

# CPC CLOSURE PLANNED FOR EARLY 2015

## Canadian Pallet Council Communication September 23, 2014

**Dear CPC Members:**

**Planned Closure of the CPC:** The Board of Directors of the CPC has decided to seek a resolution to close the CPC, with a planned closure anticipated during the second quarter of 2015. This decision has been very difficult, however it reflects the changing market environment and in particular, the substantial loss of support and participation in the pallet exchange program, most recently in the form of the planned withdrawal of Sobeys and Metro.

As you may recall, the CPC launched a membership survey in the spring to determine how the loss of distributor support would impact the organization. We aggressively sought member feedback and were able to obtain the views of approximately half of the membership. During this survey, members were asked whether the CPC would have value to them once the major grocery distributors left, whether they would be prepared to pay more to maintain the CPC, whether they intended to continue their memberships, and importantly, whether they would be prepared to join the board of directors. The vast majority of members responding indicated that without distributor support, the CPC would provide little value. Most members were not prepared to pay more in order to sustain the CPC. CPC staff have spent the past two months working with the survey data to project membership support and revenues following the distributors' departure.

Membership is anticipated to decline dramatically following the exit of Metro and Sobeys at year's end. While some members indicated they would continue to support of the CPC, this appears to be a very small group. Anticipated membership revenues from this group are expected to be less than 10% of what the CPC has traditionally received. The substantially reduced participation in pallet exchange has also resulted in concerns about the very viability of the exchange model. Further, significantly, we have been unable to find members willing to join the board and lead a diminished and financially fragile CPC. Based upon this membership feedback, the corresponding projected revenues, and the resulting limitations to any ongoing CPC operation, the Board has determined that the CPC will no longer be able to provide its core value proposition to members.

In the circumstances, the Board of Directors has determined to proceed with an orderly shutdown of the CPC in 2015. This has been an extremely difficult decision. The Board of Directors will review their decision and shut down plan with the membership at the Annual General Meeting (AGM) on October 8<sup>th</sup>, 2014. In the interim, the CPC will continue to operate while continuing to downsize and reduce services. Later this year

or early 2015 there will be a special meeting of the membership called to approve a resolution to dissolve the organization. You will receive notification at that time.

**By-Law Amendments:** All organizations incorporated under the *Canada Corporations Act, part II* must transition to the *Not-for-profit Corporations Act* ("NFP Act") by **October 17, 2014**, or face dissolution. Given that the CPC has been actively considering shutting down the organization, it has not taken steps to comply with the new NFP Act. Organizations like the CPC are required to "continue" under the new legislation by filing articles of continuance with by-laws amended to comply with the NFP Act.

The new NFP Act is designed to provide organizations with more modern governance principles. It is important to note that the NFP Act is comprehensive: its rules for governance of not-for-profit organizations will replace the extensive, often complex range of by-laws many organizations have developed, revised, amended and relied upon since their inception. In fact, many of those areas previously addressed in an organization's by-laws are now defined within the Act, and certain by-laws, or parts thereof, should be eliminated entirely as the Act takes precedence.

The new Act does not apply automatically. Organizations must amend their by-laws and create Articles of Continuance to obtain a Certificate of Continuance. Once an organization has created the documents they must be approved by membership and filed with Industry Canada within 12 months of receiving approval. Failure to file will result in the dissolution of the organization.

The CPC Board of Directors has delayed complying with the NFP Act due to the uncertainty of CPC's future, however as the CPC will continue to operate after the October 17<sup>th</sup> 2014 deadline, it is imperative that we immediately take the steps required to comply with the new NFP Act. The CPC's Board of Directors have approved the proposed By-laws, and have completed the Articles of Continuance Form. At the CPC's AGM on October 8<sup>th</sup> these documents will be presented to the CPC membership for approval and will then be filed with Industry Canada. Click on the links below to access copies of these documents which are also posted on the CPC's website for member information and review.

>>Proposed By-Laws

>>Articles of Continuance

**Board of Directors 2014:** The CPC cannot continue to operate without leadership support. Most of the current board members, have agreed to stand for the next term, in order to ensure an orderly shutdown of the organization. Members will vote to approve the proposed slate of 2014 Directors at the AGM on October 8th.

>> List of Proposed 2014 Board of Directors

**Annual General Meeting – October 8, 2014:** The AGM details are as follows:

Agenda:

8:00 - 9:00 am      Registration & Continental Breakfast  
9:00 - 10:00 am    Annual General Meeting  
10:00 - 12:00 pm   Members Discussion regarding the Future of the CPC

Location:

Sheraton Toronto Airport Hotel & Conference Centre  
801 Dixon Rd, Toronto, ON M9W 1J5

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**NOTICE OF ANNUAL GENERAL MEETING - October 8, 2014**

Notice is hereby given that the Annual General Meeting (AGM) of the Members of the Canadian Pallet Council/Conseil des palettes du Canada will be held on **Wednesday, October 8<sup>th</sup>, 2014 at 9:00 am EST in the Muskoka III room at the Toronto Airport Sheraton Hotel**, 801 Dixon Road, Toronto, Ontario.

Click the links for the **Agenda**, the **2013 AGM minutes**, **Proposed By-law revisions** and **Articles of Continuance**.

Immediately following the formal AGM meeting there will be an informal discussion regarding the current status and planned closure of the CPC. Members of the board will be present to discuss their decision regarding closure. Senior members of the distributor community will also be present to provide further information regarding their withdrawal from the CPC. As always, we urge you to attend and discuss your concerns and learn more.

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**Next Steps:**

Plan to attend the Annual General Meeting on October 8<sup>th</sup>, 2014. Participate in the AGM and discussions regarding the future of the CPC. Watch your email for more news from the CPC announcing a Special General Meeting date later this year. The CPC is YOUR association. It is imperative that members attend the AGM on October 8<sup>th</sup>.

As always, I welcome your questions and comments. I can be reached at [bjunkin@cpcpallet.com](mailto:bjunkin@cpcpallet.com) or 905-372-1871 ext 105.

Sincerely,

Belinda Junkin

President & CEO

Canadian Pallet Council