured without coverage being mutualized among employers in good standing;
- Increased ability for BWC to detect employer non-compliance and fraud.

How it will work
Ohio employers will see a few modest changes as this transition takes place. They are:
- Earlier opportunities to sign up for incentive programs - Beginning in the fall of 2014, employers looking to participate in programs such as group rating, group-retrospective rating or other rating plans will have the opportunity to make those selections sooner;
- A one-time credit in July 2015 - An average employer will enjoy a one-time premium credit, as BWC will cover his/her August payroll report (covering the January to June 2015 premium) as well as the first two-month’s (July and August) prospective premium;
- A new payment schedule - Employers will receive their invoice in June and begin paying premiums before July 1. While that is earlier than before, all employers will be able to make at least quarterly payments, and some employers will be able to pay up to as many as 12 installments;
- A true-up process - Because BWC is providing workers’ compensation insurance coverage based on estimated payrolls, we will ask businesses to report or “true-up” their actual payroll for the prior policy year. This begins in August 2016.

Along with the fact sheet, there are a few things to keep in mind:
- From a premium collection standpoint, nothing will change until 2015. The next three premium payments due to BWC in February and August of 2014, as well as February of 2015 will be billed as usual. The first prospective premium payment will not be due until August of 2015.
- There will be no “double whammy” of premium when BWC makes this transition. Many have expressed the concern of being hit with double premium when BWC “flips the switch” to a new system - paying the last retrospective payment and the first prospective payment. As part of the “Billion Back” initiative announced by BWC earlier this year, BWC will grant employers a transition credit for their final retrospective premium payment. In addition, BWC will apply a transition credit for the first two months of the 2015 policy year period (July and August) to create additional savings for employers.
- The change to a prospective premium payment system will impact enrollment deadlines for alternative rating programs such as group rating and group retrospective rating. As you know, we are currently enrolling companies for traditional group and group retrospective rating for the 2014 policy year period (7/1/14-6/30/15). Current enrollment deadlines will still apply for the 2014 programs - February 28, 2014 for traditional group and April 30, 2014 for group retrospective rating. However, we will have a compressed marketing and enrollment cycle for the 2015 programs. The filing deadline for 2015 traditional group rating programs will be November 30, 2014. The deadline for 2015 group retrospective rating programs will be January 31, 2015.

The AFPD’s partner for workers’ compensation, Careworks Consultants Inc (CCI) will help AFPD members transition through this change and answer any questions you may have. AFPD’s representative is Theresa Passwater and she can be reached at 800-837-3200 ext 7248 or theresa.passwater@ccipta.com.
Keep Your Hard Work In The Family

**BY RANDALL A. DENHA, J.D., LL.M.*

For many family-owned businesses, the transfer of a business to the next generation gives rise to two unique sets of challenges. The transfer of wealth and the transfer of power to the next generation are both crucial to the long term health of a family-owned business and the family itself. The burdens of estate tax can cause hardships on both a business and a family. Without proper planning, there may not be sufficient cash to continue supporting the family’s lifestyle while paying Uncle Sam. By taking advantage of the current estate tax laws which may not be around forever, this burden can potentially be mitigated, preserving the family’s wealth and the strength of the business.

Under current law, United States citizens can make lifetime gifts free of tax up to $5,250,000. For a married couple that means $10,500,000 can be transferred free of gift and estate tax! With proper estate planning, a substantial portion of a family business’s value can be transferred to the next generation without paying a federal transfer tax. Future appreciation can be shifted to the next generation as well.

For example, if Mom and Dad own an S corporation valued at $40,000,000, Mom and Dad can elect to use their lifetime $5,250,000 exemption and make transfers to each of their two adult children who work in the business. By applying discounts for lack of marketability and lack of control, Mom and Dad can transfer approximately $14,000,000 to their children while making a gift for gift and estate tax purposes of less than $10,000,000.

- Discounts for lack of marketability and control = $14,000,000 x 30% = $4,200,000
- Discounted value of stock = $14,000,000 - $4,200,000 = $9,800,000
- Value transferred to each child = $7,000,000
- Value transferred to each child for gift and estate tax purposes = $4,900,000
- Gift tax paid upon transfer (assuming no previous gifts) = $0

In addition to the savings realized above, 40% of any future appreciation in the value of the business will escape inclusion in mom and dad’s estate.

In some instances transferring a majority of the stock makes sense. By transferring nonvoting stock or through the use of trusts, Mom and Dad can maintain control over the business. As a caveat and before any transfer of voting stock is completed, we strongly suggest you consider recapitalizing the company into voting and nonvoting shares and only gifting the nonvoting shares.

However, there comes a time in the life of every family business when transfer of control is necessary. Maybe Mom and Dad would like to step back and begin travelling, or health reasons dictate a transfer of control to the next generation. Maybe it’s just time for the children to take over. Whatever the motivation; relinquishing control is not easy. Determining who should be given that control can be even more difficult.

While a parent’s love may be distributed equally, the talent and capability of running a business may not be. Parents need to recognize that their children have different strengths and weaknesses, and that it’s in the best interests of all of their children to do what makes the most sense for the long term success of the business.

It may also be in the best interest of the business and the family for one person to be in charge.

Like most things in life, the transfer of wealth and the transition of control to the next generation benefit from planning and proactive decision making. While these are difficult decisions and conversations to have, taking advantage of the current estate planning environment should provide extra motivation to tackle this important task. At the end of the day the goal is to keep the business in the family and if we can save taxes along the way then that is even better.

*Randall A. Denha, J.D., LL.M., principal and founder of the law firm of Denha & Associates, PLLC with offices in Birmingham, MI and West Bloomfield, MI. Mr. Denha can be reached at 248-265-4100 or by email at rad@denhalaw.com.*
**ASSOCIATIONS**

- AMR - Association Management Resources ...................................... (734) 971-0000
- Food Marketing Institute .......................................................... (202) 220-0600
- Grocery Manufacturers Association ............................................. (202) 639-5900
- International Food Service Distributors Association ....................... (703) 532-9400
- Local Business Network ............................................................ (248) 620-6320
- National Association of Convenience Stores (NACS) ......................... (703) 684-3600
- National Grocers Association ..................................................... (248) 624-5300
- Neighborhood Market Association ................................................ 619 464-8485
- Turkish Resource Center of North America .................................. (248) 885-2227

**ATM**

- ATM of America, Inc. ................................................................. (248) 932-5400
- Elite Bank Card ATM’s ............................................................... (248) 594-3322
- Speedy ATM ................................................................................. (614) 226-2027

**BAKED GOODS DISTRIBUTORS**

- Great Lakes Baking Co. .............................................................. (313) 865-6360
- Michigan Baking Co. - Heath ..................................................... (313) 875-7246
- Sajouna Bakery ............................................................................ (313) 277-8877

**BANKING, INVESTING & CONSULTING**

- 1 Source Capital Commercial Financing ....................................... 1-888-447-7892
- Lincoln Financial Advisors ......................................................... (248) 948-5124
- Bank of Michigan .......................................................................... (248) 865-1300
- Citizens Bank ................................................................................. (248) 293-3036
- Huntington Bank ............................................................................ (248) 626-3970

**BEER DISTRIBUTORS & SUPPLIERS**

- Amport Distributing, LLC ............................................................. (517) 423-6727
- Easttown Distributors ................................................................. (313) 867-6900
- Frankenmuth Brewery ................................................................. (989) 262-8300
- Great Lakes Beverage Company ................................................... (313) 865-3900
- Powers Distributing Company ..................................................... (248) 393-3700

**BOOKKEEPING/ACCOUNTING CPA**

- Alkamano & Associates ............................................................... (248) 865-8500
- Marooin/EL Williams & Co. ......................................................... (614) 837-7928
- Old Bear & Associates ............................................................... (513) 403-9911
- Shimon, Yaldo, Kashit & Associates, PC .................................... (248) 851-7900
- UHY-US ....................................................................................... (248) 355-1040

**BUSINESS COMMUNICATIONS/ PUBLIC RELATIONS**

- Comcast ....................................................................................... (248) 343-9348
- Denha Media Group ..................................................................... (248) 702-8687
- Clear Rate Communications ....................................................... (248) 556-4537
- FirstMedia Group, Inc. ............................................................... (248) 354-8705

**CELLULAR PHONES & MOBILE MARKETING**

- Airvoice Wireless, LLC ............................................................... 1-888-944-2355
- Metro Mobile Marketing LLC ...................................................... (734) 697-6332
- Mouser Group ............................................................................. (248) 547-2800
- SSI Innovation ............................................................................. (810) 733-7460
- T-Mobile ....................................................................................... (248) 465-1717

**CHECK CASHING SYSTEMS**

- Secure Check Cashing ................................................................. (248) 548-3020

**CHICKEN SUPPLIERS**

- Krispy Krunchy Chicken ............................................................. (248) 821-1721
- Taylor Freezer ............................................................................. (734) 525-2535

**CHIPS, SNACKS & CANDY**

- Better Made Snack Foods ......................................................... (313) 925-4774
- Frilo-Lay, Inc. .............................................................................. 1-800-359-5914
- Kar’s Nut Products Company ..................................................... (248) 588-1903
- Motown Snacks ........................................................................... (586) 619-7023
- Nicks Chips .................................................................................. (586) 619-7023
- Uncle Ray’s Potato Chips .......................................................... 1-800-800-3286

**COFFEE DISTRIBUTORS**

- Folgers ......................................................................................... (717) 468-2515

**CREDIT CARD PROCESSING**

- WorldPay ..................................................................................... (773) 571-6327
- First Data, Justin Dunaskiss ....................................................... 1-877-402-4464
- First Data Independent Sales ........................................................................ (248) 876-4006
- Petroleum Card Services ......................................................... 1-866-427-7297

**C-STORE & TOBACCO DISTRIBUTORS**

- Liberty USA ................................................................................ (614) 461-2700
- Capital Sales Company ............................................................... (248) 542-4400
- H.T. Hackney-Grand Rapids ..................................................... 1-800-874-5550
- Martin Snyder Product Sales Company ....................................... (313) 272-4900
- S. Abraham & Sons .................................................................. (614) 453-6358
- United Custom Distribution ....................................................... (248) 356-7300

**ENERGY, LIGHTING & UTILITIES**

- Volunteer Energy ........................................................................ (734) 548-8000
- AmeriFirst Energy (Gene Dickow) ............................................. (248) 521-5000
- Dillon Energy Services ............................................................ (586) 541-0055
- DTE Energy ................................................................................ 1-800-477-4747
- DTE Your Energy Savings .......................................................... 1-855-234-7335
- Kimberly Lighting, LLC ........................................................... 1-888-480-0070
- Michigan Saves .......................................................................... (734) 494-2126
- Reliable Choice Energy ............................................................. (616) 977-1705
- Vantara Energy Services ........................................................ ..(616) 366-8535

**FOOD EQUIPMENT, MACHINERY, DISPLAYS, KIOSKS & FIXTURES**

- Culinary Products ...................................................................... (818) 754-2457
- Detroit Store Fixtures ................................................................ (313) 341-3255
- Sitto Signs ................................................................................... (248) 399-0111
- Store Fixture Supercenter ........................................................ (248) 399-2050

**FRANCHISING OPPORTUNITIES**

- Buscemi Enterprises Inc. ............................................................ (586) 269-5560
- Kasapis Brothers/Ram’s Horn Restaurants .................................... (248) 350-3430
- Tubbys Sub Shops, Inc. .............................................................. 1-800-497-6640

**GASOLINE WHOLESALERS**

- Atlas Oil Company ...................................................................... 1-800-878-2000
- Central Ohio Petroleum Marketers ........................................... (614) 889-1860
- CFX Management ....................................................................... (937) 426-6670
- Countywide Petroleum/Citgo Petroleum .................................... (440) 237-4448
- G & T Sales & Service, Inc. ......................................................... (248) 701-6455
- Gilligan Oil Co. of Columbus, Inc. ............................................. 1-800-355-9342
- High Pointe Oil Company .......................................................... (248) 474-0900
- K & K Petroleum Maintenance, Inc. .......................................... (937) 938-1195
- Obie Oil, Inc. .............................................................................. (937) 275-9966
- Oscar W Larson Co. ................................................................. (248) 620-0070

**GREETING CARDS**

- Leatin’ Tree. ............................................................................... 1-800-556-7819 ext. 4183

**GROCERY WHOLESALERS & DISTRIBUTORS**

- Cateraild, Inc. .............................................................................. (517) 546-8217
- Central Grocers .......................................................................... (313) 537-0715
- D&B Grocers Wholesale ............................................................ (734) 513-1715
- George Enterprises, Inc. ............................................................ (248) 851-6990
- Great North Foods ....................................................................... (989) 356-2281
- International Wholesale ............................................................ (248) 353-8800
- Jerusalem Foods ........................................................................ (313) 846-1701
- Kehe Distributors ........................................................................ 1-800-886-0700
- Spartan Stores, Inc. ................................................................. (616) 878-2248

**HOTELS, CONVENTION CENTERS & BANQUET HALLS**

- Petruzello’s ................................................................. (248) 879-1000
- Shenandoah Country Club ..................................................... (248) 683-6363
- Suburban Collection Showplace ............................................. (248) 348-5600
FEBRUARY 22, 2014
AFPD’S 98TH ANNUAL TRADE DINNER & BALL
Join leaders in the food, beverage & petroleum industries at this one-and-only black tie gala. Delight in fine cuisine, dancing and entertainment and engage with colleagues and friends to celebrate the strength and vitality of AFPD and the members it serves.

MARCH 2014
CHAIRMAN’S ROAST
AFPD is rolling out the red carpet for a classic comedy roast of our chairman of the board. A night filled with fun, laughs, cigars, wine and cocktails. Sponsorship opportunities are available. Date and location to be announced.

APRIL 29 & 30, 2014
AFPD’S 30TH ANNUAL INNOVATIONS TRADE SHOW
AFPD’s longest running trade show has retailers looking to fill their shelves for the spring and summer months. The Annual Innovations Trade Show is known for high-quality attendees, non-stop interaction and exhibitor satisfaction. Admission for AFPD members is free. Must be 21 years old to attend this show.

JUNE 23, 2014
AFPD FOUNDATION JOSEPH D. SARABA 6TH ANNUAL SCHOLARSHIP LUNCHEON
Each year the AFPD Foundation awards academic scholarships in the amount of $1,500 each to extraordinary and deserving students throughout the state of Michigan who are attending an accredited public college, private college, or university. Michigan scholarship recipients have an opportunity to meet and network with donors and contributors at this luncheon. Tickets and sponsorship opportunities available.

JULY 15-17, 2014
AFPD’S 38TH ANNUAL GOLF OPEN
Three dates to choose from! A day on the course includes breakfast, lunch, 18 holes of golf and samples at each stop along the way. Last year we sold out! Sponsorship opportunities are available.
The right health plan can protect your employees’ health and everything else you’ve worked so hard to achieve.

Find out what thousands of Michigan businesses already know. Contact the Associated Food and Petroleum Dealers at 248-671-9600.
We are Better Together.

We are proud to introduce SpartanNash to our community of customers and partners.

As we bring together two strong businesses with complementary capabilities, we have developed a corporate name and logo to represent our new company. Combining the “best of both,” our corporate name, SpartanNash, represents how we’re better together, growing and providing a stronger and broader set of offerings to our independent retailers. Simply put, as a larger, more efficient organization we will have a greater ability to serve you with market-leading products and best-in-class services.

The newly created SpartanNash has many opportunities to serve our customers and military heroes, and create a dynamic work environment for our associates. We have 22 distribution centers covering 44 states and operate 177 retail stores and are the leading distributor to military commissaries and exchanges in the United States. We believe that combining the resources, experience and talent of both companies has the potential to create an organization able to leverage its scale and geographic reach to enhance the ability of our independent retailers to effectively compete long term in the grocery food industry.

We are proud to serve as part of SpartanNash, working alongside talented associates committed to exceeding the expectations of our customers. While we will officially begin to operate as one company, for our independent retailers it is business as usual. SpartanNash will continue to offer our strong portfolio of both Spartan and Nash Finch Private Brands. Rest assured that meeting your needs continues to be our number one priority — and our commitment to providing you with high quality products and outstanding service remains steadfast.

For more information, Call Jim Goshman at 616-878-8088 or visit www.SpartanNash.com.