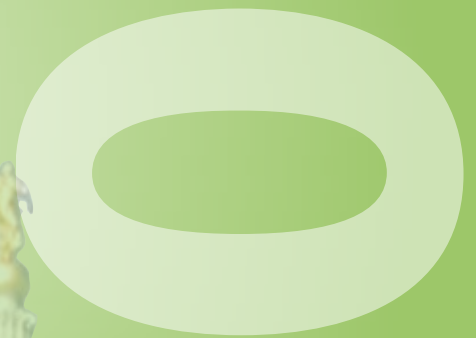


Pennsylvania Food Merchants Association
Pennsylvania Convenience Store Council
2011 ANNUAL REPORT



**WORKING
FOR CHANGE**



2011 ANNUAL REPORT

The Pennsylvania Food Merchants Association and Pennsylvania Convenience Store Council is a statewide trade association representing more than 1,100 food retailers who operate nearly 5,000 retail food stores in Pennsylvania.

Our Mission:

“To improve the public image, effectiveness and profitability of companies in the retail and wholesale food distribution industry.”

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Agriculture Secretary George Greig learns the proper way to make an omelet from Ken Fisher, right, of Sauder’s Quality Eggs during the PFMA-PCSC conference breakfast at the Harrisburg Hilton.

The Zupancic Family supports the Western Pennsylvania Golf Classic at The Club at Nevillewood, Nevillewood, Pa. on August 22, 2011. From left, Rudy Zupancic, honorary golf chairman; Karen Zottola, Joey Zottola and Wayne Zupancic of Giant Eagle.



Former PFMA Chairman Dan McNabb, center, receives thanks from PFMA President David McCorkle, left, and incoming Chairman Louie Sheetz, right, during the annual conference reception in May 2011.



Boyer's Food Markets participated in its first Pennsylvania's Best Bagger Championship on October 5, 2011 in Harrisburg. From left, Bill Nice, Matthew Nonnemacher, Joey Cutrona, Don Kowalski, Ashley Hane, Mike Zmitrovich, Dean Walker, Kathy Catling, Deo Catling and Greg Moore.

2011 PRESIDENT'S REPORT

A Message from David L. McCorkle

David McCorkle
President & CEO
dmccorkle@pfma.net



I begin by thanking the association officers who have ably served the membership during the past calendar year. Louie Sheetz, Sheetz, Inc., was elected to serve as PFMA chairman and assume the role from Dan McNabb, Castle Shannon Shop 'n Save, at the annual meeting in May. At the meeting, directors elected Rich McMenamin, McMenamin Family Shoprites, vice chairman, and Jeff Brown, Brown's Super Stores, as secretary/treasurer. Paul Rankin, Country Fair, is serving his second term as chairman of the Pennsylvania Convenience Store Council (PCSC). Gabe Olives, Impact 21 Group, is PCSC vice chairman and chairman of the Fuels Committee. The officers, along with a representative group of directors, meet regularly to direct the organization and to evaluate the work of our 55-person staff which operates on an annual budget of more than \$7 million. Actuary firm Boyer and Ritter completed the fiscal year 2010-2011 audit and the results were reviewed and accepted by the directors in October 2011.

The diverse group of directors includes retailers, wholesale food and product distributors, major food processors and trade service vendors. When public policy issues are discussed, you can be assured that we have circumspective discussions about the impact of change on all segments of the food industry.

Last year the President's annual report outlined:

- The Republican 2010 election successes, including the pickup of five congressional seats, Tom Corbett's election as Governor and continuing control of the state Senate.
- The anticipated funding cuts in welfare and education to balance the budget on time and without tax increases.
- The need to address the unemployment compensation funding deficit and the state unfunded pension benefit liability.
- An opportunity to bring Pennsylvania into the modern era by changing the structure of beer and wine sales in the Commonwealth.

We began 2011 believing that there was an opportunity to give consumers the convenience they desire to purchase wine and beer in food stores at competitive prices without onerous licensing fees and prohibition era regulatory restrictions.

In 2011, PFMA and PCSC members worked successfully to develop a set of ten principles for reforming the sale of beer, wine and spirits. Buchanan, Ingersoll and Rooney (BIR) attorneys then drafted legislative language that, when enacted, would create a competitive

private wholesale and retail system for marketing and responsibly selling the products in a range of retail locations including food stores of all shapes and sizes. The plan was approved at the annual meeting in May 2011 and shared with legislative leaders and the Governor's office.

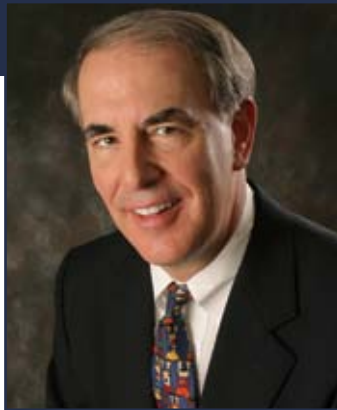
During the year we discussed adult beverage sale reform ideas with all private sector interested stakeholders. The schedule for action by the Governor's office and House leadership was moved from the spring to fall. A vote on Majority Leader Rep. Mike Turzai's HB 11 finally came after several public hearings. When the House Liquor Control Committee finally voted out an amended bill on December 13, 2011, it met with rejection from the beer industry, the Governor, the Majority Leader and business groups across the state including PFMA and PCSC. We will continue to push for a licensing plan that is affordable for all association members.

Success in 2012 will only occur if our members in each of Pennsylvania's 203 House districts and 50 Senate districts can convince their legislators that now is the time for change in Pennsylvania. A study commissioned by Governor Corbett concluded that if administrative overhead costs for the operation of the Pennsylvania Liquor Control Board were allocated appropriately over the 620 retail locations, then almost all of the retail stores would be operating at a loss. Moreover, the study presented evidence demonstrating that 20-30 percent of the beer and wine consumed in Pennsylvania is purchased out of state resulting in an annual tax revenue loss of over \$100 million. As the legislative process slows, the marketplace continues to change as there are now more than 100 supermarkets and convenience stores with restaurant licenses successfully selling beer to their customers. As our market share grows, the pressure for change will intensify. 2012 will be a good year to focus on your customers and consider adding in-store seating and licensed beer sales for your business locations.

Please review the fine accomplishments of all association managers and staff who have worked hard to listen to your concerns and to respond to your requests for service. The annual report is a living document that charts our path as we try to mold reasonable changes in public policy to manageable practices in the business world. The challenges will continue through the national elections in 2012. Thank you for your ideas and support!



PFMA Chairman
Louie Sheetz
Sheetz Inc.
Altoona, PA



PCSC Chairman
Paul Rankin
Country Fair
Erie, PA

2011 CHAIRMEN'S MESSAGE

PFMA-PCSC Works for Change; Protects the Environment; and Serves Consumers

In 2011, PFMA-PCSC members and staff worked for change on many issues that continue to impact our industry today and for the foreseeable future.

Adult Beverage Sales

PFMA-PCSC worked toward changes to the archaic adult beverage sales laws. The climate seemed favorable for change last year as Governor Tom Corbett had supported privatization and commissioned a study (PFM Study) on the privatization of the state-run liquor stores. Unfortunately, the bills introduced last year, HB 11, and companion bill, HB 1933, would not have brought about changes favorable to our industry.

House Majority Leader Rep. Mike Turzai (R-Allegheny) introduced a plan to sell the state stores that included a limited number of licenses being available to qualified bidders and it limited corporations on the number of licenses they could obtain. The proposal did not include beer sales; taxes would be increased to offset the repeal of the 18 percent Johnstown flood tax; and a law prohibiting the sale of adult beverages where gasoline is sold would remain. We did not support Rep. Turzai's plan, and instead we presented him with amendments approved by the board and executive committees at our annual meeting on May 24, 2011. Please see the legislative report for details on the principles developed for responsible alcohol sales.

These principles became the foundation for an alternative bill that was presented to Governor Corbett's office and to the leadership of the House and Senate. In addition, PFMA joined other business groups to promote our vision of privatization before the Harrisburg *Patriot-News* editorial board. They published several positive editorials supporting our idea that beer should be included in the privatization effort. Other newspapers have also printed editorials supporting this idea.

PFMA President and CEO David McCorkle testified before the House Liquor Control Committee on November 1. In his testimony, he emphasized that association members support privatization, but neither HB 11 nor HB 1933 really do what the public wants. Option 4, outlined in the PFM report, which proposed licensing 3,500 plus businesses to sell wine and spirits with a fixed cost for each license would make sense to PFMA members and to consumers if it contained beer.

By the end of the year, Representative Turzai's bill had been amended so that it was unrecognizable. It was never brought to a vote because no one was interested in supporting it.

We are committed to seeing changes to the adult beverage sales laws.

As more members obtain licenses to sell these products for their dining areas, it is even more apparent that changes are long overdue.

Statewide "A Bag's Life" Initiative

PFMA and PCSC members continue to assist in preserving our environment by promoting plastic bag recycling. In November, the association helped launch "A Bag's Life," a statewide plastic bag recycling awareness campaign that helps consumers locate plastic bag drop-off sites. PFMA members joined Lt. Governor Jim Cawley, Keep Pennsylvania Beautiful, and local grade school students, to launch the effort on November 15 — America Recycles Day — at the state capitol.

"A Bag's Life" utilizes messages like "Don't treat me like trash" and "Gimme a second chance" to encourage Pennsylvanians to reduce, reuse and recycle their grocery bags. In addition, other bags, like those used for dry cleaning, newspapers, bread and other wraps, also can be recycled.

The "A Bag's Life" website at www.abagslife.com helps consumers pinpoint more than 1,400 drop-off sites in Pennsylvania by zip code. If you're not already a part of the "A Bag's Life" plastic bag recycling campaign, please consider joining. Visit the Keep Pennsylvania Beautiful website at <http://www.keeppabeautiful.org/KeepIt/ABagsLife.aspx> to learn more about the campaign or contact David McCorkle at dmccorkle@pfma.net.

Pharmacy Council Opposes PBM Merger

Citing concerns about the potentially devastating impact on community pharmacies and patient care, the Pennsylvania Pharmacy Council (PPC) announced that it opposed a planned merger between two large pharmacy benefit management (PBM) companies, Medco Health Solutions and Express Scripts (ESI). PFMA's Randy St. John said the merger would bring an end to community-based pharmacies and the accessible, convenient services they provide to consumers.

Health plans hire PBMs to reduce prescription costs by negotiating directly with pharmacies and drug manufacturers. A Medco/ESI merger unites two of the nation's largest three PBMs, which gives them control over the prescription drug benefits of an estimated 135 million Americans. PBMs are increasingly referring patients to their own mail-order pharmacy companies, sometimes mandating it. The increased market share will give them the power to drive out competition to their mail-order businesses from community pharmacies.

The two companies completed the merger earlier this year. PFMA continues to fight for community pharmacies and listen to their concerns through the Pennsylvania Pharmacy Council.

Retailers Commit to Build Stores in Food Deserts

Pennsylvania retailers joined First Lady Michelle Obama at the White House on July 20, 2011 to announce a \$35 million investment into fresh food financing to build supermarkets in food deserts last year. An additional \$330 million was earmarked for the program this year as part of the Let's Move! program to help prevent childhood obesity.

Supervalu, Wal-Mart and Walgreens all made commitments to build stores in food deserts. Supervalu plans 250 new Save-A-Lot stores over the next five years. Walgreens announced plans to add fresh foods to its locations and its plans to redefine 1,000 of its stores into "food oasis" centers with fresh fruits and vegetables, pre-cut fruit salads and greens, breads and ready-made meals. Wal-Mart promised to build 275-300 stores in food deserts by 2016.

Mrs. Obama lauded retailers such as Jeff Brown, Brown's Super Stores, who continues to build stores in urban areas in need of quality supermarkets; and Phil Safran, a Shop 'n Save owner from Ambridge, Pennsylvania, who quadrupled the size of his store's produce department two years ago thanks to a fresh food financing grant. She also praised Representative Dwight Evans for his work to bring supermarkets to Philadelphia.

Credit/Debit Card Swipe Fees

Last year at this time, we were celebrating a victory in the decade-long battle over excessive debit card swipe fees. President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 that contained the Durbin Amendment enacting reforms to interchange fees on July 21, 2011. The new law directed the Federal Reserve to issue rules to ensure that swipe fees are "reasonable" and "proportional" to the cost of the transaction. It also required rules for debit card issuers to offer retailers at least two networks to process debit transactions and allowed retailers to set a minimum level (not to exceed \$10) for credit card transactions. In addition, retailers are now allowed to discount for different methods of payment. They have more flexibility to provide discounts and they are permitted to use discount marketing language.

Unfortunately, U.S. Federal Reserve's final rules issued on June 30, 2011 fell far short of the industry's expectations. Debit card swipe fees were set at 21 cents per transaction, significantly higher than the Federal Reserve's initial proposal of 7 cents or the 12-cent compromise rate. An additional .05 percent transaction amount plus an additional 1-cent was also tacked on for fraud protection. The rules took effect October 1, and according to a lawsuit filed by the Food Marketing Institute, National Association of Convenience Stores, National Retail Federation, and two companies — Reading, Pa.-based Boscov's Department Stores, and Norfolk, Va.-based Miller Oil Company — have led to an increase in swipe fees in some cases. The suit challenges the Federal Reserve's ruling, calling the debit card swipe fee reform regulations "flawed" and the group says they have allowed big banks to continue to charge unjustifiably high swipe fees and have discouraged competition among credit card networks. We continue to support the national associations on this issue and hope to see reasonable fees implemented so that we can keep costs down for our customers.

Refineries Closing

Last year, Sunoco, Inc. announced it would sell its Marcus Hook and Philadelphia refineries to focus on its pipelines and retail gas locations. The Marcus Hook facility is already closed, while the company plans to idle the main processing units in its South Philadelphia refinery, which is the region's largest, in July. ConocoPhillips idled its Trainer, Pennsylvania early last year. The refineries have struggled to make a profit due to low margins and higher fuel prices.



Dan McNabb, Castle Shannon Shop 'n Save, center, thanks Gia Russa's Everett DeBerry and Bill Santangelo for the delicious lunch donated to the Western Pennsylvania Golf Classic.

According to a study by the U.S. Department of Energy, the closings may cause gasoline price increases and shortages. Lawmakers held public hearings about the closings in January 2012. Also in January, Senators Tim Solobay (R-46) and Elder Vogel (R-47) introduced SB 1386, legislation that would remove a mandate to use low RVP gasoline in the summer for a seven county area, around and including Pittsburgh.

PFMA is monitoring the closings, the potential purchase of the facilities, and any legislation related to the refineries since it could seriously impact gasoline retailers.

Philadelphia Legislation

PFMA continues to work with Philadelphia Mayor Michael Nutter and city council members on issues impacting the food industry. Philadelphia city retailers hosted a fund-raising reception on April 5, 2011 at the Union League of Philadelphia. Mayor Michael Nutter was in attendance and shared his views on city government priorities as he completed his first term in office. Funds raised from the event went to support Philadelphia candidates who were supportive of the food industry.

Several issues brought forth by Philadelphia city council have affected the industry this year. The city instituted a new ordinance requiring a permit to sell tobacco. Under the terms of the ordinance, a Tobacco Retailer Permit may be revoked for failure to maintain a valid cigarette retailer license from the Pennsylvania Department of Revenue.

In addition, the council passed legislation banning employers from asking perspective employees if they have ever been convicted of a felony on their job applications.

Our Thanks

Thank you to Dan McNabb, owner of Castle Shannon Shop 'n Save, who completed his two-year term as PFMA chairman during the association's annual meeting last May. He has been a strong advocate for food industry issues in meetings with his congressional representative, Congressman Tim Murphy, and other members of the Pennsylvania general assembly since joining the board of directors in 1999. He also continues to spearhead fund raising efforts for FoodPAC, helping raise nearly \$500,000 since 1984.

We also thank our fellow board of directors, committee chairs and members who so generously donate their knowledge, ideas and time to the association. We encourage all members to take an active role in the association. Please give David McCorkle a call at 800-543-8207.



ASSOCIATION SERVICES 2011

Randy St. John
Senior Vice President
rstjohn@pfma.net

PFMA Members Received Many Benefits in 2011

Every year each PFMA member must make a decision. Should I renew my membership with the Pennsylvania Food Merchants Association and the Pennsylvania Convenience Store Council? When making that decision, the most important question to ask is, "What do I get out of my membership with PFMA/PCSC?"

Let me try to give you a sampling of the offerings that PFMA members received in 2011.

Legislative Representation

In this annual report you will find a detailed list of legislative issues that were addressed by PFMA in 2011. There were many pieces of legislation that were introduced that would have been harmful to you had PFMA not been there to protect your interests. There are also pieces of legislation that passed due to the work of PFMA which improves your business life and the business environment in Pennsylvania. Please go to the Government Relations section and review the activities that took place on your behalf, as legislative representation is the most important function that the Association Services Department provides.

Regulatory Assistance

When you have a regulatory question, PFMA's Manager of Legislative Research, Annette Knapp, will get you an answer quickly and accurately. Having access to Annette's contacts in Harrisburg, legislative research skills and ever growing database of answers to member inquiries can save you endless time that you would otherwise have spent researching on your own.

Monthly Publication

Your PFMA membership also brings an electronic or hard copy version of the *Spectrum* — PFMA's monthly publication. In it, we communicate to you the latest in local, state and federal government legislative and regulatory activities. The *Spectrum* also includes coverage of interesting member news and industry events, as well as a listing of our Associate members, the go-to people you need to know when you need a service for your business.

Thomas R. and Laura Ridge Scholarship Program

Your employees were eligible to compete for 26 scholarships that were awarded in the spring of 2011. PFMA members, their employees and their children are eligible for these \$2,000 scholarships awarded from the Thomas R. and Laura Ridge Memorial Scholarship Fund.



Wine and beer sales were the focus of PFMA-PCSC's annual conference on May 24. Denise Mullen, Ahold USA Retail, shared her expertise in marketing the wine category in supermarkets, while Paul Rankin, Country Fair, shared how the convenience store retailer showcases wine in its Ohio stores. Brad Thorne, Lifestyle, explained how retailers can capture their customer's attention and boost sales by communicating with their mobile phones and tablets.

Annual Conference

Many of you attended PFMA's Annual Conference held in Harrisburg last May. The Annual Conference opened at a lovely, restored farmhouse in bucolic Central Pennsylvania and then moved on to the Harrisburg Hilton where we focused on legislative issues relating to privatization of the state store system and the sale of wine in supermarkets.

Pennsylvania's Best Bagger Contest

Did you send contestants to the high-energy Pennsylvania's Best Bagger Contest at Strawberry Square in Harrisburg in October 2011? Many of our members did and came to cheer on their employees as they competed for the opportunity to represent the state of Pennsylvania at the National Grocer Association's (NGA) National Convention held each year in Las Vegas. Our state winner could go on to become the national champion and perhaps appear on the David Letterman show as many winners have done in past years.



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PFMA Specialty Committees & Task Forces

Did your store level personnel take advantage of PFMA's educational committees and task forces in 2011?

Alcohol Sales Task Force

Re-established in May 2011, the group members met approximately twice per month this year to hear updates on Governor Corbett's privatization initiative and to offer feedback on the ever changing legislative proposals surrounding House Bill 11, assess studies and offer feedback on research. The work of the task force culminated in PFMA President & CEO David McCorkle testifying on state store privatization before the House Liquor Control Committee on November 30, 2011 to promote the group's views on privatization.

Emergency Food Distribution Work Group (EFDWG)

Annette Knapp's EFDWG met in November 2011 at the Pennsylvania Department of Agriculture (PDA) to hear Pennsylvania Department of Transportation (PennDOT) and PDA Emergency Preparedness Liaisons discuss transportation concerns during critical weather events and to receive an overview of the PA 511 travel website on November 29. Annette pushes out periodic email updates from the Pennsylvania Emergency Management Agency (PEMA) and PDA liaisons during a weather emergency or other crisis affecting the membership.

Food Protection Committee

Annette Knapp also staffs this committee that met this year to review issues and trends in the food safety arena such as foodborne illness outbreaks, the impact of a possible nuclear power plant accident at one of Pennsylvania's five plants on the food supply and the latest Act 106 law changes governing food facility inspections and the unveiling of eatsafepa.com.

Fuels Committee

My newly formed committee met twice in 2011 to discuss pending legislation and emerging issues in the petroleum field such as real time debit card clearing at the pump, the solvency of the Pennsylvania Underground Storage Tank Indemnification Fund (USTIF), biodiesel legislation, octane testing, the cellulosic ethanol mandate, possible emergency shut off valve modifications, southwestern Pennsylvania

summer blend waivers and the impact of southeastern Pennsylvania refinery shut downs.

Legislative Committee

Please consult the Government Relations section of our annual report to review the full breadth of issues that this group oversees. Group members are kept abreast of updates several times per month via email communication and regular meetings. Pennsylvania's full-time legislature keeps both me and PFMA/PCSC members on our toes throughout the year.

Loss Prevention Committee

Staffed by Annette Knapp, this committee met several times and gave store security personnel the latest information on loss prevention and asset protection issues, new laws and regulations including flash mobs and enforcement, HB 1000 – an effort to lower the state's felony threshold for retail theft from \$2,000 to \$1,000, the new Castle Doctrine law, possible federal restrictions on background checks, extreme couponing impacts, best practices in dealing with lottery theft, the aftermath of an active shooter at a store event, crime report sharing and more.

PennDOT Work Group

Members of the Penn DOT Task Force, in conjunction with representatives of statewide organizations interested in addressing problems and delays in obtaining Highway Occupancy Permits (HOP), drafted and approved legislative language to speed the processing of HOP applications. Charles Courtney, Esq., McNees Wallace Nurick, LLC, drafted the legislation and following comments for Task Force members, the group shared the draft with representatives of the Pennsylvania Builders Association and the Pennsylvania State Association of Township Supervisors.

In 2011, Courtney continued to serve on Governor Tom Corbett's Transportation Transition Team and assisted the administration in developing PennDOT priorities. Members met with Penn DOT executives and Governor Corbett's policy staff for Penn DOT issues. For this important work we offer our thanks to the 26 person task force and to Charles Courtney. We look forward to working with Penn DOT and the task force in 2012 as we seek legislative sponsors for the HOP improvement plan.

Pennsylvania Pharmacy Council

I also oversee the Pennsylvania Pharmacy Council and group members met this year to develop policies and legislative positions for the many bills in the state and federal legislature. These bills have the potential to affect funding for the operation of Pennsylvania pharmacies. The bills include governing access to community Pharmacy Services, AWP Pricing, the Express Scripts/Medco PBM merger, interchange fees, and House Bill 1651 — legislation that would create a pharmaceutical accountability monitoring system (PAMS) to monitor all scheduled drugs that are dispensed in Pennsylvania by all professionals licensed to prescribe and dispense such substances.

A council member also took part in a Preserve Community Pharmacy Access NOW Coalition "fly-in" to address the threat of super PBMs. The event was held in Washington D.C. on December 1, 2011.





PFMA Committees Benefit PFMA Members in 2011

Recycling & Sustainability Work Group

David McCorkle hosted working group sessions throughout the year with Keep Pennsylvania Beautiful representatives (KPB) to kick off America Recycles Day on November 13, 2011 to promote plastic bag recycling via the "A Bag's Life" program in Pennsylvania. This effort grew out of his previous efforts to promote bag recycling in Philadelphia. To also promote sustainability, PFMA partnered with the Institute for Local Self Reliance (ILSR) and the U.S. Environmental Protection Agency (EPA) to offer a Surplus Food Recovery Workshop on November 29 where members could learn about composting and other options for surplus food.

Retail Milk Sale Advisory Group

The Pennsylvania Milk Marketing Board has changed leadership with Luke Brubaker becoming the new Chairman and Lynda Bowman replacing Barbara Grumbine as the new consumer member. Richard Kriebel remains a Milk Marketing Board member and Tim Moyer continues to serve as board secretary.

These were the biggest events in 2011 as neither the dairy farmers nor the milk dealers have pushed for a change in the level of the Over-Order Premium. The board did not change any aspect of the retail milk price buildup formula during the last round of cost replacement hearings, while it continues to allow retailers to adjust their costs in accordance with the consumer price index.

At this time, I would like to take a moment to remember John Liptock, CPA, who passed away this year after losing a difficult battle with cancer. John provided tremendous assistance in PFMA's representation of retailers before the Milk Marketing Board. John Liptock was a truly remarkable and kind individual who not only provided accounting for PFMA's members but powerful insight into how the various positions of the dealers and farmers impacted PFMA's members.



John Liptock

Thomas Price, CPA, of Herbein + Company now assists in representing PFMA members at all Milk Marketing Board hearings which included the four Cost Replacement Hearings and an Over-Order Premium hearing for 2011.

Kevin Lutkins, PFMA corporate counsel, represents the association at the monthly Sunshine meetings held by the PMMB.

WIC Retail Vendor Advisory Group

I oversee yet another group that meets twice per year with the Pennsylvania Department of Health's WIC personnel. These meetings focus on trying to find ways to improve the WIC program for the participating mothers and their children, WIC vendors and the Department of Health. Meetings this year focused on the transition from paper checks to smart cards. This kind of cooperative relationship is a model for how the business community can seamlessly connect with state government on regulatory matters.



Interested in Joining a Committee?

If you or your staff would like to join one of our committees, please contact Annette Knapp at aknapp@pfma.net.

A Final Note

So, that gives you a brief summary of what you received for your dues investment in 2011. I hope you will be with us again in 2012.

If you have an idea for a new service that PFMA could provide for you or your business, please send me an email to rstjohn@pfma.net.

Randy St. John
Senior Vice President, Association Services

**A Bag's Life Launched
November 13, 2011
Pennsylvania Capitol
Harrisburg, PA**

DFIC Celebrates 2011 Victories for Retailers

The Delaware Food Industry Council (DFIC), a PFMA partner council, ended 2011 with a strategic planning session with board members in December. In addition to taking the day to plan its priorities for 2012, the DFIC board met with Lt. Governor Matt Denn, New Castle County Executive Paul Clark and the CEO of the Food Bank of Delaware, Patricia Beebe.

DFIC hosted Winterfest at the Christiana Hilton and converted the event to an awards dinner. Members presented Governor Jack Markell the "Advocate of the Year" award. This year under Governor Markell's leadership, 22 DFIC member companies have collapsed their gross receipts tax rate into one rate and lowering it to an annual savings of \$3 million.



Gov. Jack Markell

"Pharmacist of the Year" was awarded to Don Holst from Walgreens. He was instrumental in creating the three-tiered system for travel restrictions during a state of emergency. Holst helped craft the language that granted a driving allowance for healthcare services, food deliveries, fuel deliveries, and pharmacists during Level two and three state of emergencies.

Food Lion was presented with the "Food Retailer of the Year" award for its expansion in Delaware. In the last 18 months, Food Lion has opened five new stores in Delaware.

"Partnership of the Year" was awarded to Coca Cola, Pepsi Co. Ventures LLC, Pepsi Bottling and the Delaware Beverage Association for their support and partnership in helping to repeal the bottle bill — the first in the country. With their help and support, Delaware went from a veto in 2010 to a repeal in 2011. That action created single stream curbside recycling for single and multi-family homes and commercial establishments.

New Members

The DFIC welcomed new members including: Wawa, the Delaware Beverage Association and Janssen's Market.

Association Objectives

- Membership recruitment
- Organized Retail Crime (ORC) committee formed

Highlights from the 2011 Legislative Session HB 127 with HA 1 Gross Receipts Tax

The passage of the gross receipts tax bill is

the most significant and beneficial success for the food industry since the inception of DFIC. The new bill took effect January 1, 2012. Currently, companies pay .3402 on the first \$2 million of sales with an \$80,000 monthly exclusion. Under the new structure, companies will pay .33 on the first \$2 million of sales with a \$100,000 monthly exclusion. Currently, companies pay .6372 on sales over \$2 million, and under the new structure, companies will no longer have this payment. There are 22 companies in Delaware that will be affected by the \$3.3 million annual reduction in gross receipts tax. This amendment eliminates the two-bracket gross receipts tax structure that is unique to grocery supermarket retailers.

SB 12 (SNAP Benefit Bill)

The SNAP Benefit Bill allows convicted drug felons to receive Food Stamps when they are paroled. It will affect approximately 500 people in Delaware.

SB 70

The bill prohibits retailers from selling children's products such as bottles and sippy cups that are not BPA-free after July 1, 2012. DFIC was responsible for changing the effective date from December 31, 2011 to July 1, 2012 and we added the word "knowingly" to the legislation.

HB 178

DFIC was successful holding up this bill in committee. The bill would have increased the tax on snuff from 15% to 68% of the wholesale price.

New Association Formed

The Delaware Food Industry Council formed the Delaware Association of Chain Drug Stores (DACDS). The Delaware Association of Chain Drug Stores will work with the National Association of Chain Drug Stores and will have separate membership from the Delaware Food Industry Council. The DACDS formed in December of 2011 and DFIC is pleased to report that of the 160 pharmacies in the state only 23 are not currently members of the DACDS. The Executive Committee of the Delaware Association of Chain Drug Stores is Erik Woehrmann, Walgreens, president; Janet Hart, Rite Aid, treasurer, and John Flaherty,



Delaware Food Industry Council

Wakefern, secretary. Julie Miro Wenger also serves as the Executive Director of the organization.

The legislative and regulatory priorities of the DACDS are:

- Develop a partnership with the Delaware Cancer Consortium and others to enhance existing voluntary drug take back projects.
- Support the existing Pharmacy Tech training protocols.
- Work with the Board of Pharmacy to better define the documentation use by dates for re-packaged prescription drugs.
- Draft legislation to lower the threshold for drug theft violations.
- Recommend tougher punishments for career criminals and armed robberies of pharmacies.
- Advocate for the expansion of pharmacy inoculation services for Medicare/Medicaid patients and reimbursement for pharmacy immunizations.
- Develop a medication therapy management pilot program for state employees. Once successful the project could be expanded to other clients.
- Support the prescription monitoring program and its rollout.
- Monitor the meetings of the Pharmacy Board and the Controlled Substance Committee with the support and advice of appointed members.

Legislative Priorities for 2012

- Beer and Wine sales for retailers
- No new taxes or fees

On November 1, David McCorkle delivered testimony to the House Liquor Control Committee outlining that PFMA supports the idea of privatization, but that neither HB 11 nor a companion bill, HB 1933, really does what the public wants. He explained that option 4 outlined in the PFM report, which proposes licensing 3,500 plus businesses to sell wine and spirits with a fixed cost for each license would make a great deal of sense to PFMA and to consumers if it contained beer.



Your Government Relations team: Randy St. John, senior vice president; Annette Knapp, manager of Legislative Research; and David McCorkle, president and CEO.

Government Relations Working for Change

Alcohol Sales Reform Takes Center Stage in 2011

Alcohol Sales

In early 2011, PFMA was advised by state House Majority Leader Rep. Mike Turzai's (R-Allegheny) staff that he would soon introduce a plan to sell the wholesale and retail assets of the Pennsylvania Liquor Control Board (PLCB). Legislation would include the following:

1. A limited number of licenses would be sold to qualified bidders at auction.
2. The gasoline/adult beverage sale prohibition would remain.
3. The number of licenses that any corporation could obtain would be limited.
4. Beer sales reform would not be included in the proposal.
5. Taxes would be adjusted to offset the repeal of the 18 percent Johnstown flood tax.
6. Once enacted, any legislative changes would not be allowed for five years.

PFMA staff advised Rep. Turzai that our members would not support such a plan and instead presented him with liquor law amendments that were approved by PFMA and PCSC directors at our May 24, 2011 annual meeting. The amendments were also shared with Governor Corbett's senior staff and consultants from Public Financial Management, Inc. (PFM) on July 5. We suggested that the Governor and Rep. Turzai develop a broad base of consumer, business and legislative support for a system of beer, wine and spirit sales and make the products available at a wide variety of retail locations in the Commonwealth.

Rep. Turzai formally introduced his privatization proposal in the form of House Bill 11 which debuted on July 13, 2011. In the meantime, the Governor commissioned PFM to carry out a study of the value of the state store system that would help legislators understand the true value of that asset.

PFMA continued to push for a type of privatization which would include a new license to sell wine, spirits and beer, a tiered fixed-price cost for licenses and removal of current restrictions such as the prohibition against stores which sell gasoline not being able to also sell alcohol.

In the fall of 2011, PFMA had developed an alternative bill to Rep. Turzai's HB 11. Our position was communicated to Governor Corbett's office and to leadership in both the state House and the Senate. PFMA and other business groups visited the Harrisburg *Patriot-News* editorial board to promote our vision of how privatization should proceed. This resulted in a positive editorial supporting our idea that beer should be included in the privatization effort.

On November 1, David McCorkle delivered testimony to the House Liquor Control Committee outlining that PFMA supports the idea of privatization, but that neither HB 11 nor a companion bill, HB 1933, really does what the public wants. He explained that option 4 outlined in the PFM report, which proposes licensing 3,500 plus businesses to sell wine and spirits with a fixed cost for each license would make a great deal of sense to PFMA and to consumers if it contained beer.

By our December 13, 2011 Legislative Committee conference call, HB 11 had been gutted and an entirely new scheme was put in its place. In this "new" HB 11, the state stores would not be sold. The bill that was voted out of committee contained the following concepts:

1. Beer distributors would be able to sell wine;
2. Beer distributors would be allowed to sell beer down to the six-pack level, but the bottle size for a six-pack bottle would be 16 ounces;
3. Taverns and restaurants would be allowed to sell beer up to a 30-pack.
4. Restaurants would see an increased discount on their purchases from the PLCB from 10 to 15 percent; and,
5. The prohibition against selling alcohol where gasoline is partially sold was removed by this amendment.

The new HB 11 also founded the ability for a private wine wholesaler to be created. The wine wholesaler could sell to the PLCB and to beer distributors that would now be able to sell wine to taverns and restaurants. The cost of a wine wholesaler license as outlined in the bill was \$100 million.

Alcohol Sales Reform

The revised bill gave new privileges to the PLCB that would be left in place as a wine and spirits wholesaler and retailer. The PLCB would be the exclusive wholesaler and retailer for spirits and would continue to wholesale and retail wine. The bill would allow all state stores to operate from 9 a.m. – 9 p.m. on Sundays rather than from 12 p.m. – 5 p.m. as some of them operate now. It also allowed the PLCB to create a consumer relations marketing program that might include concepts that parallel supermarkets' loyalty programs with discounts and "frequent drinker" rewards. Finally, the bill allowed the PLCB to sidestep the state's regular procurement code to acquire goods and services in whatever way it sees fit.

Although the bill contained some enhancements for many of the stakeholders, it also created enhancements for the stakeholders' competitors. For instance, malt beverage distributors would get to sell wine and sell beer down to the six-pack level, but they were unsatisfied because the mandate prohibiting the sale of alcohol where gasoline is sold was included in the bill. The taverns and restaurants would get an enhanced discount on wine and liquor that they purchase from the state and get to sell up to 30-packs, but they were unhappy that the beer distributors would get to sell wine and be able to sell down to six-packs. Representative Turzai said that he would bring this bill up for a vote on the House floor before the close of 2011. However, no vote occurred because no interested party was in favor of the bill.

By the start of 2012, more than 45 amendments to HB 11 had been offered, and they ranged from eliminating the removal of the gas and alcohol sales prohibition to allowing restaurants to sell up to six bottles of wine.

As of this report, Governor Corbett had not signaled his intentions concerning privatization and the future of HB 11.

Responsible Alcohol Sale Principles

The business community wants to modernize alcohol sales in Pennsylvania by creating additional customer convenience and adding revenue to the state treasury. These were the alcohol sales tenets that PFMA developed in conjunction with Buchanan Ingersoll & Rooney (BIR) in early 2011.

The Pennsylvania business community supports the following principles for the sale of alcohol in Pennsylvania:

1. The retail and wholesale distribution for alcohol should be in the private sector;
2. The current three-tier system should be preserved;
3. The new system should provide added customer convenience and should feature Pennsylvania products;
4. The new system should protect the equity of current license holders;
5. The new system should enhance revenue by:
 - Capturing sales lost to other states
 - Selling current PLCB assets
6. The new system should provide new business opportunities to small, medium and large retailers;
7. The new system should have iron clad safeguards to prevent the sale of alcohol to minors;
8. The new system should not create unnecessary barriers and burdens for potential buyers of state store licenses;
9. Licenses to sell beer, wine and spirits should eventually be available to all retailers who can responsibly sell alcohol; and
10. The new system should provide support to current state store employees who are making a transition to private or other public employment.

Summary of Privatization Concepts

Here is an executive summary of the comprehensive amendments to the Pennsylvania Liquor Code that BIR placed in our draft legislation as a counter proposal to House Bill 11.

Key goals of this proposal include the following:

1. Insure greater consumer convenience. Our proposal ends the archaic and time consuming process by which Pennsylvanians are required to purchase liquor and wine through the PLCB and beer through a private, but highly regulated and antiquated retail network.
2. Stimulate competition in the private marketplace to improve consumer service, lower prices, and provide easier access.
3. Insure broad-based access to the alcohol marketplace for Pennsylvania businesses — large, medium and small.
4. Generate enhanced revenue to the Commonwealth of Pennsylvania, at least matching the tax revenues and "surplus" derived by other plans, and through a combination of licensing fees, and perhaps more creative taxation, actually increase the amount of money transferred to the General Fund.

The initial license fee and renewal fees would be centered on a tiered structure, based on the square footage allocated to the sale of alcoholic beverages by the licensee. Also, separate fees would be assessed depending on which combination of product (beer, wine and spirits) the licensee chose to offer.

The draft legislation added significant new provisions to the liquor code, deleted certain current requirements and retained many important elements of the current distribution system for the sale of spirits, wine, and beer.

Our draft bill added the following to the Liquor Code:

1. A new licensing regimen is established creating a "retail liquor store license" permitting the holder to sell spirits, wine and/or beer at the retail level for off-site consumption.
2. A "wine and liquor importer license" is created mirroring the current importer's license established in the three-tiered system for the distribution and sale of beer.
3. Except for what is permitted under current law, this draft prohibits any wine or liquor manufacturer from holding a wine or liquor importing or distributing license.
4. As suggested by certain elements of the beer industry, this amendment permits a beer manufacturer, if authorized by the PLCB pursuant to application, to "self-distribute" under certain conditions.
5. Direct shipping of wine to consumers, by both in-state and out-of-state wineries, is permitted subject to certain regulation by the PLCB and payment of applicable taxes.
6. Restaurants, hotels, private clubs and holders of similar licenses, which currently permit the sale of beer for both on site consumption and in limited amounts for "take out", will now also be permitted to sell wine for off-site consumption in an amount up to three liters. This amendment would not permit the sale of spirits for off-site consumption by any license holder other than the retail liquor store licensee.
7. A holder of one or more current licenses under the PLCB may convert to one or more of the new licenses created by this statute. Such conversions would be subject to such terms and conditions as are established by the PLCB.

This draft legislation deletes these elements of the current Liquor Code:

1. The PLCB will no longer be an owner or operator of retail stores for the sale of wine and spirits.
2. Most of the restrictions on advertising imposed upon various licensees are deleted.
3. The provision prohibiting the sale of alcohol by any establishment which also sells gasoline is dropped.
4. Many of the restrictions on the ability to hold more than one form of license are deleted. For example, current holders of importing distributor's licenses for beer would also be permitted to hold the new importing license for wine and liquor.

Summary of Proposed Privatization Concepts

Many important provisions of the current Liquor Code are retained as we had proposed to graft a new "privatized system" into the current Liquor Code. For example:

1. The PLCB continues to exist as a regulatory and licensing agency.
2. Most of the restrictions on the days and hours in which licensees may be open for business have been retained.
3. The three-tiered system for the distribution and sale of beer continues, and a new system for wine and spirits is established. The new tiered system would mirror the beer structure, with contracts from wine and spirit importers and distributors containing territorial restrictions.
4. Many of the current definitions of licenses such as restaurant, hotel, and private clubs are retained, as are provisions for special events by various organizations.
5. The current restrictions on the volume of product for off-site consumption which can be sold by holders of currently issued licenses are retained.
6. Each physical site for the sale of spirits, wine or beer must have an individual license. Therefore, a chain supermarket, for example, would be required to have a license for each store from which it wants to sell alcohol.
7. The so called "nuisance bar" provisions which provide mechanisms for challenge of new licenses, particularly in the Philadelphia area, are retained.
8. All of the current provisions regarding referenda to either permit or prohibit the sale of alcohol are retained, and also apply to the privatized system including sales by retail liquor store licensees.
9. The current tax and fee structure is retained.
10. The current restrictions on employment of minors in the sale of alcohol at various levels are retained, with special provisions added for minors employed by holders of a retail liquor store license.

Below Cost Sales Provision in the BIR Liquor Code Draft

(i) No importing distributor, liquor importer, wine and liquor importer, wine distributor or retail liquor store licensee shall offer to sell malt or brewed beverages, wine or liquor at a price below cost except for samples and donations as authorized by the board or, upon petition to and approval by the board, pursuant to a bona fide "close out" sale.

(ii) As used in this subsection, the term "cost" means the actual proportionate invoice price and freight charge to an importing distributor, a distributor, a liquor importer, a wine and liquor importer, a wine distributor or a retail liquor store licensee and the actual proportionate invoice price to another licensee or the public, as the case may be, of any given container of a malt or brewed beverage, liquor or wine product, plus applicable state and federal taxes.

Proposed License Cost Chart

Square Feet [^]	Number of stores	Cost	Revenue
Over 100,000*	200	\$250,000	50 Million
75,000 - 99,000	300	\$200,000	60 Million
60,000 - 74,999	500	\$100,000	50 Million
60,000-59,999	1000	\$50,000	50 Million
6,000-19,999	1000	\$40,000	40 Million
1,000-5,999	2000	\$30,000	60 Million
Totals	5000		310 Million

* Or discount wine and spirits stores over 50,000 sq. ft.

[^] Retail selling space

Happy Hour Changes

Representative John Payne's (R-Dauphin) House Bill 148 was signed into law by Governor Corbett on June 28, 2011 to amend the Pennsylvania Liquor Code to provide definitions of "catered event" and "happy hour" and to allow a restaurant, hotel or eating place licensee to sell alcohol in any sized container during a catered event off the licensed premises. The legislation provides for limitations on the functions that can be conducted by the holder of an off site catering permit. If sales are made out of a licensed facility, notification to law enforcement is necessary.

The holder of a restaurant, hotel or eating place license may only discount the sale of alcohol for four hours a day, not to exceed 14 hours per week, and no discounts may run from midnight until closing. A permit is required in order for a licensee to hold an off-premises catered event at which alcohol will be served. The fee for an off-site catering permit shall not exceed \$500. The bill is now in effect.

Wine Kiosks

On September 20, 2011, the PLCB announced that a \$1 million dispute with a vendor had prompted the Liquor Control Board to pull the plug on its wine kiosk program. The kiosks were announced with great fanfare in late 2009 as heralding a new era of convenience for customers.

BPA Ban

House Bill 192, authored by Representative Lawrence Curry (D-Montgomery, Philadelphia), would limit the amount of Bisphenol A (BPA), an organic compound used to make polycarbonate plastic and epoxy resins, to 0.1 ppb in any food or beverage container made or sold in Pennsylvania designed for use by children under age three. In late September 2011, a report was released regarding the high levels of BPA found in popular children's canned foods, and Rep. Curry saw this as additional validation that BPA needs to be eliminated from baby and toddler products sold in the state.

By the close of 2011, Representative Curry continued a campaign to get his bill to the House floor for a vote. PFMA staff believes that this issue is primarily one to be resolved by the manufacturers, not the retailers.

E-911 Fee

Effective July 1, 2011, pre-paid telecommunication services and wireless phones became subject to a pre-paid wireless Emergency-911 surcharge at one dollar per retail transaction in Pennsylvania. The surcharge is now collected by the retailer in addition to any other charges or fees and is not to be included for purposes of calculating sales tax.



Fuel Issues

BioFuels Regulations

On June 14, 2011, House Bill 807, sponsored by Representative Curt Sonney (R-Erie), which creates regulations for those selling biofuels, passed out of the House of Representatives and moved to the Senate. PFMA has provided considerable input on the bill and we believe in its current form the bill is satisfactory and treats fairly both consumers and business interests. On June 17, the bill was received in the Senate Environmental Resources and Energy Committee where it has since remained.

Cellulosic Ethanol Mandate Removal

House Bill 1652, authored by Representative Seth Grove (R-York), would remove the mandate that Pennsylvania gasoline contain a certain percentage of state-produced cellulosic ethanol. This mandate was put in place by the Rendell Administration when they were subsidizing a plant in Clearfield County that they thought would produce cellulosic ethanol. The plant never went into production, and the removal of the mandate is an idea that PFMA supports. This bill did not see further action in 2011, but may see movement in 2012.

Octane Testing

On January 28, 2011, Senator Stewart Greenleaf (R-Bucks, Montgomery) introduced SB 341, a bill that would require the Department of Agriculture to test gasoline for its octane rating. The bill contains no fees for retailers, but PFMA's Fuel Committee members think this is a bill that is unnecessary. It is unlikely that this bill will move forward as the Department of Agriculture will not want to take on new testing responsibilities without additional funding to pay for equipment and staffing.

Refineries Closing

On January 16, 2012 layoffs began at the ConocoPhillips refinery in Trainer, Pennsylvania. On February 29, the same scenario played out at Sunoco Inc.'s Marcus Hook plant. While a closing date has not yet been set, Sunoco's South Philadelphia refinery faces the same fate.

If the three Delaware Valley refineries close, gasoline prices may soar and the market may suffer spot shortages, according to the U.S. Department of Energy (DOE). The DOE released an eight-page "Reductions in Northeast Refining Activity: Potential Implications for Petroleum Product Markets" report on December 27, 2011. It stated that the transition for a supply source shift could be "problematic" for ultra-low sulfur diesel, gasoline and jet fuel supplies. It also outlined that a higher cost would have to occur in order for wholesalers to move the product to the region.

Rep. Stephen Barrar (R-Chester/Delaware), majority chairman of the House Veterans Affairs and Emergency Preparedness Committee, led a public hearing to examine the safety issues involved in the scheduled closure of the Sunoco and ConocoPhillips facilities in southeastern Pennsylvania on January 10, 2012.

In response to the refinery closures, Senators Timothy Solobay (D-Allegheny, Beaver, Greene, Washington, Westmoreland) and Elder Vogel (R-Allegheny, Beaver, Lawrence) introduced SB 1386 on January 26, 2012 that would remove the mandate for the seven county area including and surrounding Pittsburgh to use low RVP gas in the summer. At this point the bill has been passed out of the Senate Environmental Resources and Energy Committee and could see floor action soon.

Shut Off Valves

On April 11, 2011, House Bill 728, sponsored by Rep. Stephen Barrar (R-Chester, Delaware), passed the state House and was sent to the Senate Labor & Industry Committee and awaits a committee hearing. House Bill 728 would allow gasoline retailers to expand the footprint of their stores from 125 feet to a maximum of 200 feet with no variances. The bill currently resides in Senator John Gurdner's (R-Columbia) Senate Labor & Industry Committee.

In the fall, it was rumored that Sen. Pat Vance (R-Cumberland) may amend the content of her pump signage bill into our bill which may create additional momentum for the bill to get a committee vote. The PFMA Fuels Committee reviewed her bill and found that it would not be harmful. Randy St. John reminded the group that the bill also says that the department could add additional signage requirements by regulation. He said he would try to have this final provision stricken, but that having Sen. Vance's bill attached to the shut-off valve bill would create another supporter for pushing our bill through the system for passage into law. Members are currently urged to contact their state Senators to advocate its movement of the bill out of the Senate Committee for a full Senate vote.

On November 29, 2011, PFMA members met with Officials from the PDA and the Pennsylvania Department of Transportation (PennDOT) to discuss transportation concerns and the PA 511 travel website ahead of the arrival of upcoming winter storms.

Loss Prevention

Castle Doctrine – HB 40

House Bill 40, authored by Representative Scott Perry (R-Cumberland, York), was signed by the Governor into law on June 28, 2011. The bill expanded the state's "castle doctrine" to allow the right to use a gun or other deadly force in self-defense in situations outside of a person's home, vehicle or business. The new law eliminates an individual's duty to retreat before using deadly force if the person is in a place where he or she has a right to be and believes that deadly force is necessary to protect him or herself against death or serious bodily injury compelled by force or threat. Before the passage of this legislation, the use of deadly force was not justified if a person could safely retreat, except when the threat was made inside his or her home or business.



Rep. Scott Perry



Retail Theft

- New Lower Felony Level Threshold

Following the passage of the PFMA Loss Prevention Committee's Organized Retail Crime legislation in 2010 (HB 1720), the group has been interested in introducing a bill which would lower the retail theft felony level threshold from \$2,000 to \$1,000 worth of goods. Working with Representative Todd Stephens (R-Montgomery), the Pennsylvania Retailers Association (PRA) with the support of PFMA has gotten a bill created which will lower the felony threshold to \$1,000. In a period of only a couple of weeks, HB 1000 was introduced and passed out of committee and through the House of Representatives. The bill now resides in the Senate Judiciary Committee where it will undergo the scrutiny of Senator Stewart Greenleaf (R-Bucks, Montgomery).

Interested in Loss Prevention issues?

PFMA's Loss Prevention Committee meets regularly to share ideas and learn how to prevent theft. Contact Annette Knapp at aknapp@pfma.net.



Milk “Distributor” Registration

Some Senate members are considering requiring milk “distributors” to register with the state. Milk “distributors”, under this proposal, would be those who bring milk in from other states. The purpose of this idea is to allow the Pennsylvania Milk Marketing Board (PMMB) to figure out how much “stranded” premium is being lost when milk is brought into Pennsylvania and sold here, thus allowing retailers to collect the over-order premium without “distributors” having to return the premium to Pennsylvania farmers.

At the close of 2011, there had been no further movement by the state Senate Agriculture and Rural Affairs Committee to create a milk distributor registration process. PFMA’s Randy St. John met with Executive Director Mike Rader of the Senate Agriculture and Rural Affairs Committee and its representatives and Chris Naylor, Senator Michael Waugh’s (R-York) office, to express our opposition.

Pennsylvania Preferred® (HB1424)

House Bill 1424, authored by newly elected Representative Stephen Bloom (R-Cumberland), would make Pennsylvania Preferred® an official legislatively-endorsed state program. PFMA staff felt it was a positive idea as it discouraged the Department of Agriculture from coming up with yet another new branding program. The bill passed both House and Senate chambers on September 26, 2011. On October 5, 2011 Governor Corbett signed the Pennsylvania Preferred® legislation in a public bill signing held at the Giant Food Store in Camp Hill, PA.

Governor Tom Corbett announces PA Preferred as a permanent state program as Giant Food Stores President Rick Herring, left, and Agriculture Secretary Greg Greig, back, look on during a press conference at the Giant Food Store in Camp Hill, Pennsylvania.



Pharmacy

Pharmaceutical Accountability Monitoring System

House Bill 1651, introduced by Representative DiGirolamo (R-Bucks) on June 8, 2011, would amend Title 44 of the Pennsylvania Code to add a chapter entitled the Pharmaceutical Accountability Monitoring System (PAMS) Act, which requires the new Department of Drug and Alcohol Programs to establish and maintain an electronic system for monitoring all scheduled drugs that are dispensed in Pennsylvania by all professionals licensed to prescribe or dispense such substances.

The Pennsylvania Pharmacy Council (PPC) and others organizations requested changes to the bill following hearings in June and those changes were made and added to the bill that was voted out of the House Health and Human Services Committee during the week of December 5, 2011. It is possible that HB 1651 could see action this spring.

Pennsylvania Pharmacy Council Opposes PBM Merger

Citing concerns about the potentially devastating impact on community pharmacies and patient care, the Pennsylvania Pharmacy Council (PPC) announced on November 29, 2011 that it opposes a planned merger between two large pharmacy benefit management (PBM) companies, Medco Health Solutions and Express Scripts (ESI). The proposed Medco/ESI merger could bring an end to community-based pharmacies and the convenient services provided there. Health plans hire PBMs to reduce prescription costs by negotiating directly with pharmacies and drug manufacturers. A Medco/ESI merger would unite two of the nation’s largest three PBMs, which would give them control over the prescription drug benefits of an estimated 135 million Americans. This concentrated market share would

give them unprecedented power to set both the terms by which patients obtain medications and the drug costs and reimbursement fees for community pharmacies. PBMs are increasingly referring patients to their own mail-order pharmacy companies, sometimes mandating it. The increased market share will give them the power to drive out competition to their mail-order businesses from community pharmacies.

The Federal Trade Commission (FTC) is examining issues related to the merger. The PPC urges anyone concerned about losing access to convenient pharmacy services to visit <http://www.preservingcommunitypharmacy.com> to learn more, and to write to their Members of Congress.

On January 9, 2012, consumer groups including the Consumer Federation of America and the National Consumers League urged the FTC to stop the merger. The FTC is currently reviewing the merger to see if it complies with anti-trust laws.



Philadelphia Issues

Ban the Box – Ordinance 110111

On April 18, 2011, Mayor Michael Nutter signed Philadelphia Ordinance 110111 otherwise known as the “Ban the Box” legislation into law. This bill prohibits employers from requiring job applicants to disclose their criminal history until after the first employment interview. After July 18, 2011, retailers should have removed any questions about criminal convictions from their job applications. Philadelphia is the only location in Pennsylvania requiring this change.

Paid Sick Leave Vetoed – Proposed Ordinance 080474-AA

On June 28, 2011, Mayor Michael Nutter vetoed proposed ordinance 080474-AA that would have required most city businesses to provide paid sick leave to their employees. The bill, introduced by City Councilmen Bill Greenlee and Darrell Clarke, passed city council on June 16 with a 9-8 vote. Had the bill been signed into law companies with more than 10 employees would have been required to allow workers to earn one hour of sick time for every 40 hours worked — adding up to a cap of seven days per year. Mayor Nutter felt that the bill would put city businesses at a competitive disadvantage and serve as a deterrent to new businesses setting up shop within city limits.

Paid Sick Leave for City Vendors – Ordinance 110557

Philadelphia City Council passed a different sick leave ordinance (110557) on October 26, 2011, requiring paid leave for entities which do business with the city. While Mayor Michael Nutter did not sign or veto the ordinance, it became law by default. Although PFMA staff feels that this bill does not relate to members of the supermarket or convenience store community, if members conduct business in Philadelphia and receive some kind of aid from the city, they are urged to check with their corporate attorneys to find out whether or not this bill relates to their businesses.

Sweetened Beverage Tax Voted Down By City Council Proposed Bill 11047800

For the second year in a row, Philadelphia City Council rejected Mayor Nutter's proposal to levy a 2 cents-per-ounce tax on sweetened beverages. Instead of approving the soda tax, city council voted to raise property taxes for one year by 3.85 percent, which was expected to raise \$37 million dollars to go toward funding Philadelphia city schools. PFMA congratulated the Philadelphia members who worked with the bottlers and unions to defeat the beverage tax.

Tobacco Permits – Ordinance 11037400

Philadelphia City Council passed ordinance 11037400 on June 9, 2011, requiring that all tobacco retailers obtain a permit to sell all forms of tobacco and other products containing nicotine, effective January 1, 2012. This permit enables the Philadelphia Department of Public Health to monitor tobacco retailers and assure that they are complying with applicable laws.

While the state Department of Revenue requires a license for the sale of cigarettes, Philadelphia's permit covers all forms of tobacco, including: cigarettes, cigars, pipe tobacco, hookah, snuff, snus, chewing/dip tobacco, bidis and any other preparations of tobacco. The permit also covers electronic smoking devices and unapproved nicotine delivery products.

The permit became effective on January 1, 2012 and expires on December 31st of each year. The fee for the permit is \$50 and the annual renewal fee is also \$50. A permit cannot be transferred from one person to another or from one location to another. If a tobacco retailer fails to obtain a permit or apply for a current one, they will be fined \$75 per violation, per day.



Tobacco Signage

The Philadelphia Department of Health is considering requiring tobacco vendors to display large signs at each checkout area depicting harm that can be caused by smoking. PFMA has actively opposed this proposed regulation.

At the close of 2011, Philadelphia continued to contemplate creating a requirement for tobacco vendors to display large and often graphic signs at checkout. PFMA continues to oppose this idea. However, recent court decisions make it seem unlikely that Philadelphia will pursue this idea further. On November 7, 2011, a federal judge blocked a U.S. Food and Drug Administration (FDA) requirement that tobacco companies place new, big graphic warning labels on cigarette packages by September 2012.

PFMA was informed on January 11, 2012 that the Philadelphia Board of Health would not take up this idea at their meeting on January 12, but the board would discuss the issue at a later date.

Plastic Bag Recycling

In 2012, David McCorkle continued to work with Keep Pennsylvania Beautiful (KPB) and various environmental groups to raise the profile of plastic bag recycling in Pennsylvania. PFMA members joined KPB, Lt. Governor Jim Cawley and other groups to launch a statewide plastic bag recycling awareness campaign on November 15, 2011 at the state capitol in Harrisburg. Retailers, many of whom have offered bag recycling bins for years, will be easy to find thanks to the "A Bag's Life" program, which includes an interactive website and an application that pinpoints more than 1,400 Pennsylvania drop-off sites by zip code. PFMA urges more members will join this program. If you haven't already done so, contact David McCorkle for more details.

Right, Lt. Governor Jim Cawley signs the "I Keep Pennsylvania Beautiful" pledge promising to recycle plastic bags.



Redistricting

By the end of 2011, redistricting lines for both state and congressional districts had been drawn and approved by both the state House and Senate and the plan was sent to Governor Corbett who signed off on the work. The expectation was that redistricting was finalized and would be in place for the next decade. However, on January 25, 2012, the state Supreme Court overturned the legislature's new maps for the upcoming House and Senate races, leaving current districts in place until a five-member commission that designed the plan fixes the court's concerns. Until a new plan is developed and the high court approves it, the plans developed in the last redistricting in 2001 remain in effect.

Sales Tax Collection Pared Back

From June 1 to July 1, 2011, Pennsylvania businesses were required to file sales and use tax returns on a semi-monthly basis, per Act 48 of 2009. Fortunately, due to a change in the fiscal code as part of the 2011-2012 state budget passage, state business sales and use tax filings were pared back down to once per month.

Tort Reform — Fair Share Act

On June 28, Governor Tom Corbett signed into law SB 1131, better known as the "Fair Share Act," which reforms how damages are recovered in civil lawsuits, ensuring an equitable framework for litigation in the future and improving Pennsylvania's business climate. The new law keeps businesses and health care providers from being driven out of the state by frivolous litigation, a problem that discourages innovation, inflates insurance costs and kills jobs.



Under SB 1131, each defendant pays only his or her share of the judgment, which is determined by a judge or a jury. In the past, if there was more than one defendant and one could not pay, the other defendant would have to pay the full amount. At times, parties only marginally responsible were unfairly forced to pay an entire amount.



SNAP Program

Asset Test

The Pennsylvania Hunger Action Center became concerned in late 2011 that the Pennsylvania Department of Public Welfare (DPW) would push to implement an asset test in Pennsylvania for Supplemental Nutrition Assistance Program (SNAP) participants, which would make fewer people eligible for food stamps. The federally funded benefit serves about 1.8 million in Pennsylvania

with varying benefits. The maximum for a family of four is \$668 a month. But the proposal to reinstate the asset test, which was eliminated in 2008 by then-Gov. Ed Rendell because of the economic downturn, has drawn criticism from those who say fraud rates are low, administrative costs to test assets would be high, this is federal funding that the test is designed to curb and thousands of families could be hurt. Asset testing has been rejected by 70 percent of the states. PFMA's David McCorkle and Randy St. John met with Pennsylvania DPW's Policy Manager, Neal Leshner, on December 16 to review the state's plan.

On January 10, 2012, PFMA received word from Governor Corbett's office that he planned to move forward with the asset test. After receiving much criticism, on February 1, the governor revised the test limits to a more relaxed threshold of \$5,500 (up from \$2,000) for most households and \$9,000 for elder/disabled households. David McCorkle testified, along with other hunger coalition groups, against the asset test at a March 15 hearing before the House Human Services Committee. Without further changes, asset testing will begin May 1, 2012.

Tobacco Sales & SNAP Customers

House Bill 1254, a bill introduced by Rep. Mike Reese (R-Westmoreland) that would require retailers not sell tobacco products to SNAP program Pennsylvanians receiving cash assistance via an Electronic Benefits Transfer Access

card, was placed on the House tabled calendar on April 26, 2011 in response to active PFMA lobbying. It is anticipated that the bill will never leave the House tabled calendar and thus, will never come up for a vote.



State Budget

On July 1, Governor Tom Corbett signed the 2011-2012 state general fund budget, which cut government spending, did not raise taxes and included property tax reform. The legislature also agreed to a key economic proposal for school districts — a referendum on any property tax increase that exceeds the rate of inflation, known as Act 1. Under these changes, any property tax increase above the rate of inflation must be approved by the local voters.

Highlights of the 2011-12 plan included:

- The \$27.15 billion budget cut overall government spending by \$1.17 billion from 2010-11.
- The enacted budget eliminated \$822 million in annual spending.
- The budget included no new business taxes or hikes — no hike in tobacco products or fuel taxes and no reduction in the vendor sales tax allowance.
- The budget honored the governor's commitment to reinstate the phase-out of the Capital Stock and Franchise Tax (CSFT). The CSFT is levied on goods and equipment that a company keeps in store, even though it has not been sold or put to use. By eliminating this regressive tax, the governor gave more than 100,000 job creators an estimated \$70 million in tax relief. The phase-out of the CSFT will continue until it is completely eliminated in 2014.
- Walking Around Money (WAMs) for legislators is reduced by 4 percent and more than 1,000 positions in state government were eliminated.
- The budget consolidated and streamlined economic development programs to focus on job creation and attracting businesses to Pennsylvania.
- The budget brings state tax policy into line with the federal tax code. It increases the bonus depreciation deduction to 100 percent for property placed into service before January 2012.
- It included an increase in total funding for the Department of Corrections providing funding for the Pennsylvania State Police to maintain troopers on our highways and in our communities, as well as the state's emergency management agency.
- This budget increased total funding by \$6.2 million for the Children's Health Insurance Program (CHIP), provided \$405 million for children's Early Intervention Services and \$1.4 billion in county child welfare services.
- The budget included \$262.3 million in total funds to provide prescription drug coverage for 360,185 older Pennsylvanians, an increase of 1,950 people.
- Basic education funding has been increased \$128 million from Corbett's original proposal, which was at the 2008-09 pre-federal stimulus level. This resulted in an average annual increase of 3 percent in funding over the past 10 years.



Unemployment (SB 1030) Compensation Reform

On June 17, Governor Tom Corbett signed into law Senate Bill 1030, a measure that ensures the continuation of a federally funded, 13-week period of extended unemployment compensation benefits. Without prompt action by the governor and the General Assembly, approximately 45,000 claimants would have lost those benefits.

In addition to making the changes necessary for Pennsylvania to continue participating in the federal Extended Benefits Program, the new law also made important reforms that will save Pennsylvania's unemployment compensation fund an estimated \$133 million annually. Specifically, the new law will:

- Slow the growth of benefit costs by capping increases in the maximum weekly benefit, requiring those with large severance packages to exhaust severance pay before receiving UC benefits, and requiring claimants to demonstrate a stronger attachment to the workforce in order to qualify for benefits;
- Create a new shared-work program similar to laws in 21 other states allowing employers to avoid layoffs by reducing the hours of their workers who would receive pro-rated UC benefits for those lost work hours; and
- Require unemployed workers to search for work in order to receive UC benefits. Pennsylvania's CareerLink offices and www.pacareerlink.state.pa.us are available to help unemployed workers find openings, apply for jobs and sharpen the skills necessary for returning to work or preparing for a new career.

Transportation Funding Advisory Commission (TFAC) Report

On August 1, 2011, the Transportation Funding Advisory Committee (TFAC) released its final report, which contained several recommendations that would affect PFMA members. One recommendation would be to move the collection point for the motor fuels tax from the distributor level to the terminal (rack). This proposal would have affected PFMA members by removing the float that they have on the motor fuels tax. The second proposal included uncapping the oil franchise tax. This would bring in \$1.3 billion of the proposed \$2.5 billion called for in the TFAC report. If this proposal were enacted, it would raise the price per gallon of gasoline by 13.8 cents.

Many months after the TFAC report's release, the governor has not pushed for increased funding for transportation. He failed to include a plan for funding within the newly introduced 2012-2013 state budget proposal. It is difficult to imagine that the legislature will want to take up the idea of a significant gas tax increase in 2012 when all of the House members and half of the Senate will be up for re-election.

Senator Jake Corman (R-Centre, Juniata, Mifflin, Perry, Union), Representative



Mike Hanna (D-Centre) and Representative Dan Frankel (D-Allegheny) have each introduced bills that would implement the recommendations of the Transportation Funding Advisory Committee. Senator John Rafferty, Chairman of the Senate Transportation Committee, has indicated that he will not move any legislation until he receives direction from the governor. The governor mentioned in early 2012 that he had "new ideas" about how to fund transportation, but those ideas as of press time have failed to materialize.

PFMA and Pennsylvania Chamber Collaborate on 2011 Legislation

Apology Legislation (HB 495)

This bill would allow healthcare officials to speak openly with patients following an unforeseen medical outcome without fear of litigation based solely on the conversation. This bill has passed the House.

The bill was sent to the Senate Judiciary Committee on March 2, 2011.



EITC Expansion (HB 1330)

This bill would provide more funding for the state's Educational Improvement Tax Credit (EITC) Program enabling more businesses to receive tax credits for donations made to organizations that help families send their children to public schools outside of their residential area or private schools requiring tuition payments.

The bill passed the House and sent to Senate Education committee on June 29, 2011.

Certificate of Merit (HB 1419)

This bill proposes that certificates of merit that are currently only required for medical malpractice and healthcare related cases be extended to all professional liability actions. The bill was introduced and sent to the House Judiciary Committee on April 28, 2011.

Innocent Seller (SB 383, HB 803)

These bills would ensure that a product seller that had no role in designing or manufacturing the product and did not alter the product is not liable merely because the product passed through the company's hands. SB 383 was introduced and referred to the Senate Judiciary Committee on February 3, 2011. House Bill 803 was introduced and referred to the House Judiciary Committee on February 23, 2011.

Statue of Repose (SB 384)

This bill would establish a reasonable timeframe (15 years) in which product liability suits could be brought. The bill was introduced and sent to the Senate Judiciary Committee on February 3, 2011.

Venue & Civil Liability Claims (HB 1552)

This bill would expand previous malpractice venue reforms to include all civil liability cases. Lawsuits could only be brought in the county where the offense occurred; preventing lawyers from filing cases in counties where they believe juries would be more sympathetic. The bill saw a public hearing in the House Judiciary Committee on October 25, 2011.



Federal Issues

Hours of Service

On December 22, 2011, the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) announced the final rule for commercial truck drivers Hours of Service (HOS). The rule includes:



- Under the current rule, commercial truck drivers can drive a maximum of 82 hours each work week. Now that maximum has been lowered by 12 hours to a maximum of 70 hours.
- Truck drivers cannot drive after working eight hours without first taking a break of 30 minutes.
- The current 11-hour driving time limit continues, but FMCSA will conduct data analysis and research to further examine any risks associated with the 11-hour driving time limit.
- A requirement that drivers who maximize their weekly work hours of 70 hours must take at least two nights' rest when their 24-hour body clock demands sleep the most from 1 to 5 a.m. That is part of the "34-hour restart" provision that allows drivers to restart the clock on their work week by taking at least 34-consecutive-hours off-duty.

The final rule allows drivers to use the restart provision only once during a seven-day period.

Fines for trucking companies that allow drivers to exceed the 11-hour driving limit by three or more hours are up to \$11,000 per offense, and drivers themselves could face civil penalties of up to \$2,750 for each offense.

Interchange Fees

On June 8, 2011, in a critical victory for our industry, the U.S. Senate rejected yet another attempt to delay debit card swipe fee reform by a 54 to 45 vote. However, the final rule put forth by the U.S. Federal Reserve on June 30, ended up falling far short of expectations. In fact, it did little to level the playing field. The final rules established a per-transaction debit swipe fee of more than 21 cents, a rate significantly higher than the Federal Reserve's originally proposed rate of 7 cents or the compromise rate of 12 cents. The rules also add 0.05 percent of the transaction amount for fraud prevention. According to the Food Marketing Institute (FMI), this action actually increased costs on the most secure PIN debit transactions.



The final rules began to be implemented on October 31. On November 28, 2011, FMI, the National Association of Convenience Stores (NACS), the National Retail Federation (NRF), and two companies — Boscov's Department Store and Miller Oil Company — filed a lawsuit challenging the Federal Reserve's ruling on debit card swipe fees. According to a joint press release, the legal challenge is a unified response to the fact that the Federal Reserve's final rule on swipe fees does not follow the legal requirements in the debit card swipe fee portion of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The final rule did not go far enough; allowing banks to continue gouging merchants and consumers with unjustifiably high swipe fees and failing to promote the competition among card networks that would help reduce network fees.

Federal Issues, continued

Rest Area Proposal

In July 2011, federal legislation (the Lincoln Legacy Infrastructure Development Act) was introduced which would allow states to privatize rest area service stations. Currently, federal law prohibits privatized rest areas on interstate highways. This bill would change that, allowing states to sell or lease land to private convenience store operators who would open service stores on interstates. PFMA opposed this legislation as it would divert drivers from the many off interstate gas stations that are currently operated by PFMA members. Randy St. John discussed this issue with the Governor's policy staff to alert them about this potential federal change. We continue to monitor this issue.



Private Company Flexibility & Growth Act (HB 2167)



In 2011, both houses of the U.S. Congress were considering legislation that would amend the Securities Exchange Act of 1934 to increase the number of shareholders required before registering under Section 12(g) of the Act. The U.S. House of Representatives introduced HR 2167, the "Private Company Flexibility and Growth Act," to amend the shareholder registration thresholds for all private companies, increasing the shareholder limit from 500 to 1,000 shareholders. The Senate introduced similar legislation, S. 556, which would amend the Act to increase the number of shareholders from 500 to 2,000 for bank holding companies only. The 500 shareholder limitation is an outdated threshold dating back to 1964. Raising the limit beyond 500 shareholders would be more reflective of the characteristics of firms competing in today's U.S. capital markets. In addition to modernizing the shareholder requirement, the food industry believes that the changes contemplated in the shareholder

limit would provide all private companies the flexibility to remain privately-held and to grow and remain strong drivers of economic development and prosperity.

PFMA and some of its members have contacted federal legislators in the hope of promoting the passage of the Private Company Flexibility and Growth Act. In early December, Wawa testified at a Congressional hearing in favor of the bill. Pennsylvania's Senator Toomey had been leading the charge to get this bill passed. Other privately held Pennsylvania companies had also joined the fight.

The U.S. House passed H.R. 2167 out of the Committee on Financial Services on October 26, 2011 and the Senate Banking Committee held two hearings in December on it, which included testimony regarding S. 1824, a companion bill.

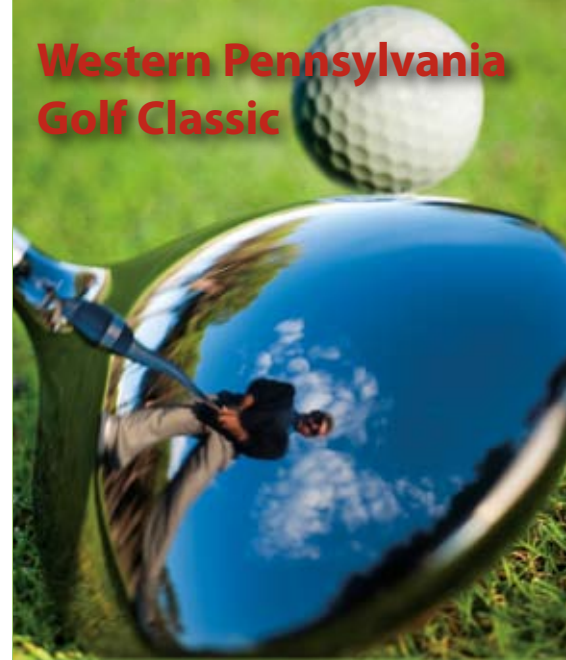
USDA Closing Offices

The U.S. Department of Agriculture plans to close its Harrisburg and Lebanon offices as part of nationwide plans to cut costs and streamline the department. The department will close a total of eleven offices in Pennsylvania.

The USDA announced the closings on January 9, 2012 as part of its "Blueprint for Stronger Service" that includes closing 259 domestic offices, seven foreign offices, consolidating contracts and reducing staff. The measure is expected to save \$150 million annually, according to the USDA.



Western Pennsylvania Golf Classic



PFMA, PCSC and the Pittsburgh Association of Manufacturers Representatives (PAMR) hosted the 2011 Western Pennsylvania Golf Classic at the Club at Nevillewood, Nevillewood, Pennsylvania on August 22. Nearly 90 golfers turned out to support the association's government relations efforts. Our thanks to PAMR for their support.



Above, Bruce Raber, Schwebel's Baking Company; Wayne Zupancic, Giant Eagle, and Vince Bianco, Wise Snacks.

Below, Jamieson Family Markets was represented by Bruce Byers, Robin Jamieson, Steve Superick and Tom Jamieson.





PENNSYLVANIA COUPON REDEMPTION SERVICES 2011

Autumn Thomas
President
athomas@pfma.net

PCRS Provides a Competitively Priced, Superior Quality Redemption Service for Retailers

Pennsylvania Coupon Redemption Services, Inc. (PCRS), serving PFMA members since 1956, is the association's longest-operating business service. It is also the largest retail coupon clearinghouse owned and operated by a retail association. Six hundred retailers in Pennsylvania and adjoining states entrust their coupon processing needs to PCRS.



PCRS provides a competitively priced, superior quality redemption service that is geared toward meeting the needs of the independent food retailer. Features of the program include:

- Fast and accurate processing utilizing barcode scanning technology;
- Prompt payment for the full face value and 8-cent manufacturer handling allowance for all coupons redeemed;
- Three payment plan options (two, 10 and 20 working days) for maximum convenience and flexibility;
- No service charges or volume minimums;
- Experienced and professional customer service support and;
- A commitment to obtaining fair treatment for independent grocers in the often complicated redemption process.



Laurie Savoy
Account Manager, PCRS
lsavoy@pfma.net | 717-760-5908

PCRS can also help its clients process the electronic coupons that shoppers select from retailer or digital coupon publisher websites and download to their frequent shopper cards. Through our strategic alliance with ProLogic Redemption Solutions, PCRS has access to a digital coupon clearing process that delivers the same accuracy, effectiveness and oversight that PCRS provides for paper coupon clearing. Retailers implementing digital coupon programs are assured of maximum reimbursements, high accuracy, low processing cost and a single integrated clearing solution for the processing and reporting for both digital and paper coupons.

PCRS' Autumn Thomas serves on the ProLogic Board of Advisors, which works to advance and protect retailer interests on key industry issues. Current topics before the group include coupon handling costs, charge-back reason codes, extreme couponing, and GS1 DataBar migration.

The profits earned from PCRS operations are returned to the association to help offset the costs of other PFMA programs, providing members with added value for each coupon submitted for processing.

'PCRS can also help its clients process the electronic coupons that shoppers select from retailer or digital coupon publisher websites and download to their frequent shopper cards.'

SCP Helps Maintain Accurate and Fair Pricing for Stores

Since 1991, the Scanning Certification Program (SCP) has helped participating retailers provide price accuracy and appropriate pricing information to consumers in Pennsylvania and surrounding states. The main goals of this voluntary price accuracy program are to clearly identify for customers the prices of all items in the store and to ensure that shoppers are charged the lowest advertised price at checkout.

Program guidelines require stores to adopt and advertise a price accuracy policy, provide employees with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

SCP auditors conduct unannounced in-store inspections to measure compliance with program standards. Certification is awarded to stores that have implemented program requirements and achieve an accuracy rating of at least 98 percent on a random sampling of items.

The Scanning Certification Program provides public recognition to stores that achieve and maintain a high level of price accuracy. Adherence to program standards helps prevent overcharges that erode consumer confidence and undercharges that cost stores money. Certified stores also fulfill the Pennsylvania state requirement of Act 155 for the annual inspection of checkout scanning systems.

The program has grown significantly over the past 20 years. Membership has increased from 10 study participants in 1991 to 950 supermarkets and convenience stores today. Inspection activity has also expanded, with 1,019 inspections performed last year.

Most importantly, the SCP is meeting its main goal of helping its members improve their price accuracy. Supermarket accuracy rose from 96.90 percent in 1991 to 98.74 percent in 2011. Convenience stores made strides too — improving overall average accuracy 1.5 percent since 2000.

Program staff completed an ambitious set of projects during the past



12 months including enhancing data capture and analysis capabilities; leveraging technology to contain costs and increase operational efficiency, and providing price accuracy training for new enrollees.

As we look ahead to fiscal 2012, the SCP remains focused on its core priorities of helping its retail members reach and sustain the highest level of price accuracy and ensuring customer satisfaction with checkout scanning systems.

The Scanning Certification Program was developed by a board of advisors, which continues to set policy and oversee all aspects of the program.

The current members of the board of advisors are:

Edward D. Arnoldi, Pennsylvania Association of Weights and Measures

Mary Bach, Consumer Advocate

Murray Battleman, Richboro Shop 'n Bag

Dean Ely, Pennsylvania Association of Weights and Measures

Dr. Drew Hyman, Pennsylvania State University

Ric LeBlanc, Pennsylvania Office of Attorney General

David McCorkle, Pennsylvania Food Merchants Association

Kevin Mullen, SuperValu, Inc., Eastern Region

Peg Rhodes, United Food and Commercial Workers

Pattie Shekiro, Acme Markets

Steve Swan, Retailix

To learn more about the Scanning Certification Program, contact SCP Executive Director Autumn Thomas at 888-722-6727 or athomas@pfma.net.



'MEMO is recognized as one of the leading money service businesses in the United States and is focused on enhancing the brand recognition by expanding its geographic footprint.'



MERCHANTS EXPRESS MONEY ORDER COMPANY, INC. 2011

Tanya Butler
President
tbutler@memoco.com

MEMO Celebrates 25 Years of High Quality Money Service Products

Merchants Express Money Order Company, Inc., (MEMO) celebrated 25 years of offering high quality money service products to more than 3,500 retailers who sell our variety of products to more than 10 million consumers annually. MEMO products are available in 20 states and the District of Columbia. MEMO is recognized as one of the leading money service businesses in the United States and is focused on enhancing the brand recognition by expanding its geographic footprint. The MEMO products are offered to retailers on the east coast and have expanded as far west as Michigan and Texas.

MEMO takes pride in its suite of products and services that include:

- MEMO Money Orders
- MEMO Bill Payments
- Pre-Paid by MEMO – prepaid wireless airtime and long distance calling cards
- Equipment maintenance and depot service
- Customized turn-key/back office money order processing
- WorldPay – endorsed electronic payments transaction processing service — debit cards, credit cards and EBT.

Through effective business alliances, MEMO has collaborated with Atrium to offer financial services on proprietary software to MEMO's national distribution list of retailers and affiliates. The Atrium software is a PC-based, application driven platform and integrated point-of-sale (POS) system that fully incorporates a suite of cash management and money services modules. Each retailer selects the modules they want to use. The Atrium modules include MEMO money orders and bill payments, along with a check cashing system, product sales reporting, and Bank Secrecy Act/Anti-Money



MEMO's board of directors oversees the overall strategic goals for the company. From left, Dwight Cromer, secretary/treasurer; Tanya Butler, president; and David McCorkle, vice president.

Laundrying compliance reporting. The Prepaid by MEMO products will be available during the 2012 calendar year.

MEMO also offers MEMO Money Orders and Pre-Paid by MEMO products as a stand alone option on a Verifone Vx570 terminal, connected to a proprietary PI23 secured printer and operates on a real-time web-based application. MEMO Bill Payments are also available as a stand-alone product on a PC and a real-time web-based application.

The MEMO Electra money order equipment is manufactured by MEMO and sold to money services businesses that prefer a stand-alone money order application. The Electra money order dispenser offers MEMO's proprietary software that issues money orders at the point-of-sale.



The Risk Management Committee evaluates all MEMO accounts to ensure financial success. From left, Dan Oliva, credit manager; Tanya Butler, president; Kevin Lutkins, corporate counsel/compliance officer; Autumn Thomas, vice president, sales and marketing; and Dwight Cromer, chief financial officer.

A Leader in the Money Services Industry

MEMO utilizes its state-of-the-art, efficient processing and reconciliation application by offering a turn-key solution to industry counterparts. Independent retailers can offer consumers a white-label money order product by using MEMO's secure equipment and proprietary software. MEMO manages the back office controls by providing custom branded secure money order forms, inventory replenishment, clearing bank processing, employee training, customer service, sales reporting, federal and state license reporting, service charge processing, unclaimed property/escheat reporting, anti-money laundering compliance training, suspicious activity monitoring and reporting, replacement money order processing, photo copy requests, stop payment and voided transactions processing, supplies replenishment, machine maintenance and depot service.

As we enter our 26th year of service to unbanked and underbanked consumers, the business will continue to maintain a consistent pattern of growth and profitability through the effective implementation of our corporate philosophy to offer high quality, low cost money services products. The four key business strategies: Continuous Growth, Business Alliances/Joint Marketing, New Product Development and Market Development will contribute significantly to our success. The business plan and strategy moving forward is to expand the geographic footprint by saturating existing markets and offering innovative techniques to support new market developments. This core strategy and approach will ensure the path toward ongoing success.



MEMO's Research and Development Committee continually explores new products and services to add to the company's financial service line. Clockwise from left, Tanya Butler, president; Beth Mullen, vice president, Information Technology; Bryan Hannan, national sales director; Missy Wellington, vendor relations director; and Autumn Thomas, vice president of sales and marketing.



Vendor Relations Director Missy Wellington seeks new relationships with vendors to enhance MEMO's product line.

**Visit MEMO online at
www.memoco.com**

Merchants Express Money Order Company, Inc.



Left, The Compliance staff ensure that MEMO is following all the regulations set forth for Anti-Money Laundering (AML). Staff members are, from left, Judy Johnson-Ward, licensing and compliance specialist; Clayton Seifried, compliance examiner; Kevin Lutkins, corporate counsel/compliance officer; and Tiara Banks, compliance analyst.



Three bilingual customer service representatives assist MEMO's Spanish speaking agents and their customers. Clockwise from bottom, Wendy Shunk, bilingual operations coordinator; Yazmin Kubull, bilingual call center representative; and Jeanette Tagliaferro, bilingual imaging clerk.



MEMO's Operations Team includes, front row, Travis Wrobbel, communications/imaging specialist; Terry Smith, manager of money services; Wendy Shunk, bilingual operations coordinator; and Nancy Keefer, call center representative. Back row, Lesa Althoff, operations coordinator; Tonia Milliken, agent service representative; Jeanette Tagliaferro, bilingual imaging clerk; Yazmin Kubull, bilingual call center representative; Brenda Hicks, agent service representative; Angela Beck, operations coordinator; and Shelly Harris, operations analyst.

Warehouse Operations

MEMO's warehouse operations are located in Mechanicsburg, Pa. The team provides comprehensive technical support, equipment maintenance and depot service, and supplies inventory replenishment to MEMO agents. **Reach the MEMO Help Desk at 800-864-5246.**

Front row, Holly Johnson, warehouse shipping/receiving specialist; David Ulsh, machine maintenance/help desk technician; and John Rodgers, warehouse manager. Standing, Kevin Null, lead machine maintenance/help desk technician; Rich Beaston and Matt Sholley, machine maintenance/help desk technician.



MERCHANTS EXPRESS MONEY ORDER COMPANY, INC. 2011

Autumn Thomas
Vice President,
Sales & Marketing
athomas@memoco.com



Sales and Marketing Provides Personalized and Prompt Service

PFMA/MEMO'S Experienced Sales Team

The PFMA/MEMO Sales and Marketing department is staffed by a National Sales Director, four Regional Sales Managers and an Administrative Assistant and Marketing Coordinator. Our team's primary goals are to expand participation in PFMA's wholly-owned business subsidiaries, MEMO and PCRS, and enroll new members in the association. All of our sales professionals have extensive food industry experience, outstanding business service product knowledge and significant tenure with PFMA. Perhaps most important is the focus we place on building relationships with our members and business service clients — personalized and prompt service is the top priority for the Sales and Marketing team. For more information on our business services, and how they can help you satisfy customer needs while increasing store traffic and profitability, please contact us at 800-922-8079 or sales@memoco.com.

Pennsylvania Coupon Redemption Services, Inc. (PCRS)

Established in 1956, PCRS is the largest retailer coupon clearinghouse owned and operated by a retail association. We are your solution for manufacturer coupon processing, handling both paper and electronic coupon offers. PCRS provides a competitively priced, superior redemption program that is geared toward meeting the needs of independent food retailers. You can count on fast and accurate coupon processing, on-time reimbursements, multiple payment plans for added convenience and flexibility and expert and attentive customer service support.

Nationally, coupon usage is at its highest levels in years with shoppers saving \$4.6 billion in 2011. NCH's annual consumer survey found that 80.6 percent of consumers report using coupons regularly, up 17 share points from pre-recession levels. In the current tough economy, shoppers will continue to spend cautiously and seek deals, driving manufacturers to use coupons to move product. So if you're not accepting coupons currently, or if your current coupon processor isn't meeting your expectations, check out PCRS. Our enrollment process is fast and easy and we'd be happy to help you get started today.

PFMA|PCSC 2011 Annual Report



The Sales and marketing team includes Michele Weaver, administrative assistant, and Whitney Rhoads, marketing coordinator.

Merchants Express Money Order Company, Inc. (MEMO)

There are approximately 60 million "un" or "under-banked" consumers in the U.S. — people that don't have a bank account or relationship with a traditional financial institution — either because they cannot afford to maintain required minimum balances or have an inherent aversion to dealing with the traditional banking community. These consumers need alternative ways to pay bills and purchase goods and services and demand the convenience of one-stop shopping. Since its inception in 1986 as a money order company, MEMO has provided retailers with profitable, easy-to-use, secure and convenient products that provide these much desired financial services to their customers.

MEMO selling outlets include supermarkets, convenience stores, pharmacies, check cashers and many other types of retail locations. We're very proud of the fact that more than 3,500 retail locations in 20 states and the District of Columbia count on MEMO as their alternative financial services vendor. MEMO continually seeks to refine and expand its product line to increase the customer counts and bottom lines of our clients. MEMO's new real-time web-based bill payment application is just one such enhancement for 2011.



'Our team's primary goals are to expand participation in PFMA's wholly-owned business subsidiaries, MEMO and PCRS, and enroll new members in the association.'



MEMO's Sales Team



Bryan Hannan
National Sales Director
(410) 529-4287
bhannan@memoco.com

Service area: Baltimore, Western MD, Southwestern PA, Northwestern WV, TX, FL, GA, MI and Washington, DC



Mac Dixon
Sales Manager
(804) 288-0606
mdixon@memoco.com

Service area: Virginia, NC, SC, and Southern MD



Steve Halterman
Sales Manager
(937) 349-2224
shalterman@memoco.com

Service area: OH, KY, Southern WV and Western PA



John Jones
Sales Manager
(570) 868-4057
jjones@memoco.com

Service area: Northeastern PA, NY, RI, MA and CT



Terry Quigley
Sales Manager
(856) 228-2848
tquigley@memoco.com

Service area: Philadelphia, Eastern PA, NJ, DE, Eastern MD, Long Island and NYC

Merchants Express Money Order Company, Inc. and other similar businesses are now classified as Money Services Businesses (MSBs) to more accurately reflect the scope of our product offering. Our current services are:

MEMO Money Orders

As many as 30 percent of all consumers purchase money orders on a weekly basis — because they don't have a traditional checking account or prefer the convenience, cost and safety of paying bills and making purchases with money orders. Many of these money order purchasers spend up to an additional \$30 on other products and services while in the store where they buy their money orders. MEMO's full-service money order program can increase traffic flow, generate repeat business and boost sales.

MEMO's fees, which are based on the number of money orders sold, are extremely competitive. And as sales increase, your fee decreases. MEMO provides the easy-to-use, fast and secure money order delivery system, money order forms and in-store promotional materials to help you sell money orders. We also provide full training, easy-to-follow procedures, and clear and established processing controls. You can count on ongoing support with MEMO's dedicated bilingual customer service and help desk teams at our Pennsylvania-based call centers — unlike some other money order companies, we don't outsource our relationship with you.

MEMO Bill Payments

Walk-in bill payments is a highly in-demand service that will build your store's foot traffic and profitability. MEMO Bill Payments offers your customers a fast and simple way to pay multiple bills with one trip to your store. With our program, you can collect payments from hundreds of utilities and other billers, both authorized and non-contract. Consumers simply present their bills at a MEMO Bill Payments location along with their payment and a small processing fee. They leave your store with a payment receipt and the comfort of knowing that the payment will post in as little as 30 minutes depending on the payment option chosen. All payments are processed electronically, virtually eliminating customer service issues.

MEMO gives you the flexibility of both web-based and stand-alone PC applications, and all equipment and training is provided to you with no up front cost. You may also elect to use your own pre-existing equipment with our real-time web-based system, freeing up valuable countertop space. MEMO Bill Payments agents receive generous commissions, generally 50 percent of the retail bill payment fee, depending on the biller. MEMO Bill Payments will satisfy your customers' desire for one-stop shopping and fast, reliable paperless payment solutions. We invite you to contact one of our sales professionals to learn more about the benefits of being a MEMO Bill Payments agent.

Pre-Paid by MEMO

Pre-Paid by MEMO gives retailers the ability to sell prepaid cellular airtime from most major carriers and long distance phone cards used to call many countries throughout the world. High consumer demand continues to fuel double-digit growth for prepaid cellular airtime—lengthy contract terms and high costs have lessened consumer enthusiasm for post-paid cellular plans. Most prepaid cellular customers return to the same store location for subsequent minutes purchases, all but guaranteeing you repeat business.

MEMO Pre-Paid products are sold 24/7/365 with immediate and substantial commissions to you. Those commissions are a percentage of the product's purchase price — you keep that amount and remit the balance to MEMO via our standard remittance schedule. There is no need to pre-buy anything and customers can choose prepaid cellular time in denominations ranging for \$2 to \$150 and long distance cards in \$5 and \$10 denominations. PINs for prepaid cellular and most long distance products are downloaded automatically and printed on the consumer receipt. MEMO also has a variety of Top-Up prepaid cellular products, which provide added security, increased commission rates and immediate access to the minutes purchased.

Debit/Credit/EBT Processing

MEMO, in partnership with WorldPay, a leading global payment processing provider, can provide you with affordable, flexible and scalable payment solutions that grow your business.

Debit cards are among the most popular forms of payment today. By offering debit, your customers can buy goods and services without having cash or a checkbook handy, and without incurring credit card debt. Your customers can also have the added convenience of getting cash back on purchases, while you enjoy increased protection from chargebacks. In addition, you can speed up the checkout process as PIN-secured debit cards do not require retailers to record driver's license and phone numbers.

We also offer comprehensive credit card processing services from card authorization to settlement of funds. With direct connections to all the major credit card associations, retailers who choose WorldPay/MEMO have access to the most robust payment options available.

Let MEMO and WorldPay help you to collect payments securely, swiftly and with total confidence. Our locally coordinated payment processing services suit the needs of all sorts of retailers, big and small. We'd be happy to help you receive a competitive quote from WorldPay — just contact the MEMO Sales and Marketing department at 800-922-8079 or sales@memoco.com.

FINANCE 2011

Dwight Cromer
Chief Financial Officer
dcromer@memoco.com



Finance Division Enforces Sound Policies and Internal Controls

The Finance Division of the Pennsylvania Food Merchants Association includes the Accounting and Credit and Collections Departments. Chief Financial Officer Dwight Cromer leads a combined staff of five, who are responsible for all aspects of financial management and internal controls of the association and the following for profit business subsidiaries: Merchants Express Money Order Company, Inc., MEMO Money Order Company, Inc., MEMO Money Order Company of New York, Inc., Merchants Express USA, Inc., and Pennsylvania Coupon Redemption Services, Inc.

The overall financial position of the for profit businesses must be solvent to remain competitive as a national industry leader. It is imperative that sound policies and internal controls are enforced to ensure minimal risks and exposure. The Finance Division provides the preparation of financial statements, cash management, investment management, budget preparation, fixed asset management, capital expenditure management, risk management through the enforcement of prudent credit and collections policies and procedures. Additionally, all human resources functions for the association and the business subsidiaries are managed by staff in the Finance Division.

The key financial ratios for the association and business subsidiaries have been identified and the business maintains a solid equity position that is consistent with its financial goals and objectives. As of December 31, 2011, the consolidated net worth is \$5.45 million with assets of \$64.8 million. Revenues total \$6.96 million are generated from service fees of the for profit business subsidiaries, investment income and association membership dues.

The Credit and Collections Department works closely with the Compliance Department to ensure that the business enforces stringent policies that minimize risk and exposure. Credit staff manage the processing of more than 1,500 money services applications for all MEMO business products.



The Accounting and Human Resource staff includes Talitha Sheppard, staff accountant; Dwight Cromer, CFO; and Gail Bryner, accounting/human resource manager.



Credit and Collections includes Dan Oliva, credit manager, left, Robin Harner, credit clerk; and David Bush, credit coordinator.

Daily monitoring of financial transactions, regular agent credit reporting updates, financial statement analysis and ongoing risk assessments assist with managing the Accounts Receivables, which is the largest asset of the business. Additionally, the Credit Department handles all collections and legal accounts, working in collaboration with corporate counsel and third party firms.



‘The key financial ratios for the association and business subsidiaries have been identified and the business maintains a solid equity position that is consistent with its financial goals and objectives.’



INFORMATION TECHNOLOGY 2011

Beth Mullen
Vice President
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IT Staff Assures Smooth Operation of Computer Systems

With Information Technology at the heart of most organizations, PFMA is no exception. 2011 brought its share of challenges and successes for the department. We continue to explore new and better ways of accomplishing our primary goal in assuring the smooth operation of our organization's computer systems, in order to better serve our members.

For Merchants Express Money Order Company, Inc. (MEMO), development and integration of our point-of-sale (POS) product was completed and we have begun to roll this out to a multi-location chain. This solution provides the agent with the ability to run the money order application, along with other PC or POS applications.

Our programming staff continues to work closely with the MEMO compliance team as state regulations

are ever changing in all of our operating states. The tools that are used to oversee this compliance are key and as a result, the information technology team is kept busy. Development in other areas of MEMO's business for bill payments, prepaid services and the like were also improved. We conduct semi-annual disaster recovery tests and manage all software upgrades annually.

We are also continually looking for areas in which we can improve communications with our members who take advantage of the benefits of using the Pennsylvania Coupon Redemption Service.

The Information Technology group looks forward to the challenges that the coming year will bring, as we continue to look for new technologies to better serve the association and ultimately our members.



PFMA's Information Technology staff provides its expertise to PFMA, MEMO and PCRS projects. They are, from left, Chuck Harber, senior programmer/analyst; Steve Orner, information systems specialist; Brian Grey and Scott Thomas, programmer/analysts.

'We continue to explore new and better ways of accomplishing our primary goal in assuring the smooth operation of our organization's computer systems, in order to better serve our members.'



FACILITIES 2011

Association Location Convenient to Downtown Harrisburg and the State Capitol Building

The Pennsylvania Food Merchants Association operates from a 43,647 square foot office building, which is conveniently located two miles from downtown Harrisburg and the state capitol building. The two-story office building features more than 16 thousand square feet of gross building area, plus more than 4,700 square feet of below grade area with 1,583 square feet of finished office space. The building houses three conference rooms, which are comfortable for meetings. PFMA headquarters is situated on just over an acre of land, providing ample parking for staff members, visitors and tenants.

CFO Dwight Cromer is the association's facilities manager. He ensures that the office on Mumma Road is well maintained and at full occupancy. As PFMA's space needs have decreased through the years, the association leases office space to other companies. Currently, two tenants lease space in the building.

The warehouse operations are located on Ritter Road in Mechanicsburg. MEMO leases a 5,250 square foot warehouse to house its help desk, machine maintenance, equipment, signs and point-of-sale material.



PFMA's offices are maintained by Dave Gramm, left, and Lenny Semick, right.

Two of the conference rooms available for association, staff and business subsidiary meetings.

ASSOCIATION LEADERSHIP 2011

PFMA Board of Directors



Chairman
Louie Sheetz
Sheetz, Inc.
Altoona, PA



Vice Chairman
Richard McMnamin
McMnamin Family ShopRites
Philadelphia, PA



Treasurer/Secretary
Jeff Brown
Brown's Super Stores, Inc.
Westfield, NJ

- Sam Anderson**, Pump n Pantry, Montrose, PA
- Jeff Beaulieu**, Giant Food Stores, LLC, Carlisle, PA
- Jim Bello**, Bello's Shurfine, Erie, PA
- Carole Bitter**, Friedman's Supermarkets, Butler, PA
- Bill Bracey**, Bill's ShopRite's, Daleville, PA
- Steve Culver**, Delhaize Food Corp., Portland, ME
- Joseph Della Noce**, SuperValu, Inc., Mechanicsville, VA
- Ron Fish**, Reading Consumer Products, Valley Forge, PA
- Jeff Good**, Amelia's Grocery Outlet, New Holland, PA
- Scott Hartman**, Rutter's Farm Stores, York, PA
- Wendell Hahn**, Four Seasons Produce, Inc., Ephrata, PA
- Richard Herrmann**, Bozzuto's Inc., Newtown Square, PA

- Craig Hoffman**, Wegmans Inc., Allentown, PA
- Tom Jamieson**, Shop 'n Save & Save-A-Lot, Uniontown, PA
- Dan McNabb**, Castle Shannon Shop 'n Save, Castle Shannon, PA
- Chris Michael**, Associated Wholesalers, Inc., Robeson, PA
- Richard Russell**, Giant Eagle, Inc., Pittsburgh, PA
- Dan Sanders**, Acme Markets, Inc., Malvern, PA
- Paul Sauder**, R.W. Sauder, Inc., Lititz, PA
- Greg TenEyck**, Safeway, Inc./Genuardi's, Lanham, MD
- Dean Walker**, Boyer's Food Markets, Inc., Orwigsburg, PA
- Jonathan Weis**, Weis Markets, Inc., Sunbury, PA
- Richard Wood**, Wawa, Inc., Wawa, PA

PCSC Executive Committee

- Sam Anderson**, Pump n Pantry, Montrose, PA
- Brad Chivington**, Turkey Hill Mini Markets, Lancaster, PA
- Michael Cotheman**, McLane Company, Shippensburg, PA
- David Daniel**, Giant Eagle/GetGo, Pittsburgh, PA
- Tom Dempsey**, Utz Quality Foods, Inc., Hanover, PA
- Bruce Earhart**, Handee Marts, Gibsonia, PA
- Scott Hartman**, Rutter's Farm Stores, York, PA
- Dave Heisler**, CoGo's, Inc., Pittsburgh, PA
- Patty Hendel**, Sunoco, Inc., Exton, PA
- John Hodnett**, S&D Coffee, Concord, NC
- Bret Hoffmaster**, Shipley Stores, LLC, York, PA
- Gary Lauer**, Associated Wholesalers, Inc., York, PA
- Chuck Miller**, Ellis Coffee, Philadelphia, PA
- Gordon Seiber**, Kellogg's Specialty Channels/Convenience
- Louie Sheetz**, Sheetz, Inc., Altoona, PA
- Joseph Tripi**, Tripifoods, Inc., Buffalo, NY
- John Wagner**, United Refining Company, Erie, PA
- Gary Zimmerman**, Sheetz, Inc.



Chairman
Paul Rankin
Country Fair Markets
Erie, PA



Vice Chairman
Gabe Olives
Impact 21
Harrisburg, PA



Strong leadership and thoughtful insight are vital to the success of the Pennsylvania Food Merchants Association, and the Pennsylvania Convenience Store Council. These volunteers help shape the association's agenda for the future.

COMMITTEES 2011

PFMA-PCSC Committee Chairs



Chairman
Food Protection Committee
Glenda Christy
Giant Eagle, Inc., Pittsburgh, PA



Chairman
Fuels Committee
Gabe Olives
Impact 21 Group, LLC, Harrisburg, PA



Chairman
Loss Prevention Committee
Adam Nowicki
Wegmans Inc., Allentown, PA



Co-Chairman
Legislative Committee
Craig Hoffman
Wegmans, Inc., Allentown, PA



Co-Chairman
Legislative Committee
Gabe Olives
Impact 21 Group LLC, Harrisburg, PA



Chairman
Pa. Pharmacy Council
Paul Granger
Associated Wholesalers, Inc., Robesonia, PA



PFMA/PCSC Committees allow members to meet to discuss ideas, issues and solve legislative and regulatory problems. The association forms new committees based on the input from members.

PFMA-PCSC Partner Council

Delaware Food Industry Council

Chairman
Richard Kenny
Kenny Family ShopRites

Vice Chairman
Greg TenEyck
Safeway/Genuardi's

Treasurer
Erik Woehrmann
Walgreens

Secretary
Lorelei Mottese
Wakefern Food Corp.

Board Members
Steve Culver
Food Lion

Elise Diedrich
Acme Markets, Inc.

Patty Hendel
Sunoco, Inc.

Paula Janssen
Janssen's Market, LLC

Stacy Wiggins
Giant Food Stores, LLC

Executive Director
Julie Miro Wenger





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Jennifer Hamelin

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Dwight Cromer

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Gail Bryner

Credit Manager
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Corporate Counsel/Compliance Officer
Kevin Lutkins

Manager of Money Services
Terry Smith

Vendor Relations Director
Missy Wellington

Manager of Warehouse/Help Desk Operations
John Rodgers

Sales & Marketing
Vice President of Sales & Marketing
Autumn Thomas

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Bryan Hannan

Administrative Assistant
Michele Weaver

Marketing Assistant
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Pennsylvania Coupon Redemption Services (PCRS)
President
Autumn Thomas

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Pennsylvania Food Merchants Association

pcsc
PA Convenience Store Council

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