

BottomLine



THE VOICE OF INDEPENDENT RETAILERS // VOL. 27, NO. 2 // FEBRUARY 2016

Help Rescue Your
Community With Your
Food Rescue Plan

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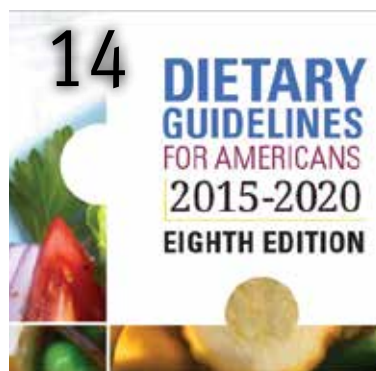
THE VOICE OF INDEPENDENT RETAILERS
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features



BLING WAS IN FULL SWING AT AFPD'S 100TH ANNUAL TRADE DINNER AND BALL

On Saturday January 9th, AFPD held its 100th Annual Trade Dinner & Ball. The event was held at Penna's of Sterling in Sterling, Michigan, and sold out five weeks prior at the hall's 1,000 people capacity limit.



2015-2020 DIETARY GUIDELINES FOR AMERICANS

Last month, the U.S. Department of Health and Human Services and Agriculture released the 2015-2020 Dietary Guidelines for Americans. This release marked the eighth edition of the Dietary Guidelines as the Department continues to focus on improving the over-all health of our nation. The guidelines show that making little changes, over time, can have a dramatic effect on an individual's health.



COVER STORY // HELP RESCUE YOUR COMMUNITY WITH YOUR FOOD RESCUE PLAN

Food is a basic necessity of life. But in the United States, arguably the most prosperous country in the world, many people go hungry every day while tons of nutritious food is thrown away on a daily basis. Thankfully, AFPD retailers are a big part of helping to bridge that gap with their "food rescue plans". If you don't have one, you certainly should.



chairman's message

JOHN DENHA // AFPD CHAIRMAN

2016 is Off to a Flying Start

2016 is off to a great start for AFPD. For those of you who attended the 100th AFPD Trade Dinner Gala it was the best ever! Thanks to all the sponsors who made it possible for us to enjoy great food, entertainment, drinks, cigars, casino gaming, in addition to all the other entertaining options available to those in attendance. It was a great opportunity to mingle with friends, AFPD members, suppliers and sponsors. If you missed the event, you missed a good time. Everybody, mark your calendar for January 7th, 2017 for next year's Gala!

As a first time Chairman I learned a lot in 2015, and since being elected by the AFPD Board to serve another year I feel more comfortable encouraging the Board and staff of AFPD to push for increased membership, explore mergers with other trade associations, increase the number of benefits, and more programs for AFPD members, and more. I'm looking forward to an amazing 2016!

I'm excited about the quality of the AFPD Board of Directors and the AFPD staff. It's the best staff I've ever seen at AFPD; combined with our consultants it's a hard team to beat. They are always ready to serve you, the members.

AFPD scholarship information has been sent out to all members. Promote the scholarship program at all membership levels. Candidates can apply online, with applications due by March 31st, 2016. Remember AFPD members, their employees, family members, and even their customers are all eligible to apply for the scholarships! Scholarship winners are determined by a third party located in Tennessee, based on merit, minority, or financial need. Anyone can sponsor a scholar and dedicate a scholarship named after a family member or loved one like I do. This is another benefit often passed up by AFPD members. This benefit differentiates us from many other associations. Take advantage of it! Go to www.AFPDonline.org then click on "Foundation", then click on "Scholarship Application".

Another date to mark on your calendar is Wednesday, March 16th, 2016 for a Detroit Pistons event at the Palace of Auburn Hills. Food, drinks, seating at the game, plus other special attractions will be made available for those who attend. The \$100 per person ticket price is a great value, and funds will go toward the AFPD Foundation to help sponsor scholarships. Seating is limited so; call the AFPD office to reserve your tickets. It would be great way to reward employees or show your friends a great time.

As you are filling your calendar, plan ahead and mark your calendar for the April 28th Innovations Buying Show in Southeast Michigan and watch the weekly AFPD emails for information about other upcoming trade shows in Mid-Michigan and Ohio. And since golf outings punctuate the summer, reserve Wednesday, July 20th for AFPD's golf outing, back at Fox Hills Golf Club.

Last, but not least, as a citizen remember this an election year, both federally (like you could miss all the hype), but also at the state level. Support the candidates who support your business and AFPD. If you don't vote and support the AFPD PAC, then you can't complain about the quality of the people who get elected to office. Support the AFPD PAC with a monthly contribution; look at your contribution as a monthly utility bill at your business.

May God bless AFPD and its members in 2016, and remember we're here to serve you! ■

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Bling was in full swing at AFPD's 100th Annual Trade Dinner and Ball



On Saturday January 9th, AFPD held its 100th Annual Trade Dinner & Ball. The event was held at Penna's of Sterling in Sterling Heights, Michigan, and sold out five weeks prior at the hall's 1,000 people capacity limit.

This black-tie gala featured leaders in the food, beverage and petroleum industry, as well as local dignitaries and elected officials. Colleagues and friends celebrated the strength and vitality of AFPD and the members it serves.

The event has always been an opportunity for both suppliers and retailers to connect, mingle and enjoy themselves as the new year begins to unfold.

The evening began with John Denha, AFPD Chairman, and Auday Arabo, AFPD President and CEO, recognizing members of the board and elected officials in attendance, as well as all the sponsors who made the event possible. Tom Naemi then followed with a prayer, before dinner was served.



After dinner, the casino doors opened and Steve Acho, Dal Bouey and the band Slight Return with Mark Kassa hit the stage and entertained the crowd with a wide array of music throughout the night. The first song on the set list was a cover of Joe Cocker's "Feelin' Alright", which helped set the tone for the rest of the evening's activities.

The Trade Dinner & Ball made a return to Penna's of Sterling which held the event for many years, including AFPD's 75th Anniversary. "Some changes were made in our program this year and we noticed it made a tremendous difference," said Arabo.

Back by popular demand was the Boogie Heads machine which superimposed guest's heads onto professional dancer's bodies and made an instant take-home DVD recording. Guests also had their photos taken with green-screen photography and had plenty of other amenities to enjoy including the popular candy buffet, ice cream station, potato chip display and cappuccino station.



Exquisite ice sculptures created by U.S. Ice were placed throughout Penna's to reflect the diamond-themed event. A full-size ice bar welcomed guests and 100th anniversary diamond-shaped ice centerpieces were placed on each dinner table.

Throughout the evening, attendees could bid at the silent auction which featured a wide array of sport-themed items and rare collectables including a three stooges comic book and a prescription for alcohol dated during the prohibition era. Happy's Pizza, Ashby's Sterling Ice Cream and National Coney Island coney-dog booths were also stationed around the hall to enjoy as the evening moved along.

"We are grateful to all who attended and made this year's gala a huge success," said Arabo. "We appreciate the continued support of AFPD members and I think our 100th anniversary event left a lasting impression on people's minds. It really showcased how special the association is and how special this night in history is." ■

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Thank You

We would like to extend a special thank you to everyone who attended the Annual Trade Dinner & Ball.

It was a pleasure to host you and we look forward to seeing you again next year!



ASK THE MEMBER //

WHY DO YOU ATTEND THE AFPD TRADE DINNER & BALL, AND WHAT IS YOUR FAVORITE PART?

"This was part of my life, I was in it for 37 years. I was chairman and president for three terms and I love to see the people that are still in the business. I'm so happy to see how successful the dinner is and how it's becoming more and more successful."

JERRY YONO // SOUTHFIELD FUNERAL HOME, MICHIGAN

"This trade dinner, it's been a tremendous fortune for AFPD to offer the members. You look around the room and you see everybody in our industry and our neighboring industry coming here to make it the function of the year for our industry. It's great to see people and get to know them on an individual basis. It's a tremendous event, it really is."

PAUL ELHINDI // CORNER MARKET, OHIO

"My favorite part is the opportunity to meet people that you've never met before and see people you haven't seen in a long time in the industry. There's also a lot of networking and it's a tremendous opportunity for people to learn about other businesses and the potential of getting together."

BOBBY HESANO // D&B GROCERS WHOLESALE & DISTRIBUTORS, MICHIGAN

"I attend every year because this is an awesome event, where it brings retailers and wholesalers together and where we can celebrate and enjoy our accomplishments throughout the year. My favorite part is seeing people you haven't seen in a long time and building new relationships."

BRIAN YALDOO // HILLS FINE WINE & SPIRITS, MICHIGAN

"AFPD does so much and you meet so many people here. There's so many connections and so many interesting people from all over the place that you can't go wrong. In a place like this, with all of the people over here, this is the best place to be right now. You get to see all your clients, customers and people you work with. My favorite part is the ice carvings, but really, everybody outdoes themselves here."

SAAD ABBO // U.S. ICE, MICHIGAN

"Meeting everyone is my favorite part and the opportunity you have to network is the best. It's an event that we look forward to and it's our favorite event of the year. It just being a hundredth dinner, means how far we've come and how long we've been around. It's a big milestone for AFPD."

JOHN DENHA // HURON FOODS, MICHIGAN

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A Career Focused on the Customer

Finding a place of employment where integrity, respect and a high work ethic was evident has been a priority for Kenneth J. Schulte Jr., 45, and it was one of the main reasons he took the job at AFPD as a Business Developer.

"I share the same interest as Auday and the AFPD team," said Schulte. "That is, a commitment to our customers — the retailers have always been my focus and it is the same for AFPD. There is a moral compass and true passion for our work here."

Schulte had worked with AFPD for about 10 years as both a district manager and while working in sales for NESTLÉ® Frozen Dairy Dessert Treats. All of the AFPD members became his NESTLÉ® customers.

While at NESTLÉ®, Schulte was instrumental in designing the NESTLÉ® Ice Cream program for AFPD members. "I fought for everything I could for AFPD," said Schulte. "Whether it was for trade dollars or marketing dollars — whatever we could do to continue to build business between NESTLÉ® and AFPD — I fought to make it happen. I believe in AFPD. There are times you see businesses or operations and you really don't believe in them because they are unethical. I walked away from those kinds of companies. With AFPD, it is just the opposite."

Taking care of the independent retailers was a priority for NESTLÉ® and AFPD. "It is important for the country," said Schulte. "The passion for this work came from my experience working with AFPD."

NESTLÉ® restructured and Schulte was laid off in 2015. He spent a short stint working for another company before he took the job at AFPD.

He currently spends nearly 80% of his time on the west side of the state building the membership base



and educating retailers about the association.

"Sometimes our biggest challenge is getting new members to see our vision which is often the work we do behind the scenes," said Schulte. "Yes, the programs and incentive are great but we work tirelessly as the voice for our members."

He brought to AFPD his vast network of contacts he was able to generate throughout his career. Although less than six months into his new position, Schulte envisions taking on more responsibility.

"I love to train and teach," he said. "We always have to think outside the box and I would really like bring new training programs to our members and be able teach them."

Schulte didn't expect a career in retail; he first set out to follow his father's footsteps in law enforcement but knowing the job would put a strain on a family, he decided to not use his Criminal Justice degree in that capacity.

However, he did start his career in high school working in security at the J.C. Penny location at Fairlane Mall and eventually landed a management job at Target. He would later be hired on by Edie's Ice Cream that was later bought out by NESTLÉ®.

He is married with two kids and enjoys his job immensely. "I am a people person" said Schulte. "I work with such great people at AFPD, many I have known for a while now. AFPD is just a great organization and I enjoy coming to work." ■

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Detroit City Council President Brenda Jones and Councilman Andre L. Spivey partnered with local community groups to launch *Detroit to Flint Water Campaign*

D&B Distributors with AFPD provided cases of water at below wholesale cost

Detroit City Council President Brenda Jones and Councilman Andre L. Spivey launched a campaign to raise money to purchase water for Flint.

AFPD and member D&B Distributors helped the residents in Flint by providing bottled water below wholesale cost. The initiative is part of the Detroit to Flint Water Campaign.

“As a Michigan-based company, we believe it is important to engage the community and help when we can,” said Bobby Hesano, president and CEO of

D&B Grocers Wholesale & Distributors. “We are able to participate in this campaign because of our partners. We are grateful to them for their support.

“We have a long-history serving the city of Detroit,” said Auday Arabo, president and CEO of AFPD. “As a multi-state association with a 106 year history based in Michigan, we have become part of the communities in which our members serve. Through our charitable foundation and our partners, we are able to give back to the community.”

An online fundraiser was held

from Monday, January 25th - Sunday, January 31st, to help raise money for the water. Donations were made at www.detroit2flint.com. The money raised helped buy Absopure Water at below Wholesale cost from D&B Distributors in partnership with AFPD and sent to residents in Flint.

Delivery of the water took place the week of February 1st. This campaign was in conjunction with the United Way of Southeastern Michigan, Faygo, and Ambassador Bridge Company and helped to show Detroit’s support for Flint and its’ residents. ■



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petroleum news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

Skimmer Warning: Storage Tank Inspections

Skimmers on fuel dispensers are not new news to you, but the frequency of discovery is increasing. “Skimmers” are used to fraudulently obtain credit/debit card account info along with ancillary information. Not only are the skimmers found at the CRINDS reader on pay-at-the-pump devices, but now they are being discovered inside the dispenser cabinet where a Bluetooth reader is attached to the ribbon cable.

Be on the lookout for any evidence of tampering with the CRINDS device. Furthermore, inspect the interior of your dispenser cabinets looking for attachments to ribbon cables that just don't look like they belong. AFPD strongly suggests that you change the locks on your dispenser cabinets, since the locks that were provided are universally the same across the entire product line. A secondary stop-gap measure can be utilized by using the foil labels that you can place across the seams of the cabinet face which will tear when the cabinet is opened or tampered with. The down-side to these foil labels is the fact that customers like to play with these labels while they are filling their tanks, and often they are destroyed by vandalism. Changing locks is a better solution.

If you do discover a “skimming” device you should notify the Michigan Weights and Measures Division, or the Ohio County Auditor. Those departments should be contacting the U.S. Secret Service since these devices contain fraudulently obtained credit/debit card account information.

STORAGE TANK INSPECTIONS

Underground Storage Tank (UST) inspectors are required by Federal Law to inspect every UST at least once every 3 years. In order to reduce the number of follow-up visits by inspectors, AFPD wants you to



know what the inspectors will be looking for in the way of information when they visit. So it would be best to just get in the habit of keeping the requested records in a separate file all year long. That way you'll always be ready for an inspectors visit.

They'll want to see:

- Class “A” and/or Class “B” operator state certification documents
- Quarterly B operator inspection forms
- Class “C” operator training records
- Annual testing/repair records (based on the type of tank system)
- Verification of Financial Responsibility
- Release detection records
- Verification that fee payments are current and properly registered
- Cathodic Protection records (if you have steel USTs)
- Proof of Registration properly displayed

Having these records available will reduce the amount of time the inspector has to spend at your facility, thereby streamlining the process. The inspector is only trying to do his job. This list will help get him/her in and out of your location in a minimum amount of time, and make the inspection process painless. ■



What to do if You Find a Gas Pump Skimmer

■ BY ROBERT DERUBEIS, PROGRAM MANAGER WEIGHTS AND MEASURES // MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Buying gas is a routine necessity for Michigan drivers with more and more consumers paying for their gas directly at the pump using a credit or debit card. Unfortunately, criminals have developed new technology to steal your personal banking information when paying at the pump. This techno-crime victimizes your customer and your station.

The typical gas dispenser has a common access key making it easy for criminals to access the interior dispenser. Generally referred to as “skimmers” or “filters”, these small electronic devices, are embedded into the electronic card reader system (like the one on the front of the gas dispenser) capturing the credit/debit card information. The information can be retrieved manually by the criminals or some of the newer devices appear to have Bluetooth capabilities. How do you know if there is a skimmer in the dispenser you are using? You don’t. The only way to identify if a dispenser has been tampered with or modified is to physically inspect the interior cabinet area. To date, nearly 30 skimmers have been removed from gas pumps across the state by the Michigan Department of Agriculture and Rural Development Weights and Measures inspectors, local law enforcement, service companies and station operators.

WHAT CAN YOU DO TO PROTECT YOUR CUSTOMERS?

Skimmers tend to be on the outside pumps or those obscured from the eyes of the operator or attendant. So, being extra vigilant about checking those pumps is recommended in addition to frequently inspecting all of your pumps for skimmers.

Some stations have a high tech alarm system to shut the pump down if it is tampered with. You can change the physical locks, or use tamper proof seals on the outside. These seals

are intended to alert consumers and operators to an unauthorized entry.

Note the picture of a security tape that had been cut with a razor (a skimmer was found inside). The most effective methods to date appear to be the alarm systems and changing the locks.

Though it would seem difficult to access a device and install a skimmer, our experience has shown these thieves need less than 30 seconds and are not afraid to make this attempt in broad daylight. Reporting unusual activity to the operator is an important step for consumers as is communication between station operators, service agents and Weights and Measures staff.

Weights and Measures staff inspect thousands of gasoline stations annually, and our search for skimming or filtering devices has become a daily routine. But we can’t do it alone. Through continued partnership with Michigan’s gas station owners, we can minimize the potential for consumers to get skimmed.

HOW TO PROPERLY IDENTIFY A SKIMMER?

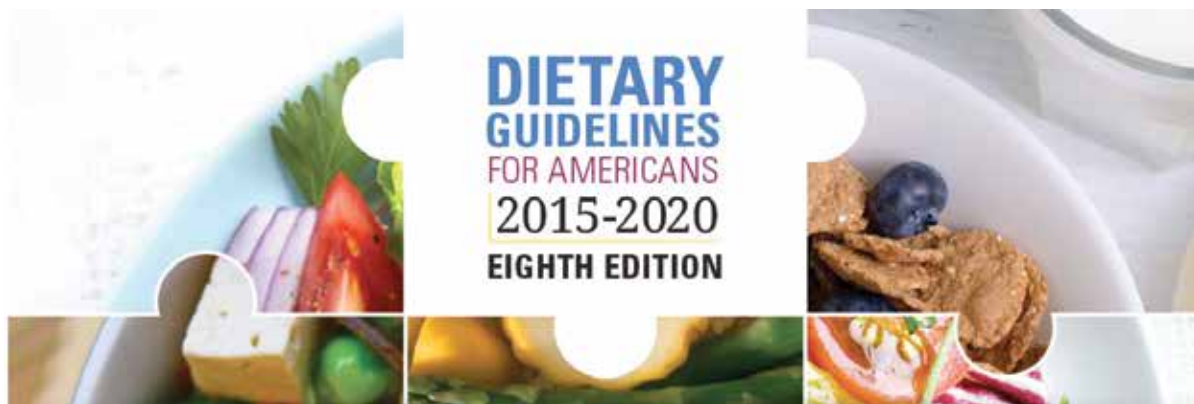
The device itself is approximately three by one-and-a-half inches. The easiest way to make your search is to find the wire (which is ribbon-like in appearance) that connects the card reader to the interior circuit board. This wire should be one piece and should have nothing inserted into it.

WHAT TO DO IF A SKIMMER IS FOUND?

First, do not touch it. Shut the dispenser down and contact MDARD’s Weights and Measures Section at (517) 655-8202. If this occurs on the weekend, call the local or State Police and file a report.

To file a consumer complaint regarding skimmers or any other Weights and Measures related issue, please call our Hot-Line at 1-800-632-3835. Informational videos are available at www.youtube.com/MIAgriculture. For information on the Weights and Measures program, visit us at www.michigan.gov/wminfo. ■





2015-2020 Dietary Guidelines for Americans

Last month, the U.S. Department of Health and Human Services and Agriculture released the 2015-2020 Dietary Guidelines for Americans. This release marked the eighth edition of the Dietary Guidelines as the Department continues to focus on improving the over-all health of our nation. The guidelines show that making little changes, over time, can have a dramatic effect on an individual's health.

"These guidelines are useful to our retailers," said Auday Arabo, president and CEO of AFPD. "They are able to use it to promote healthy products to the consumer."

The 2015-2020 Dietary Guidelines focuses on the big picture with recommendations to help Americans make choices that add up to an overall healthy eating pattern. To build a healthy eating pattern, combine healthy choices from across all food groups—while paying attention to calorie limits, too.

This edition of the Dietary Guidelines outlines how people can improve their overall eating patterns—the complete combination of foods and drinks in their diet. It also offers 5 Overarching Guidelines and a number of Key Recommendations

with specific nutritional targets and dietary limits.

THE GUIDELINES:

- 1** Follow a healthy eating pattern across the lifespan. All food and beverage choices matter. Choose a healthy eating pattern at an appropriate calorie level to help achieve and maintain a healthy body weight, support nutrient adequacy, and reduce the risk of chronic disease.
- 2** Focus on variety, nutrient density, and amount. To meet nutrient needs within calorie limits, choose a variety of nutrient-dense foods across and within all food groups in recommended amounts.
- 3** Limit calories from added sugars and saturated fats and reduce sodium intake. Consume an eating pattern low in added sugars, saturated fats, and sodium. Cut back on foods and beverages higher in these components to amounts that fit within healthy eating patterns.
- 4** Shift to healthier food and beverage choices. Choose nutrient-dense foods and beverages across and within all food groups in place of less healthy choices. Consider cultural and personal preferences to make these shifts easier to accomplish and maintain.

- 5** Support healthy eating patterns for all. Everyone has a role in helping to create and support healthy eating patterns in multiple settings nationwide, from home to school to work to communities.

KEY RECOMMENDATIONS

The Dietary Guidelines' Key Recommendations for healthy eating patterns should be applied in their entirety, given the interconnected relationship that each dietary component can have with others.

Consume a healthy eating pattern that accounts for all foods and beverages within an appropriate calorie level.

A Healthy Eating Pattern Includes:

- A variety of vegetables from all of the subgroups—dark green, red and orange, legumes (beans and peas), starchy, and other
- Fruits, especially whole fruits
- Grains, at least half of which are whole grains
- Fat-free or low-fat dairy, including milk, yogurt, cheese, and/or fortified soy beverages
- Oils
- A variety of protein foods, including seafood, lean meats



and poultry, eggs, legumes (beans and peas), and nuts, seeds, and soy products

A Healthy Eating Pattern Limits:

- Saturated fats and trans fats, added sugars, and sodium

Key Recommendations that are quantitative are provided for several components of the diet that should be limited. These components are of particular public health concern in the United States, and the specified limits can help individuals achieve healthy eating patterns within calorie limits:

- Consume less than 10% of calories per day from added sugars
- Consume less than 10% of calories per day from saturated fats
- Consume less than 2,300 milligrams (mg) per day of sodium
- If alcohol is consumed, it should be consumed in moderation—up to one drink per day for women and up to two drinks per day for men—and only by adults of legal drinking age.

In tandem with the recommendations above, Americans of all ages—children, adolescents, adults, and older adults—should meet the Physical Activity Guidelines for Americans to help promote health and reduce the risk of chronic disease. Americans should aim to achieve and maintain a healthy body weight. The relationship between diet and physical activity contributes to calorie balance and managing body weight.

An underlying premise of the Dietary Guidelines is that nutritional needs should be met primarily from foods. All forms of foods, including fresh, canned, dried, and frozen, can be included in healthy eating patterns. Foods in nutrient-dense forms contain essential vitamins and minerals and also dietary fiber and other naturally occurring substances that may have positive health effects. In some cases, fortified foods and dietary supplements may be useful in providing one or more nutrients that otherwise may be consumed in less-than-recommended amounts.

For most individuals, achieving a healthy eating pattern will require changes in food and beverage

choices. This edition of the Dietary Guidelines focuses on shifts to emphasize the need to make substitutions—that is, choosing nutrient-dense foods and beverages in place of less healthy choices—rather than increasing intake overall. Most individuals would benefit from shifting food choices both within and across food groups. Some needed shifts are minor and can be accomplished by making simple substitutions, while others will require greater effort to accomplish.

Although individuals ultimately decide what and how much to consume, their personal relationships; the settings in which they live, work, and shop; and other contextual factors strongly influence their choices. Concerted efforts among health professionals, communities, businesses and industries, organizations, governments, and other segments of society are needed to support individuals and families in making dietary and physical activity choices that align with the Dietary Guidelines. Everyone has a role, and these efforts, in combination and over time, have the potential to meaningfully improve the health of current and future generations. ■





michigan lottery

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

INSTANT TICKETS / PULL TAB TICKETS

NEW INSTANT TICKETS:

On sale February 2nd:

- Caesars Jackpot \$5 (IG # 759)
- Emerald Green 7's \$2 (IG # 743)

INSTANT GAMES SET TO EXPIRE:

Expiring February 1st:

- Zuma \$2 (IG # 675)
- \$2,000,000 CASH \$30 (IG # 683)
- Tripling Red 7's \$10 (IG # 688)

Expiring March 7th:

- Triple Green Cashword \$5 (IG # 659)
- Electric 8's \$2 (IG # 666)
- Neon 9's \$2 (IG # 668)
- Diamond 7's \$10 (IG # 678)
- Diamond Wild Time \$5 (IG # 680)
- \$500,000 Cash \$10 (IG # 682)

NEW PULL TABS TICKETS:

On sale February 2nd:

- Slot Crazy 50¢ (MI # 570)
- \$10 Grand Cash \$2 (MI # 539)

PULL TABS GAMES SET TO EXPIRE:

Expiring March 7th:

- I (Love) Michigan \$1 (MI # 532)

Expiring March 21st:

- \$1,000,000 Bonus \$5 (MI # 529)

Expiring March 28th:

- 100X The Cash \$1 (MI # 523)
- Detroit Lions \$1 (MI # 516)
- Midnight 7's \$1 (MI # 534)
- Silver Reels \$1 (MI # 533)
- Fireball Slots 50¢ (MI # 530)

TICKET ACTIVATION: Retailers are reminded to activate all game tickets before putting them on sale to ensure winning tickets may be redeemed by players.

Slate of 2016 Instant Games Expected to Produce Strong Sales

Michigan Lottery instant games posted unprecedented sales numbers in 2015, eclipsing \$1 billion in total sales for the first time. The 11% increase compared to 2014 is one of the highest growth rates in the nation.

The Lottery's team is committed to utilizing player research to develop new and innovative instant games that will attract avid and casual players, and boost sales for retailers. A diverse slate of new instant games in 2016 are expected to create excitement for players and build upon the strong sales momentum retailers experienced in 2015.

To make a strong start in 2016, the Lottery is launching Caesars® Jackpot in February. The \$5 casino-themed instant game offers players up to 15 chances to win on each ticket plus a second chance opportunity to win one of 10 all-expense paid trips to Caesars Palace in Las Vegas. The game features more than \$14 million in total prizes, including three \$300,000 top prizes. With an aggressive prize structure and exciting second chance opportunities, Caesars Jackpot is expected to appeal to a wide range of players and drive sales for retailers.

EXCITING INSTANT GAMES COMING IN 2016

- **Wheel of Fortune®** – Coming in the spring, this \$2 game will feature more than \$6.8 million in prizes, including top prizes of \$50,000. Players also will be able to enter non-winning tickets

into a second chance drawing for an opportunity to win an all-expense paid trip to Hollywood. Winners of the trip will have the chance to compete in a non-televised game of Wheel of Fortune hosted by Pat Sajak and Vanna White along with an opportunity to win \$1 million.

- **Hit Family of Games** – Launching late in the spring, the “Hit” family will feature four games ranging in price from \$1 up to \$10. Collectively, the “Hit” games will offer players more than \$155 million in prizes, including top prizes of \$5,000, \$50,000, \$500,000, and \$1 million, respectively. Game families have been among the most successful instant games offered by the Lottery in recent years. In fact, the recent launch of the “Hot” family of games produced \$14 million in sales in the game's first week on sale. We expect to retailers to experience similar success when the “Hit” family hits shelves in a few weeks.
- **Deluxe 7's Play Book** – When it comes to instant games, one of the questions we hear most often from players is: “When will the Lottery offer another game book?” In early summer, the Lottery will launch the Deluxe 7's Play Book. Each \$20 game book will feature six separate games with prizes ranging from \$20 up to \$2 million. The Deluxe 7's Play Book will offer more than \$46 million in total prizes. Players perceive game books as a great value with more chances to win and we expect a strong response from players when they have a chance to purchase a game book for the first time in six years. The year is off to a great start and we expect these new instant games, and others, to continue that momentum for the Lottery and retailers for another strong year in 2016. ■



TOGETHER, WE'RE BUILDING A BETTER MICHIGAN

Last year was record breaking for the Michigan Lottery, thanks to all your hard working selling Lottery tickets. Because of that hard work, we're building a better Michigan and lots of good things are happening as a result. It starts with hundreds of millions of dollars contributed annually to the state School Aid Fund, which is good for Michigan students. It's good for players, who won over a billion in prize money. It also helps boost your business and 10,000 others across the state, with commissions earned. So thank you for making this a banner year, for helping build a better Michigan, and making good things happen for all of us.





ohio lobby

TERRY FLEMING // TC FLEMING & ASSOCIATES

Elections Overshadow Legislation

As the new year begins, the Ohio General Assembly has finally returned to session. They are addressing issues left over from 2015, primarily focusing on social issues such as abortion and medical marijuana. They'd like to put these to bed quickly prior to the March primary as there are 6 Senator term limited, including Senate President Keith Faber and Senate President Pro Tem Chris Widener, who announced he's resigning effective January 31st. There are 15 House members term limited, including members of leadership. Of the 6 Senate members four are Republican and three of them are running for House Seats, and of the 15 in House, 11 are Republicans and 4 are Democrats; only two are seeking Senate Seats, however there are three other House members not term limited who are running for the Senate.

To make matters even more complicated Governor John Kasich's run for the Presidency has literally hundreds of legislators and state employees taking time off to work on the New Hampshire campaign. If that wasn't enough, the race to replace Governor Kasich has also began in earnest and will depend a lot upon whether the Governor finishes his term. If he doesn't, then Lt. Governor Mary Taylor would become Governor for two years and be the prohibitive favorite in 2018. But Secretary of State Jon Husted and Attorney General Mike DeWine, both Republicans, are running hard on the premises that Kasich will complete his two year term.

To add to all of this, Ohio U.S. Senator Rob Portman, a Republican, is up for reelection this year and will likely face former Democrat Governor, Ted Strickland, in November; although the 72 year old Strickland is being challenged by a young Cincinnati City Councilman P.J. Sittenfield.



Recently, Republican State Treasurer, Josh Mandel, announced the establishment of a Super PAC which is a strong indication that he intends to challenge Democrat incumbent Sherrod Brown in 2018.

So as you can see the focus this year is more on elections than legislation but AFPD will be looking strongly at tax issues, especially sin taxes and liquor and tobacco taxes at both the state and local level. We will also be working with Senator Bill Coley on updating lottery laws to make it more retail friendly and hopefully increase vendors profits.

We had been looking at legislation to make county auditors responsible for Weights & Measures leaving cities out of the equation but Franklin County Auditor Clarence Mingo who had approached us about the idea now believes cities will fight this as a Home Rule issue and has backed off this for the present.

AFPD has established a much better relationship with the Ohio State Lottery Commission and the Ohio Turnpike due to the efforts of AFPD President, Auday Aarbo. AFPD has also been involved with the Ohio Department of Agriculture, Weights & Measures division on new rules. We will also continue to be a key partner with many others in addressing tobacco issues in Cleveland.

To date no legislation of major concern has been introduced or is likely to be introduced in the near future but this is the time that any association and AFPD is no exception, that you need to continue to establish relationships with legislators and government officials and that is exactly what we plan to do. ■



Liquor Sales Top Billion Dollar Mark

The dollar sales of spirituous liquor reached a record level in 2015, totaling more than \$1 billion (\$1,018,126,447) for the first time. This was an increase of 7.3%, exceeding last year's total by \$70 million. Volume growth during the holiday season combined with consumers continuing to trade up to premium brands, pushed total annual sales over the unprecedented achievement of a billion dollars.

Retail dollar sales were strong in 2015 totaling \$731 million, an increase of 8% over 2014. Wholesale dollar sales (liquor purchased by retail permit holders such as restaurants, bars and clubs) also showed growth totaling \$287.1 million, an increase of 5.5%. The increase in

wholesale indicates positive growth and a strong Ohio economy as Ohioans are patronizing restaurants and other entertainment businesses that sell alcohol.

Dollar sales continued to grow at a higher rate than consumption in 2015. The total volume of spirituous liquor sold through the 466 Contract Liquor Agencies in Ohio was 13 million gallons, an increase of 3.9% over the previous year.

The following were the top 10 selling brands of spirituous liquor by gallons sold in Ohio for 2015:

1. Jack Daniels Tennessee Whiskey – 379,492 gallons
2. Fireball Cinnamon Whiskey – 298,406 gallons
3. Crown Royal Canadian Whiskey – 291,609 gallons
4. Captain Morgan Spiced Rum – 288,676 gallons
5. Bacardi Superior Light Rum – 287,901 gallons
6. Smirnoff Vodka – 283,801 gallons
7. Absolut Vodka – 272,521 gallons
8. Black Velvet Canadian Whiskey – 266,670 gallons
9. Tito's Handmade Vodka – 259,328 gallons
10. Kamchatka Vodka – 250,578 gallons ■



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Help Rescue Your Community With Your Food Rescue Plan

■ BY LISA CIPRIANO

Food is a basic necessity of life. But in the United States, arguably the most prosperous country in the world, many people go hungry every day while tons of nutritious food is thrown away on a daily basis. Thankfully, AFPD retailers are a big part of helping to bridge that gap with their “food rescue plans”. If you don’t have one, you certainly should.

What is a “food rescue plan”? It’s a way for retailers to clear their shelves of food items that are near the end of their shelf lives, overstocked or have damaged packaging, and offer them to local charities, churches and food banks. The items are perfectly fit for consumption, but not ideal for sale. Those who are hungry, aren’t concerned about a dented can, day old bread or an over ripe banana; they just want to eat.

The donations are more than welcome to agencies like The Food Bank Council of Michigan. As the state association for 7 regional food banks that distribute food through 3,200 food pantries across all 83 counties in the state, they have many mouths to feed. “In the State of Michigan, a little more than 16% of the general populous is considered food insecure, which means that they can’t afford the food that they need on daily basis” explained Phil Knight, executive director of the Food Bank Council. “22% of children in Michigan are food insecure. That’s almost 1-in-4 kids.”

The donated food is picked-up regularly by the food assistance agencies, made into nutritious meals by volunteers and very much appreciated by the hungry, who otherwise wouldn’t know from where their next meal will come. “They are very, very thankful and appreciative of it,” Knight added. “Many of the people that we service today are the new face of hunger: the underemployed, children, seniors and veterans.”

AFPD member retailers are especially helpful in their goal of achieving food security, but Knight knows there’s always more that can be done. “They have always been

a friend to those in need, a partner to help address the need of food security, and they’ve been there since the beginning with us,” said Knight. He shudders at the thought that there still may be some retailers throwing away food instead of donating. “You not only should want to do it; you have a moral obligation to do it.”

Food insecurity is also a concern of the 127 AFPD member stores of The Kroger Company of Michigan. In 2009, it pioneered a successful food rescue program which other large retailers have used as a model. The company developed their Perishable Donations Plan (PDP) by reaching out to and working closely with Forgotten Harvest. In doing so, they were able to coordinate how to make the program run efficiently, so that it could have the most positive impact. Kroger Communications Manager, Ken McClure, is quite proud of the Kroger Plan and the approximately 4.5 million pounds of food that it’s able to salvage, keep out of landfills and put to good use every year. “The foods selected for the PDP program are nutritious and perfectly edible, but may not reach the high standards demanded by our consumers,” said McClure. A bruised apple, deli salads, entrees near their expiration date and even uncooked meats, are now acceptable donations. “This opens the program up well beyond the days of ‘day-old bread’ and provides protein-rich, and other nutritious foods that were out of reach for food banks and rescues for many years,” explained McClure. He encourages food retailers both big and small to reach out to their local churches and food banks and develop a plan of their own.

Leith Karmo, store director of the 3 Market Square/ Fresh stores in Birmingham, West Bloomfield and Beverly Hills, had done just that. Karmo feels it’s a moral obligation and is especially proud of his stores’ food rescue plans which he oversees. “We live in the communities that we serve and feel it’s important to give back. Every month we donate three or four cases

of produce to a local church and they create hundreds of lunches with them and pass them out to people in need,” said Karmo.

They donate to a number of different food rescue organizations, giving them anywhere from a cart to a pallet full of goods at a time. “It helps us clear up shelf space to bring in more goods and rather than it going in the trash, we have the opportunity to make a difference,” explained Karmo. “A sister from the local church came in to the store to personally thank me and hugged me and it left a smile on my face for about 30 minutes. It was a really wonderful thing to know that I could help.”

The struggle with hunger is just as great in Ohio and the donations are just as appreciated from AFPD retailers in that state. Yolanda Owens, spokesperson for Mid-Ohio Food Bank cites similar hunger statistics in her state, as in Michigan. “About 1-in-6 central and eastern Ohioans are struggling with hunger,” said Owens. “And with children, it’s even more staggering with 1-in-4 children struggling with food insecurity.”

The reality is even more alarming when you consider that many who go hungry are part of the working class. “About fifty-percent of the people who are coming into the doors of our pantry for a meal are earning an income, but it’s just not enough,” added Owens. “69% of pantry clients are having to make choices between buying food and paying their utilities, while 55% of them have to choose between buying food and paying their rent or mortgages,” explained Owens. Not knowing when, or from where, your next meal will come isn’t something anyone should have to worry about, which is why food banks play such a critical role in helping individuals who rely on them. “When people are able to get their food from one of our pantries or network partners, that’s something that they no longer need to worry about,” said Owens. Food retailers account for about 11% of the donations made to their food bank which serves 20 Ohio counties. “We actually have a series of YouTube videos on our website for food industry donations to show just how easy it is,” explained Owens. “We also have incentive programs for some of our retail partners. Just put it into a box or bin on a pallet and our food trucks will come and pick it up.”

Terry Farida is president of Value Center Marketplaces with stores in Madison Heights, Livonia, Clinton Township and Waterford. Every one of his stores donates pallets of food to food pantries at local churches, Gleaners Food Bank and Forgotten Harvest on

a biweekly basis. They come right to his door and pick them up. “Nobody should go hungry in this country,” Farida said. His stores get creative during the holiday season to boost donations and get customers involved. For the past 4 years, they have put together food bags and encourage their customers to match at least half of the amount of their donations with cash or food. “One store raised \$5,000 and another about \$3,800 and we donated all the product to Gleaners during the holidays,” explained Farida. “It’s just what we do.”

If you don’t have a food rescue plan for your store, consider all the good that it will do to donate overstocked, damaged or nearly expired food on a regular basis. It’s easy to do and no amount of donation is too small. Simply contact your local churches, food banks and pantries, and give. They’ll make sure your generosity is put to good use and you’ll do your part to help make sure that no one, especially the youngest and most vulnerable among us, goes hungry.

For a complete list of Michigan and Ohio Food banks, please see page 47. ■

Lisa Cipriano is a writer for Denha Media & Communications.





2016 Changes to Food Donation Tax Incentives

■ BY CARRIE CALVERT // FEEDINGAMERICA.ORG



The PATH ACT, passed by Congress December 18, 2015 includes several improvements to the tax incentives allowable for food donation:

- 1 Making the extension to non C corporations permanent & allowing non C Corporations to carry forward the deduction for 5 years (same as c corporations);**
- 2 Allowing farmers and other “cash method” accounting taxpayers to consider 25% of the fair market value of the donated food as the cost to produce the food;**
- 3 Increasing the 10% cap of allowable charitable contributions to 15% for donated food;**
- 4 Codifying an important Tax Court ruling, Lucky Stores, Inc. v. Commissioner of Internal Revenue.**

TAX LAW PRIOR TO 2016: PERMANENCE FOR C CORPORATIONS ONLY

- Enhanced tax deduction available for donations of fit and wholesome food inventory to qualified 501(c)3 nonprofit organizations serving the poor and needy (Internal Revenue Code 170e3)
- Qualified business taxpayers were able to deduct cost to produce the food and half the difference between the cost and full fair market value of food donated
- Non-C Corporations were allowed enhanced benefits on a temporary basis, subject to Congressional renewal every 2 years which had last expired December 2014.

WHAT DOES THIS MEAN FOR DONATION PARTNERS?

- As of 2016, deductions now apply to C corporations and non C corporations permanently. Any donations made in 2015 by non C corporations are also eligible for the enhanced tax deduction. *This will greatly increase the ability of small and mid-size businesses to donate food (including farmers, retailers, restaurants and food manufacturers).*
- NEW in 2016: Donors that use cash basis accounting can estimate their cost to produce the food and take the enhanced tax deduction. *This is particularly beneficial to farmers.*
- NEW in 2016: Donors who are at the 10% cap on charitable contributions can now enjoy tax benefits for donated food up to 15% of their adjusted gross income. *This will be particularly beneficial to companies with low profitability.*
- NEW in 2016: Donors have greater certainty in how they value the food donated on an on-going basis.

This last provision, the codification of the Lucky Stores Inc. v. Commission of Internal

Revenue, is one of the most significant parts of the tax law for farmers, retailers and food service operators as well as manufacturing donors. The impact of the language differs by sector but it opens more opportunities for all.

The language from the Joint Committee on Taxation Technical Explanation states:

“Third, in the case of any contribution of apparently wholesome food which cannot or will not be sold solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or by reason of being produced by the taxpayer exclusively for the purposes of transferring the food to an organization described in section 501(c)(3), the fair market value of such contribution shall be determined (1) without regard to such internal standards, such lack of market or similar circumstances, or such exclusive purpose, and (2) by taking into account the price at which the same or substantially the same food items (as to both type and quality) are sold by the taxpayer at

POLICY WATCH
continued on page 24



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POLICY WATCH

continued from page 22

the time of the contributions (or, if not so sold at such time, in the recent past).”

IN EVERYDAY LANGUAGE, THE LAW OUTLINES:

- A protocol for establishing a Fair Market Value (FMV) for products that are not sold in market. FMV is key to the calculation necessary to calculate tax benefits based on IRS tax code (see below).
- That donations that cannot or will not be sold because the product is out of specification or overproduced, can be valued at the same price as other similar food items sold by the taxpayer at the time of the contributions (or in the recent past).
- A specific protocol for valuing product in circumstances, where FMV is not currently easily valued so companies are able to benefit from the enhanced tax deduction, potentially offsetting

incremental costs to donate:

- Products produced directly for donation, perhaps to utilize excess ingredients or line time
- Products that are off spec and currently landfilled or sold for animal feed vs donation
- Bulk product currently going to animal feed or left in field may be packaged in consumer-friendly packs
- Relabeled product with missing allergens on the label currently going to landfill

HOW DOES THIS IMPACT DONATIONS?

Farmers:

- Provides a protocol not previously available which establishes a Fair Market Value (FMV) of product donated from the farm or packing sheds by utilizing the selling price of goods moved to market
- Expands applicability of the tax benefits to all farmers and producers and by making it permanent allows farmers to incorporate donation as a regular part of their crop planning, either grown to donate or as an outlet for unmarketable product.

Manufacturers

- Previous legislation placed the burden of establishing the FMV for a donated product on the producer based on a selling price to a customer
- In the case of off spec product or a variation in packaging,

size, or formulation variation an established selling price (FMV) wasn't available, negating the producer's ability to calculated enhanced tax benefits

- New law allows for a similar or past item to be used in establishing a FMV for manufacturers
- By establishing a protocol for enhanced tax benefits, this provision now compensates the company in a small way if there needs to be an investment in packaging or labeling to insure the product is able to be distributed

Retailers/Food Service outlets

- It expands the Lucky Store case nationally and establishes that no matter what the age of the product being donated, that the FMV is the same as the original selling pricing of fresh product
- Permanence of this provision allows grocery and food service retailers to invest in permanent donation processes with long term commitments and impact, assured of on-going tax benefits, again partially offsetting any investment required

SAMPLE ENHANCED BENEFIT CALCULATION:

The sum of one-half of the unrealized appreciation (fair market value minus cost of goods sold = appreciation) plus the taxpayer's cost, but not in excess of twice the cost of the contributed property. (see the chart to the left for an example). ■

EXAMPLE OF ENHANCED BENEFIT CALCULATION

Selling Price (FMV)	\$3.00
Cost of Goods Sold	\$1.00
Gross Profit	\$2.00
Previous tax benefit for non C corporations	\$1.00 (COGS) business loss x applicable tax rate
New tax benefit for C and non C Corps	$\$1.00 + .50 = \1.50 (1/2 the difference between FMV and COGS) NOTE: The maximum deduction can never exceed 2 x COGS

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Leaping Into Uncertainty and Landing on Solid Ground

■ BY LISA CIPRIANO

Starting a new business at the beginning of a great recession is no easy task. However, the Brikho's of Pinewood Liquor were not only able to do so, but were able to thrive by combining great customer service with convenience. Owner Tony Brikho purchased the Lincoln Park store in 2008, when the economy was hitting the biggest slump since The Great Depression. At the time, there was a lot of uncertainty, especially surrounding the fate of the Detroit automakers and their factories that surrounded Pinewood Liquor's Fort Street location, between West Outer Drive and Southfield Road.

The store is the life blood of Tony and his sons Mark, Marvin, Martin, Chris and Anthony. It's also an entirely family run business. The Brikho's didn't know what the future would bring, in terms of the shaky economy, but that didn't stop Pinewood Liquor from success. "We took over in 2008 when the economic crisis happened," said store manager Mark Brikho. "We struggled for the first year or two, but we got through it and have increased our sales at least 5% each year. We have had about a 25% increase in sales and profits since we took ownership in 2008 up until now."

The Brikho's were able to weather the economic storm by offering a little bit of everything, at low prices, to give their customers both value and friendly service. Pinewood Liquor has a grocery store, with fresh produce, a full deli which they cater to parties and events, a large liquor selection and also check cashing and Western Union options. "It's so our customers don't have to go, spend up to an hour driving to the big chain grocery store, parking and waiting in line," explained Brikho. "That's the purpose of a convenience



store." They are so focused on convenience that they carry apparel items. "We offer clothing, hats, gloves and winter clothes for someone who needs something like that really quick and we'll even order something if somebody needs it," continued Brikho.

While some stores have cut back or eliminated their deli offerings because of the competition from all of the encroaching fast food and chain sandwich shops, Brikho has worked to expand Pinewood Liquor's deli to include subs made daily, soups, chili and salads all at much lower prices than the chain stores. "I sell up to 40 subs in a day, while other convenience stores sell less than that in a week," explained Brikho. "I deal with three restaurant suppliers, so whatever I see on sale, that's what I go for to get the best possible price to be competitive." Purchasing items on sale helps, but knowing how to mix up food options can be just as helpful. "I can't make the chili fast enough in the winter," said Brikho. "People will stand around and wait for it to be done."

Things have only gotten better for Pinewood Liquor since those first uncertain years, thanks to the recovering economy and the Brikho family's successful formula of building a solid customer base. "There's more work now and more labor is coming-in with the big three automakers and their suppliers adding jobs especially around this area," explained Brikho. "Now, with pay increases, they tend to spend more when they come in to cash their checks."

AFPD membership has been a huge asset in Pinewood's success in many ways. "I'm really happy with the credit card processing," said Brikho. "I'm saving almost 30% from the company that I was with before and I love the rebates, too." He's so pleased with the programs that AFPD offers, that he has gotten others to join as well. "My cousin was complaining about outrageous prices at a wholesaler he was dealing with, so I recommended D&B, the wholesaler that I'm with through the association," said Brikho. "He joined and now he's paying about half of what he was paying at the other wholesalers. Those are great benefits." ■

Lisa Cipriano is a writer for Denha Media & Communications.

RETAILER: PINEWOOD LIQUOR

Location: Lincoln Park, Michigan

Founded: 2008

Employees: 6

AFPD member since: 2012

Slogan: "Your place for one-stop shopping convenience"



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In the City of Southgate

He is a lifelong resident of the city of Southgate. He was elected to the city council after retiring with 25 years of service to the police department. As a city councilman Mark Farrah is the liaison to the recreation committee, a public safety commission, the supporter of STA athletic programs and a supporter of the city employees and retirees. In his full-time position, he is an investigator and detective with the Wayne County Prosecutor's office. He is married with two children. President and CEO Auday Arabo posed his 7 with the CEO questions to Mark Farrah. We share the conversation with our readers this month.

Q What is the City of Southgate's strongest asset to attract new business?

A Southgate has a very strong consumer market, as evidenced in the growing investment by new retail, food service, professional, and health and well-being businesses along our primary commercial corridors. This is directly related to the City's location along a major interstate highway, stable residential neighborhoods, a mature population, and easy access along the City's primary road system.

In 2015 the City witnessed a 267% increase in commercial permit revenue over 2014; this speaks to the daily traffic volume and the success of food, beverage, and petroleum businesses in the City.

In addition, Southgate ranked 4th in the state with respect to the quickness of new residential sales and residential resale's.

Q How important are AFPD members to the local economy?

A AFPD members are extremely important to our local economy; Southgate has always been fortunate to have small business owners willing to invest in our community. The businesses that are run by your membership provide local jobs and reinvestment, in good times and bad. Your primarily family owned businesses will always be the backbone of our community.

Q How do you help promote small business in your region?

A The City works hard to promote the visibility of small businesses in the region. For example, Mayor Kuspa is a small business owner himself, and our city leaders understand their challenges. We facilitate collaborations with our local businesses. We continue to work toward the vision of our Downtown Development Authority, as well as partner with the Southern Wayne County Chamber of Commerce and the economic development initiatives of the Downriver Community Conference. Southgate is proud to be a driving force for our small businesses.



Q How can AFPD members become more involved and engaged with your administration?

A The most productive way to become more involved is for AFPD members to let the City know about events and opportunities we can be involved in, and collaborate together with. Staying connected, continuing dialog, and perhaps informing the administration of the AFPD interests and priorities will be of the greatest value. I will continue to work with your association to strengthen our relationship and promote involvement.

Q How are you working on a regional level to be more business friendly?

A Southgate prioritizes the value-added to its marketing and business attraction activities with shared regional efforts. The Southern Wayne County Chamber of Commerce, the MEDC, the Detroit Regional Chamber and the Downriver Community Conference are all vital and important partners with Southgate. We all share marketing material, leads, contacts, demographic and legislative information with each other.

Q Many AFPD members give back to the local communities in which they service. How can the City of Southgate work with AFPD members to help improve the well-being of the region?

A This is a great question and opportunity! Southgate places a high priority on city service delivery, our senior citizens, parks and recreation, and attracting younger families. Much of this drives the City's focus on image and accessibility. There are varied and valuable initiatives, programs, and visions the administration would gladly welcome the support and input by the AFPD membership.

Q What are some of your biggest obstacles when attracting new business?

A Funding for marketing activities – Southgate did not escape the dramatic impact of the economic upset of the past decade. While we are very proud of the success of our city leaders, we realized to keep service delivery at an acceptable level, we have very few dollars for marketing and promotional programs. The City would welcome support and participation by the AFPD in this area, whether through funding or by any other means. ■



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Ohio Court Upholds Liquor License Renewal



■ DAVID A RABER, ESQ. // LUMPE & RABER
LAW OFFICES

The Franklin County Court of Appeals rendered a decision on December 31, 2015 which Ohio liquor permit holders and applicants should take interest. The decision by the Tenth District Court of Appeals in *City of Mentor v. Sines, Inc.* reversed the lower court's decision denying a new permit application.

Sines, Inc. has operated an old-fashioned service station in the City of Mentor, Ohio since the 1957. In 2002 Sines applied for but was denied a municipal zoning variance for reconfiguration of the station's interior and enlargement of the retail area. The application to reconfigure the premises did not propose the sale of any alcoholic beverages. Sines has always sold retail items at this location and subsequently decided to expand sales to include alcoholic beverages. Therefore, Sines applied for a C1, C2 permit which the City of Mentor ("City") objected. The Division of Liquor Control ("Division") overruled the City's objection. The City next appealed to the Liquor Control Commission ("Commission") which affirmed the Division's Order approving the

issuance of the permit to Sines, Inc.

The City next appealed to the Franklin County Court of Common Pleas which reversed the Commission. Although Sine's operation of the gas station, along with the sale of automotive retail items such as windshield wipers, windshield washer fluid, oil and fuel additives, as well as soft drinks and snacks, constituted a lawful, non-conforming use in a residential zone of the City, the common pleas court concluded that the sale of alcoholic beverages was an unlawful extension of Sines' legal non-conforming use.

The issue for the court of appeals involves the legal interpretation of the effect of conflicting applications of the state of Ohio's liquor laws with the city of Mentor's municipal zoning ordinances.

The Mentor ordinance prohibits an enlargement or increase in the non-conforming use where an enlargement results in increased non-conformity. Accordingly, Mentor's position is that its ordinance prohibits Sines from extending its non-conforming use by adding other uses that would be prohibited generally in the zoning district. In essence, Mentor argues that the sale of alcoholic beverages

under C1 and C2 permits, constitutes an expanded use of the property, based on beverages already sold by Sines at that location, that, in essence, alcohol sales are prohibited by its zoning ordinance and that, increased activity at the location creates safety concerns.

However, courts have stated the exclusive authority to regulate the sale and consumption of alcoholic beverages is vested in the Ohio Division of Liquor Control and the Ohio Liquor Control Commission. In this case, the City is clearly attempting to use zoning regulations to control or prohibit the sale of alcohol, which is prohibited by R.C. 519.211.

The court of appeals also rejected the City's position that the issuance of the liquor permits to Sines would violate its zoning ordinance. The Court specifically cited R.C. 4303.292(A)(2)(a) that local zoning ordinances are not considered to be a basis for objection to the issuance, transfer of ownership, renewal or transfer of location of a liquor permit. The Division and the Commission followed this law in overruling the objections of the City that were based on its zoning ordinances. ■



The Secret to Keeping Family Money

Building family unity correlates directly to maintaining family wealth — and communication about money should start early

■ BY STEVEN ABERNATHY AND BRIAN LUSTER
DECEMBER 9, 2015 @ 12:25PM EST

When it comes to the family fortune, silence is not golden. History has repeated this lesson for centuries as nine out of 10 affluent families have consistently seen their financial legacy destroyed, and family unity right along with it, within three generations. The culprit is rarely bad investment advice, a risk-prone portfolio or economic turbulence.

Roy Williams and Vic Priesser collected data from 3,250 families who had lost their wealth. Less than 3% reported that poor planning and investments were to blame for their reversal of fortune. 60% reported the cause to be lack of communication and trust within the family, while 25% said heirs were unprepared. The bottom line is: When families fail to successfully pass down their intellectual capital, and prepare heirs to receive their inheritance, financial capital suffers.

What do the 10% of families who retain their wealth do differently?

The head of a thriving family knows how to engage the children to determine a shared purpose for the family and its capital. Multi-generational planning starts with a conversation, the first of which often occurs at a family round table. Here, the heads of the family

share their vision and discuss where they are at present and what separates their current reality from their potential future. A process we call multigenerational planning provides the steps and formal exercises to explore this.

When a family's story, important life lessons and values of its leaders are unearthed and written down, a blueprint for a meaningful dialogue between generations is created. The family's intellectual legacy crystallizes. Building family unity correlates directly to maintaining family wealth. And communication about money as well as opportunities to model behavior can start early.

Ron Lieber's candid New York Times article, "Why You Should Tell Your Kids How Much You Make" shares oft-ignored truth: "Money is a source of mystery to children." When they are small, non-verbal lessons influence kids. Parents are advised to take stock and ask:

- Does my life reflect what I truly value?
- Do my words and actions support those values?
- Am I introducing these principals to my children on an ongoing basis?
- Do I speak candidly about how our money is spent?
- Do my children have a sense of the allocation of the monthly budget?

Scott Parker dumped \$10,000 in dollar bills on a table to illustrate this point for his own children. While this is one way to abolish secrecy within a household and give children a strong visual sense of how each dollar is allocated, setting aside the time to communicate regularly and openly about the family's finances is the goal.

Actionable opportunities for children to gain proficiency can be standard throughout their lives. Pre-inheritance experiences through adulthood will act as the building blocks of one's values. Through structured family meetings, occurring at least once annually, the family will unite to continue building opportunities for stewardship and family unity.

When the experiences are hands-on, and later discussed to determine if pre-determined benchmarks were met, families are not only customizing a mini-course of sorts in responsible stewardship, but reinforcing the benefits of the open, multi-generational dialogue. ■

Steven Abernathy and Brian Luster co-founded The Abernathy Group II Family Office which counsel's affluent families on multi-generational asset protection, wealth management, and estate and tax planning strategies.

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Freezing Weather Topics & Tips



With winter upon us, the AFPD's endorsed insurance provider "Conifer Insurance Company" shares these tips to remind you about a variety of freezing weather topics, including how to reduce snow loads on roofs, avoid frozen pipes, and deal with flooding caused by melting snow.

SNOW ROOF RISKS

How much snow on your roof is too much?

- A standard structure should be able to support 20 lbs per square foot of roof space.
- 20 – 25 lbs of snow is considered the "Danger Zone"
- Consider use of a "Roof Rake" – for approximately \$40, you can safely remove snow from your roof.

FROZEN PIPES

During cold weather, frozen pipes are one of the biggest risks of property damage.

- 37% of all frozen pipe failures occur in basements.

- To help prevent your pipes from freezing, consider the use of pipe insulation which can cost as little as .50 cents per linear foot.

WINTER FLOOD RISKS

Make sure to identify flood risks when snow and ice begin to melt. Keep in mind that rain can make snow melt more quickly.

- Safely clear your drains and gutters of any debris and make sure snowmelt flows away from your building.
- Safely remove excess snow from your roof using a roof rake, or hire a professional contractor.
- Seal any cracks or gaps in your building's foundation.

GUARD YOUR FIRE PROTECTION SYSTEM AGAINST FREEZING TEMPERATURES

Fire protection equipment is especially vulnerable when arctic temperatures affect a building. Failure or disruption of these important fire protection systems

can also be expensive to repair.

Fire protection equipment includes water mains, extinguishers, hydrants, sprinkler systems and post indicator valves which can be extremely vulnerable to drops in temperature during severe winter weather.

- Plan for maintenance personnel to monitor your building during cold snaps.
- Provide heat for dry-pipe sprinkler system enclosures. Make sure space heaters are in good operating condition.
- Be certain that hydrants and their locations are properly marked so they may be easily located and cleared after a heavy snowstorm. ■

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AFPD MEMBER EXCLUSIVE



OHIO //

Federal Government Wants to Lower Legal Alcohol Limit

■ BY MATT WRIGHT // FOX 8

The federal government says the legal alcohol limit should be lowered and wants states to change their impaired driving laws.

In its 2016 Most Wanted List of Transportation Safety Improvements, the National Transportation Safety Board called on states to lower blood alcohol concentration, or BAC limits from .08 to .05. The change could mean some people are over the legal limit after just one or two drinks.

“Impairment is a multifaceted problem, and it will take stricter laws better enforcement of those laws and improved education,” NTSB Chairman Christopher Hart said.

The federal agency cites data

from the last 15 years showing one-third of highway deaths involved an alcohol impaired driver. The NTSB said impairment begins before someone's BAC reaches .08, and by that time, the risk of a fatal crash has more than doubled. Law enforcement officials said the legal limit can provide a false sense of security for drivers.

“There's a lot of conversation about how much can I drink and still be ok. I think that's flirting with danger, and we should just avoid that if at all possible,” said Sergeant Robert E. Gable, and Ohio State Highway Patrol trooper certified as a drug recognition expert.

Gable said a variety of factors affect BAC including

metabolism, body weight and food consumption. He said drivers showing signs of impairment can be cited even if they are below the legal limit.

“There're too many factors at play there to have a cookie cutter system of how much you should drink or how much you would be able to drink without becoming impaired,” Gable said.

Any changes would require action from the Ohio state legislature, which determines the state's BAC limit. The federal government could potentially use the power of the purse strings with grants to encourage a change, as happened with the legal drinking age. ■

C-Stores an Integral Part of Lottery History

Largest jackpot in Powerball history finally sold, marking what could be the busiest day for the industry in 2016

■ BY NACS ONLINE

Lottery fever can finally calm down! The winning ticket for the largest jackpot of \$1.5 billion in the multistate Powerball has finally been sold—three times, actually. Almost immediately after the numbers were announced on January 13th, the California Lottery tweeted that “a jackpot-winning ticket was sold in Chino Hills.” Other state lottery officials later said winning tickets were also sold in Munford, Tennessee and in Melbourne Beach, Florida.

Balbir Atwal, owner of the 7-Eleven franchise in Chino Hills that sold one winning ticket, said it was “very exciting,” according to CNN Money. The winning numbers were 08, 27, 34, 04 and 19, and the Powerball was 10.

For many convenience stores that sell lottery tickets, January 13th could likely go down as their busiest day—at least for 2016. With the Powerball jackpot surging to \$1.5 billion, convenience stores, which sell half of all lottery tickets in the

United States, saw enormous in-store traffic this week, and not just for Powerball tickets. According to a NACS study, 95% of lottery customers buy at least one additional item inside the store.

There is an excitement in convenience stores when jackpots hit record numbers. It gives retailers a chance to shine and enjoy the excitement in their communities, and it's great to hear the conversations about what people would do to possibly use the winnings. ■



EMV and the Chargeback Conundrum

Non-EMV compliant retailers are on the hook for fraudulent transactions, including the chargebacks they are not liable for

■ BY NACS ONLINE

Forbes recently put the spotlight on the liability shift following the October 1, 2015, EMV compliance deadline for U.S. retailers.

“The reason for the mandate is very straightforward,” writes Paula Rosenblum of Forbes in her piece, “The Nightmare Continues: Banks Using New Payment Standards To Soak Retailers.” “As my partner Brian Kilcourse often describes, banks and the credit card industry pushed for it to transfer risk from the banks to retailers. Consumers had no credit card related risk before, and they still don’t. But retailers who are not EMV compliant now assume the liability for fraudulent transactions arising from stolen credit cards.”

Gray Taylor, executive director of Conexus, noted in NACS Daily on October 1st how banks are getting out of the risk business by shifting liability onto retailers. “Controlling the societal cost of fraud is squarely on the merchants’ back—the least enabled stakeholder in the payments ecosystem to implement further structural safeguards,” he said.

Four months into EMV compliance in the United States, only 6% of merchants made the mandate deadline and only 8.5% of merchants are EMV ready, noted Greg Buzek of IHL Group. “But it is the stories from frustrated CIOs we heard that are the real kicker,” he writes.

“When banks sent retailers that were not EMV compliant the



bills for fraudulent transactions as promised, they sent every single chargeback...even the ones the guidelines say the retailers were not liable for!” writes Buzek. “Lost and stolen cards are not supposed to be charged to the retailers for fraudulent transactions. So for instance, if I stole your chip card and went to the store and used it...that is a legitimate card, but I’m not a legitimate user. EMV as implemented as chip and signature would not catch me doing [this] if you had not reported it lost or stolen yet. But because of greed and/or laziness from the banks, all of these charges are being passed on to the retailers.”

Taylor told NACS Daily that banks are taking a “charge them all back” approach to chargebacks, which will have dire consequences for small to mid-size retailers, who can scarcely afford dedicated chargeback staff.

Buzek also points out that retailers are now storing Track 2 data so that they have an audit trail to fight the merchant and acquiring bank for fraudulent charges, which is the data retailers had been mandated not to store several years ago as part of the PCI-DSS. As Rosenblum adds,

the “data included in those old-fashioned mag stripes.”

Rosenblum points out that the retail industry “spent a fortune on complying with a standard (PCI-DSS) that was never going to be adequate for preventing data theft. And it wasn’t. Now they’re spending another fortune on card readers and software when the banks haven’t even cleaned up the card side of the equation. And in managing this untenable situation, they’re undoing the other paltry standard they spent a fortune on in the first place.”

“The constant mandates from card brands are death by a thousand cuts,” Taylor said. “The failure to provide a long-term strategic plan for upgrading the largest payment system in the world is unconscionable and hurts small business the most. Retailers have had three major ‘drop everything’ payments upgrades mandated to them over the past eight years—and not one of them mandated PIN authentication, the most effective way of reducing fraud. To make matters worse, we will have to invest another few billions on tokenization, mobile and encryption, which we know are just around the corner after we install EMV.” ■



The Southern-Glazer's Alliance: A Game Changer for U.S. Wine and Spirits Distribution

■ BY SHANKEN NEWS DAILY

Southern Wine & Spirits and Glazer's Inc. recently announced an accord to join forces and create a distribution powerhouse covering 41 U.S. states, as well as Washington, D.C., Canada and the Caribbean. Based on Impact Newsletter's wholesaler numbers for 2015, this deal combines Southern's \$11.8 billion in sales revenue with Glazer's \$3.7 billion—forming a juggernaut with over \$15 billion in annual sales, not including an expected \$1 billion in annual revenue from a new national supplier agreement with Bacardi (see sidebar on page 33).

The new company, Southern Glazer's Wine & Spirits LLC, will have roughly 20,000 employees, including a sales force of more than 12,000. It will distribute more than 150 million cases of wine and spirits annually, and serve more than 350,000 on- and off-premise customers. Southern Glazer's will have nearly a 30% share of the U.S. spirits and wine market in dollar terms. The companies' biggest spirits suppliers in common are Diageo, Moët Hennessy, Beam Suntory and the newly signed Bacardi. (Southern has Pernod Ricard as a major supplier, while Glazer's does not.)

With this agreement, Southern chairman Harvey Chaplin becomes chairman of Southern Glazer's Wine and Spirits, while Glazer's chairman Bennett Glazer

is executive vice chairman of the new entity. Wayne Chaplin, Southern's president and chief executive officer, will be CEO of Southern Glazer's, while Glazer's CEO Shelly Stein will serve as the Southern Glazer's president. In this exclusive interview, Marvin R. Shanken, chairman of M. Shanken Communications, met with these four executives to discuss this agreement and its implications for the industry's future:

Q: Marvin R. Shanken: My first question is simple: why did you do this deal?

A: Wayne Chaplin: At Southern, we've always invested in building a footprint for our long-term future. In 2008-2009, we first talked with Bennett and his family about putting together a combination to create a national distributor and change the paradigm at the second tier. This deal will produce a totally unique route to market, offering suppliers a one-stop opportunity in the United States. It represents a changing of the landscape.

A: Shelly Stein: When I joined Glazer's over five years ago, it was clear that the industry would continue to consolidate. We could have remained on our own, but consolidation would make it more difficult as time went on. We face pressures from suppliers and retailers, and we need to run very efficient businesses. So it made

sense to have a national footprint.

A: Bennett Glazer: Strategically, this was by far the best fit. If you look at the United States as a big puzzle, we were the missing piece for Southern. But the key reason is that they're a family-owned company, and so are we. I've watched Southern from the beginning, I admire and respect what they've done, and I felt they would fit perfectly with our culture and what we've accomplished.

A: Harvey Chaplin: We looked at Glazer's and what we were missing. When we obtained a license in Texas several years ago, no suppliers took us, and that's a real compliment to Glazer's. When Wayne and I discussed this plan, I said I'd been there once and didn't want to be reminded of that faux pas. The comfort is that Wayne's knowledge of the industry is equal to mine, and I felt he could make this deal. And that's what he's done.

Q: Marvin R. Shanken: This agreement is not a marriage of equals, in the sense that Southern has a much larger business than Glazer's. How is the ownership divided up?

A: Wayne Chaplin: In the structure going forward, the company will be majority-owned by Southern Wine & Spirits Holding Company. The new Southern Glazer's Wine and Spirits will have two shareholders—Southern Wine & Spirits Holding and Glazer's, Inc.



Q: Marvin R. Shanken: Going back to the negotiations of 2008-2009, what stopped that deal from getting done?

A: Bennett Glazer: That deal was structured very differently from what we have today. It wasn't really a merger, because we would have continued owning our equity, and Southern would have continued owning theirs. At the time, we were trying to create a new partnership approach—a joint venture where we would share in the upside. It was a fairly complex arrangement, and ultimately untenable.

A: Shelly Stein: And five years ago, Glazer's wasn't the same company it is today. We had issues with management, suppliers and technology, and Glazer's was under pressure to make a move because its suppliers weren't happy. So it wasn't a good time for Glazer's. Today things are very different. We're a healthy company facing no pressure. This agreement was a choice. The more time Wayne and I spent together, the more I liked the deal. Wayne has been great about treating Glazer's as a true partner.

Q: Marvin R. Shanken: Talk to me about the commonality of your suppliers. Is there a significant overlap? And how will this deal affect the possibility of new suppliers joining your national platform?

A: Shelly Stein: We both handle everybody somewhere, with 75% of our top 25 suppliers directly overlapping.

A: Wayne Chaplin: And while we have many common suppliers, we also have many who aren't the same. In both cases, there are benefits. The suppliers handled

by Southern will see this deal as greatly simplifying their route to market in terms selling, pricing, execution, IT, and the overall supply chain. It's a game changer on all fronts. For suppliers with whom Glazer's does business and we do not, or vice versa, their newfound ability to expand across multiple markets represents a major opportunity. (Editor's note: as with Bacardi's recent distribution announcement.) Our chain customers and our suppliers are much bigger than they were five or 10 years ago, and this deal will enable us to service their needs far better. I would add that it's critically important to have a very capable chief operating officer to lead the commercial enterprise at Southern Glazer's. We're lucky to have Brad Vassar in that role. He's been with Southern since 1991, and he's a proven leader and winner.

Q: Marvin R. Shanken: As the national chains continue to expand, how will you capitalize on those changes?

A: Wayne Chaplin: The major customers want to know what's happening in their stores every single day, in real time. With current technology, that's doable, and Southern and Glazer's have both invested to make that happen. Now we have an opportunity do that on a national basis—with total transparency between brand owner, distributor and customer instead of having it done through 30-40 distributors. Doing business with one distributor, one IT system and one set of data creates tremendous simplicity.

Q: Marvin R. Shanken: Will smaller retailers and restaurateurs feel less important?

A: Wayne Chaplin: This deal is good for our smaller customers too, because our scale will allow us to create new efficiencies in our operations and the supply chain. It's important to us to take care of the mom-and-pops in every market. We don't want to face the prospect of having just five or ten big customers. We want lots of customers. ■

BACARDI MAKES UNPRECEDENTED MOVE, SHIFTING BUSINESS TO SOUTHERN GLAZER'S ACROSS U.S.

In an unprecedented move, Bacardi USA is shifting its business to the newly formed Southern Glazer's operation across the U.S. market, as reported by Shanken News Daily (SND). Bacardi, the fourth-largest U.S. spirits marketer, with annual sales of around 15 million cases and distribution revenue of more than \$1 billion, has informed its current network of distributors—which include Republic National Distributing Co., Breakthru Beverage Group (the new joint venture formed by Charmer-Sunbelt Group and Wirtz Beverage Group) and Young's Market Co., among others—that it's moving its business to Southern Glazer's in the more than 40 states in which the distribution giant operates.

At the advice of counsel, Bacardi has filed declaratory judgments against its current distributors. While SND understands that Bacardi isn't seeking damages through this action, the supplier is aiming to protect itself amid the distribution revamp. We will be sharing more information with our readers as it becomes available. ■



MICHIGAN //

International Award Showcases Employee Engagement at Michigan Liquor Control Commission

MLCC named International Process Excellence Award winner for licensing improvements

■ BY LARA COMMUNICATIONS

The employee engagement efforts of the Michigan Liquor Control Commission (MLCC) were recently highlighted as the commission was awarded the Process Excellence (PEX) Network Award for “Best Process Improvement Project Under 90 Days,” outcompeting finalists from California, Canada, Dubai, Ireland and France.

The PEX Awards celebrate and recognize outstanding performance achieved by leading companies around the world for business transformation initiatives.

“This is a major achievement for the MLCC and one which we, as a department, are very proud of,” said Michigan Department of Licensing and Regulatory Affairs Director Mike Zimmer. “All recognition goes to the exemplary group of MLCC employees who took it upon themselves to implement real and meaningful change.”

Zimmer added that this process improvement is just the tip of the iceberg, as LARA continues to engage staff across the department to implement similar changes that benefit customers, improve the state’s regulatory climate and preserve consumer protections.

The MLCC received the award for its project through Reinventing Performance in Michigan, which resulted in liquor licenses being processed approximately 64% faster, allowing businesses to receive their liquor licenses 176 days sooner.

A process that once took up to 275 days to complete, now takes on average, less than 100 days. This makes a world of difference for year-round, and especially seasonal, restaurants and businesses.

“Michigan’s system undeniably had too many delays, unnecessary paperwork, duplicative steps and bureaucratic red tape,” said

MLCC Chairman Andy Deloney. “Commission staff recognized the need for improvements and took the initiative to make much needed changes. This award simply wouldn’t have been possible without their innovative ideas and dedication to continuous improvement.”

And the changes will keep coming, Deloney said.

“We’re thrilled MLCC employees’ efforts have been recognized with this special award, but our work continues to better serve the state’s liquor licensees and beer, wine and spirits industries,” Deloney said. “The Commission is hard at work making further reforms that will make it easier for customers to do business here in Michigan.”

See the graphic on this page to learn more about the MLCC’s award-winning process improvement and how it’s benefitting the state’s customers.

The Process Excellence Network is a global community for process professionals, business leaders and executives who want to improve their businesses through process and operational excellence. To learn more about PEX Network, visit www.processexcellencenetwork.com.

For more information about LARA, please visit www.michigan.gov/lara. ■



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Napa Wineries Ship \$1 Billion in Wine to Consumers 1n 2015

■ BY JENNIFER HUFFMAN // NABCA

To remain competitive and relevant, wineries are becoming far more proficient at wooing customers directly with wine clubs, creating memorable experiences and emotional connections to the wineries. It seems to be paying off.

Napa wineries reached an all-time-high shipping record in 2015: More than \$1 billion worth of Napa Valley wine was shipped directly to consumers.

Napa wineries reached an all-time-high shipping record in 2015: More than \$1 billion worth of Napa Valley wine was shipped directly to consumers.

The data came from the 2016 Direct-to-Consumer Wine Shipping Report issued in January by ShipCompliant and Wines & Vines.

Last year was a strong one for Napa Valley wines, said the report.

The region now commands over half of the volume for the direct-to-consumer industry.

"The report underscores the importance of the direct-to-consumer channel to wineries today," said Patsy McGaughy, communications director of the Napa Valley Vintners.

"It gives them direct contact, communication and brand-building opportunities with their customers," she said. "Consolidation in the three-tier (distribution) system continues and that makes it harder and harder for small, family-owned brands to

get attention and sell their wines through traditional channels."

The data "reflects both the strength and momentum of winery" direct-to-consumer (DTC) business, said Lesley Berglund, chairman of the WISE Academy, and an industry expert.

"We are seeing the direct distribution channel for wine continuing to be a significant source of sales for wineries, and an increasingly desirable way for consumers to obtain wines that they can't find in their local retail outlets," said Jeff Carroll, vice president of compliance and strategy for ShipCompliant.

DTC sales cut out the middle man, or distributors. Instead of relying on a distributor, the wineries create wine clubs and other programs to sell their wines straight to the wine drinker.

According to the report, Napa Valley cabernet sauvignon shipments were largely responsible for the DTC growth in the county.

"This makes sense, as DTC shipping is expensive, so it makes the most sense for our highest price point wines and makes less sense for inexpensive bottles," said Berglund.

According to Berglund, "Napa wineries are getting much better at both delivering a positive, memorable guest experience as well as selling wine, signing up new wine club members and capturing contact data," so they can stay in touch with winery visitors, which drives future business.

According to Berglund's research, five years ago, only about one-third of Napa tasting rooms would ask visitors if they wanted to take or ship some wine home.

"Today in Napa we now ask for the order 67% of the time," said Berglund. "Five years ago in Napa we were only mentioning the wine club at all 11% of the time. Today we are bringing up wine club benefits 33% of the time."

Berglund said getting a better price by buying direct isn't the only reason DTC works.

"The main advantage for consumers buying direct from the winery is twofold. First, if they have visited the winery and had a direct brand experience, when they open a bottle of wine that they bought at the winery, they get to relive this memorable brand experience," she said.

"This emotional connection to the winery brand cannot be duplicated when buying thorough off-premise retail channels.

"Second, consumers have access to special wines sold only directly from the winery – also something they can't experience through off-premise retail purchases," said Berglund.

Napa County wines sold direct to consumer represent 50% of the total value, nearly one-third of the total volume and the highest per-bottle price for all wine sold directly to consumers.

The average price per bottle shipped by Napa County wineries rose 4.8%, said the report. The value of those shipments rose 15.7% in 2015.



The average price per bottle of Napa wine shipped direct to consumer was \$61.41. That's the highest price per bottle of all U.S. wine regions. Oregon wines were a distant second at \$40.17 per bottle.

"I find these numbers to be quite astounding when you consider Napa Valley makes just 4% of all of California's wine and four-tenths of 1 % of all the world's wine," McGaughy said. "It's an endorsement of the quality and demand for Napa Valley wines."

McGaughy noted that 95% of Napa Valley wineries are family-owned and 80 % are making less than 10,000 cases per year. Therefore, "it is more important than ever that these small, artisan producers have access to this important channel to sell their wine," she said.

In the United States, 43 out of the 50 states allow direct shipment of wine to consumers, and these consumers continue to embrace this wine-by-mail option.

The report shows that the volume of winery shipments to consumers grew at a rate four times greater than the overall U.S. retail off-premise wine market in 2015.

U.S. wineries shipped over 4.2 million cases of wine in 2015, which represented \$1.97 billion in sales, an 8.1 % increase over 2014.

OTHER HIGHLIGHTS IN THE REPORT INCLUDED:

- Consumers continued to embrace Oregon wine, with its shipments increasing by 14.6 % in 2015.
- Massachusetts wine lovers ordered \$27.5 million worth of wine in the first year of legal direct-to-consumer shipping.
- Shipments of cabernet sauvignon led all other varietals, representing 30 % of all sales of direct-shipped wines.
- The District of Columbia, California, Oregon, Washington and Wyoming saw the most wine shipped directly to consumers on a per capita basis.
- Wines shipped directly to consumers remain an expensive proposition, with the average bottle of wine shipped costing \$38.23.

The annual report is based on millions of transactions, processed through ShipCompliant's compliance platform and Wines & Vines' database of all 8,638 wineries, which depict the total sales volume and value of wines shipped directly from wineries to consumers in the United States. ■

White House Addresses Equal Pay

Administration wants to require companies with 100 or more employees to disclose what they pay employees by race, gender and ethnicity

■ NACS ONLINE

On the 7th anniversary of the Lilly Ledbetter Fair Pay Act, the first piece of legislation President Obama signed into law, the administration is taking new actions to advance equal pay for all workers.

During a recent press briefing, President Obama highlighted several additional actions that the administration is taking that focuses on equal pay for all workers.

He noted that the Equal Employment Opportunity Commission (EEOC), in partnership with the Department of Labor, is publishing a proposal to annually collect summary pay data by gender, race and ethnicity from businesses with 100 or more employees. The proposal would cover more than 63 million employees.

This proposal would add aggregate data on pay ranges and hours worked to the information collected, beginning with the September 2017 report. Proposed changes are available on the Federal Register's website and will be officially published in the Federal Register on February 1st. The public has 60 days, or until April 1, 2016, to submit comments.

"Collecting pay data is a significant step forward in addressing discriminatory pay practices. This information will assist employers in evaluating their pay practices to prevent pay discrimination and strengthen enforcement of our federal anti-discrimination laws," said EEOC Chair Jenny R. Yang.

President Obama also renewed his call to Congress to take up and pass the Paycheck Fairness Act, which would give women additional resources to fight pay discrimination.

According to the White House, the median wage of a female working full-time year-round in the United States is about \$39,600, compared to male's median earnings of \$50,400. ■



Brown-Forman to Sell Southern Comfort and Tuaca to Sazerac for \$544 Million

■ BY BROWN-FORMAN CORPORATION

Brown-Forman Corporation (NYSE: BFA, BFB) recently announced that it has reached an agreement to sell its Southern Comfort and Tuaca trademarks to Sazerac for \$543.5 million.

Brown-Forman Chief Executive Officer Paul Varga said the decision to sell these brands reflects the company's evolving portfolio strategy and a continuation of its efforts to focus resources on its highest strategic priorities. Brown-Forman has actively managed its portfolio over the last decade by developing, acquiring and divesting specific brands and categories with the aim of improving the growth and value creation prospects for its business.

"We're proud of the work undertaken over the years by

our employees and partners on behalf of Southern Comfort and Tuaca," stated Varga. "Both brands played important roles in the Brown-Forman success story, and we will have fond memories of the enjoyment they brought to consumers, our partners, and to Brown-Forman."

Brown-Forman has marketed Southern Comfort since acquiring the brand in 1979. The company acquired Tuaca in two transactions, completing the purchase in 2002.

"We are very excited about the opportunity to acquire such iconic brands. Brown-Forman has done an excellent job of building both brands over the years and we are looking forward to many more years of successful brand building," said Mark Brown, President & CEO of the Sazerac Company.

The sale of these brands is expected to close by March 1, 2016 resulting in a one-time operating income gain for Brown-Forman of approximately \$475 million in fiscal 2016. The transaction, which is subject to regulatory clearance in the U.S. and customary closing conditions, will be discussed in further detail during Brown-Forman's March conference call following the issuance of its third quarter earnings release.

Goldman, Sachs & Co. and Gibson, Dunn & Crutcher LLP advised Brown-Forman in this transaction.

Cooley LLP provided legal advice to Sazerac. Wells Fargo Securities provided Sazerac financial advice and led the committed financing for the transaction. ■

Lipari Foods Continues Expansion of Specialty Offerings with Proposed Acquisition of Ohio-Based Leo A. Dick & Sons Co.

Lipari Foods, a leading Midwest food distributor based in Warren, Michigan, has reached an agreement in principle to acquire the specialty and gourmet business of Leo A. Dick & Sons Co. of Canton, Ohio. The acquisition will strengthen Lipari's existing specialty grocery product portfolio which includes a broad range of natural, organic and gluten-free foods. Mr. Leo A. Dick, the president of Leo A. Dick & Sons, and Mr. Lawrence J. Dick, the Vice President of Leo A. Dick & Sons, will join Lipari's specialty food division.

The addition of Leo A. Dick & Sons follows Lipari's 2015 acquisition of Wisconsin-based Soderholm Wholesale Foods,

which also boasted an extensive specialty grocery product line. The acquisition will strengthen Lipari's strategic position of being one of the leading "perimeter of the store and specialty" wholesale food distributors in the US.

"Our customers continue to bring more natural, organic and specialty products into their stores in order to meet the needs of today's consumer," says Lipari Foods President/CEO, Thom Lipari. "With the acquisition of Leo A. Dick & Sons, we will continue to deliver high quality product solutions to our customer base."

"I'm thrilled to have the opportunity to partner with one of our industry's leaders. I look

forward to bringing our extensive capabilities and a lifetime of experience in specialty food distribution to support Lipari Foods. This will benefit our current customers by increasing our product offering more than tenfold and enable Lipari Foods to represent a broader and more innovative product selection," says Leo Dick, whose grandfather founded the business nearly a century ago.

The acquisition is subject to completion of definitive documentation and satisfaction of customary closing conditions, and is expected to occur in the next several weeks. ■



Top 7 Trends for Reaching Consumers in 2016

Trends identify how a shift toward more life-centric technology will be realized in the coming year

■ BY NACS ONLINE

Interbrand and Ready Set Rocket announced 7 technology trends that forward-looking brands can take advantage of in 2016.

"Technology's tremendous evolution provides us with a unique opportunity to re-imagine the traditional work/life/family/leisure structures of our lives," said Aaron Harvey, partner and executive creative director of Ready Set Rocket. "For brands that take the time to empathize deeply with their customers' priorities, this cultural shift presents a considerable opportunity to use technology that powers products and services that align with this lifestyle."

The trends that embody this theme include:

1 Hybrid Living Reaches Mainstream America –

Inspired by the analog and the natural, new devices will deliver the intelligence and connectivity we crave, but in familiar form factors, allowing us to create smart spaces that remain calming, comfortable and distinctly human.

2 Sixth Sense – Smart products that learn our needs and make timely suggestions when we actually need them can give us what we crave most: the freedom to focus on the things that truly matter.

3 Elastic Technology – The ability to access data and communicate will soon extend beyond devices into a powerful layer of data that binds everything together. Brands that plan beyond concepts of mobile, tablet and wearable to envision this seamless future will encounter their customers anywhere and at any time.

4 Little Big Brands – Big brands are hungry to think like startups, while startups are hungry to grow their teams and budgets as big as the big brands. As innovation is polarizing industries, there is a huge opportunity for both little and large partnerships to thrive by embarking on experimental projects together to create a memorable branded story.

5 The New Tribalism – Driven by the need for connection and authenticity, people are clustering around share values, resulting in a cultural landscape where demographics matter far less than affinity. Mobile's rise to dominance will only enhance this trend, and understanding the internal dynamics of these groups will be key to turning brand stories into movements.

6 Complete Customization – Consumers wanting to have their unique voice heard have led to feats of digital customization and personalization. Imaging and manufacturing technology will take things to a new level, giving users control of aesthetics, features and core product functionality.

7 The Privacy Exchange – Consumers are more aware of their information's value and prefer to be compensated for it. Smart brands that recognize this and provide real value in exchange for customer information can build invaluable trust and loyalty. This trend will create an informal marketplace where consumers share data with corporations.

The two companies say that brands have only begun to scratch the surface of reimagining work/life structure, and will continue to challenge existing structures to better understand and communicate with consumers. ■

GOOD FOOD FINANCING FAIR APPLICATIONS NOW BEING ACCEPTED

The 2016 Good Food Financing & Innovation Conference creates channels to access capital and finance the growth of farm and food businesses. The conference, which convenes on March 24th at UIC Forum in Chicago, Illinois, brings together national and regional leaders in finance, farming, food production, distribution, processing and manufacturing to offer insight, information, and inspiration to entrepreneurs in the expanding local food business sector. By attending the conference, entrepreneurs learn about the tools, strategies and best practices that will help them grow their businesses.

The Conference includes a juried Financing Fair that fosters investment in farm and food businesses by connecting entrepreneurs with investors, lenders and other funders. The Fair is presented in a walk-around format, and each company selected to participate will host an exhibit table to showcase information about its business and offer product samples, if appropriate.

To apply to participate in the Financing Fair, please submit the online Financing Fair Application Form and upload required documents at <http://bit.ly/1NjcbN7>.

The deadline to apply is Monday, February 29, 2016. The selection process will be completed and accepted applicants notified by Friday, March 11, 2016. ■

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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 (202) 624-5300
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Edge One (608) 873-3311

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Lincoln Financial Advisors (248) 948-5124
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Seaway Cash N' Carry (216) 361-5757
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 Lipari Foods, Inc. (586) 447-3500
Alexander & Hornung, Inc. (586) 771-9880
Carmela Foods Distributors. (586) 294-3437
Wolverine Packing Company (313) 259-7500

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DTE Your Energy Savings 1-855-234-7335
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Volunteer Energy (734) 548-8000
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Worthington Energy Consultants. (614) 989-3030

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Gilligan Oil Co. of Columbus, Inc. ... 1-800-355-9342
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International. 1-800-445-1554
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




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Voo Vodka (SSB Group) (248) 416-3405

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Great Lakes Wine & Spirits (313) 867-0521
RNDC of Michigan 1-888-697-6424

FOOD RESCUE / FOOD BANKS

MICHIGAN

Feeding America West Michigan Food Bank
..... (616) 784-3250
Feeding America West Michigan Food Bank -
Benton Harbor (269) 983-7229
Feeding America West Michigan Food Bank -
Cadillac (231) 779-0056
Feeding America West Michigan Food Bank -
Ishpeming (906) 485-4988
Feeding America West Michigan Food Bank -
Sault Ste. Marie (906) 632-0348
Food Bank of Eastern Michigan (810) 239-4441
Food Bank of South Central Michigan .. (269) 964-3663
Food Gatherers (734) 761-2796
Forgotten Harvest (248) 967-1500
Gleaners Community Food Bank (866) GLE-ANER
Greater Lansing Food Bank (517) 908-3680
Kalamazoo Loaves & Fishes (269) 343-3663
The Manna Food Project (231) 347-8852
Western Upper Peninsula Food Bank ... (906) 482-5548

OHIO

Akron-Canton Regional Foodbank (330) 535-6900
Cleveland Foodbank (216) 738-2265
The Foodbank, Inc. (937) 461-0265
Freestore Foodbank (513) 482-4500
Mid-Ohio Foodbank (614) 274-7770
SE Ohio Foodbank & Kitchen (740) 767-4500
Second Harvest Food Bank of Clark, Champaign and
Logan Counties (937) 325-8715
Second Harvest Food Bank of North Central Ohio
..... (440) 960-2265
Second Harvest Food Bank of the Mahoning Valley
..... (330) 792-5522
Shared Harvest Foodbank (800) 352-3663
Toledo Northwestern Ohio Food Bank ... (419) 242-5000
West Ohio Food Bank (419) 222-7946

If you are a supplier of a
product/service and would like
the endorsement of AFPD, call
us today at 1-800-666-6233





MARCH 16, 2016

AFPD FOUNDATION FUNDRAISER

Join us at the Palace of Auburn Hills to cheer on the Pistons and raise funds for the AFPD Foundation!

Palace of Auburn Hills // Auburn Hills, MI

APRIL 28, 2016

AFPD'S 32ND ANNUAL INNOVATIONS BUYING SHOW

AFPD's longest running trade show has retailers looking to fill their shelves for the spring and summer months. The Annual Innovations Buying Show is known for high-quality attendees, non-stop interaction and exhibitor satisfaction. Admission for AFPD members is free. Must be at least 21 years old to attend this show.

Shenandoah Country Club // West Bloomfield, MI

MAY 11, 2016

AFPD'S 12TH ANNUAL OHIO GOLF OUTING & SCHOLARSHIP DINNER

This outing is a social event where retailers, wholesalers, manufacturers and service providers all come together to have a little competitive fun. A day on the course includes breakfast, dinner and 18 holes of golf! Sponsorships to the Ohio golf outing allows AFPD to provide \$1,000 scholarships to deserving students in Ohio. Scholars will be presented their awards at this event.

Manakiki Golf Course // Willoughby Hills, OH

JUNE 28, 2016

AFPD FOUNDATION'S 8TH ANNUAL SCHOLARSHIP LUNCHEON

Every year, the AFPD Foundation awards academic scholarships in the amount of \$1,500 each to extraordinary and deserving students in Michigan. Help the AFPD Foundation invest in the leaders of tomorrow. Tickets and sponsorship opportunities available.

Detroit Athletic Club // Detroit, MI

JULY 20, 2016

AFPD'S 40TH ANNUAL MICHIGAN GOLF OPEN

A day on the course includes breakfast, lunch, 18 holes of golf and samples at every hole! Last year we sold out! Sponsorship opportunities are available.

Fox Hills Golf & Banquet Center // Plymouth, MI

publishers statement

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Food for thought

Choosing a primary food distributor is one of the most important strategic decisions that every independent grocery retailer must make. SpartanNash stands out as a smart choice for many reasons:

- Supply approximately 1,900 independent retailers
- Operate 20 distribution centers across the U.S. covering 44 states
- Superior purchasing power
- Provide a full range and selection of supermarket products
- Several extensive lines of quality Private Label brands
- A full menu of value-added support services
- Combined talent, resources, and experience to provide unsurpassed service and product offerings to all of our customers

We're here to partner with you every step of the way. Before you know it, you'll have the advantage of SpartanNash products, services, and smarts working for you.

Visit SpartanNash.com for more information or call:

Jim Gohsman 616-878-8088
VP of Sales - Great Lakes Region

