BC MARKETING egg BOARD

Meeting of the Board of Directors

250 – 32160 South Fraser Way
Abbotsford, BC V2T 1W5

Strategic: Identify key opportunities and systemic challenges and plan for actions to effectively manage risks and take advantage of future opportunities.

Accountable: Maintain legitimacy and integrity through understanding and discharging responsibilities and reporting performance.

Fair: Ensure procedural fairness in processed and decision-making

Effective: A clearly defined outcome with appropriate processed and measures.

Transparent: Ensure that processes, practices, procedures & reporting on exercise of mandate are open, accessible and fully informed.

Inclusive: Ensure that appropriate interests, including the public interest, are considered.

MINUTES
of
Board of Director's Meeting

Date: January 25, 2017

Location: BCEMB

BOARD IN ATTENDANCE:	Brad Bond, Chair Amyn Alibhai, Board Member Fred Krahn, Vice Chair Walter Siemens, Board Member Jennifer Woike, Board Member
STAFF IN ATTENDANCE:	Katie Lowe, Executive Director Erin Duetta, Manager, Finance Amanda Brittain, Manager, Communications & Marketing April Dicer, Recording Secretary

CALL TO ORDER
Chair, Brad Bond, called the meeting to order at 9:08 am

ADOPTION OF AGENDA
The agenda was adopted with the following additions:

5.18 Ungraded Eggs

1.0 APPROVAL OF MINUTES

1.1 Approval of the Minutes of December 7-8, 2016

R17-001 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of December 7-8, 2016 as amended.

CARRIED

2.0 BUSINESS ARISING/ACTION LIST REVIEW

2.1 Board Calendar
The Board calendar was presented for information.

2.2 Action Items
The action item document was reviewed for information.

2.2a Spent Hens Contract
The Spent Hens contract between BC Egg and WCR/Superior Poultry has expired and staff has been reviewing the verbiage with BCEMB's lawyer. WCR has amended the contract to include the supplemental agreement regarding liability, as per the lawyer's recommendations. After legal has responded to Management regarding Section E (Liability), management would like to sign the updated contract and schedule a meeting in September 2017 to start discussions again around a premium for specialty product.

R17-002 It was MOVED and SECONDED

THAT the Board of Directors approve that BC Egg Marketing Board sign the Spent Hens Contract for the duration of one year.

CARRIED

2.2b Grader Audit
Golden Valley and Island Eggs are challenging the validity of the items requested be audited by Deloitte on behalf of BC Egg. Management is in the process of contacting the grading stations regarding the confusion on the information to be requested and, in the meantime, would like to send documentation to legal for review and to offer an opinion on BCEMB's auditing authority.

Action: Draft letter to Graders regarding audit process and financial statements.

2.2c Specialty COP
The Western Provinces met with Bob Burden on December 19, 2016 to discuss the Specialty COP that Serecon has been contracted to conduct. In attendance were producers and Board members as well as staff from each of the Western Provinces. The study will determine a COP based on a cost to produce caged white plus a differential for the increased costs of the specialty production type. At this time, the Western Provinces are still on track to have a specialty pricing model spring 2017.

The group will meet to discuss proposal and information required, then bob will meet one on one with the producers.

Art Friesen of Five Fry Farms joined the meeting at 10:00 am

4.1 Five Fry Appeal Presentation
Five Fry Farms has appealed the decision of the BCEMB to withdraw with 6% MGA. During the pre-hearing conference call, Art expressed an interest in coming in to speak to the Board regarding this issue. The Appeal was adjourned until after the January 25, 2017 Board meeting where Art would be invited to plead his case to the Board.
Though Art challenged the Board with their decision on withdrawing the 6% TMG and suspending the leasing program, his main concern lay with the cloudy messaging of the decision.
From this discussion it was agreed that it would be helpful if the Board provided more detail on decisions they make when distributing information. It was decided that FIRB's SAFETI analysis will be applied when sending out the decision messaging to improve engagement with producers.

Art Friesen left the meeting at 10:45am.

Action: Brad will write a letter to producers to express the Board's willingness to have any producer attend a board meeting as a delegate.

3.4 Preliminary COP

After some discussion on Manitoba's decision to increase 5 cents as opposed to the agreed upon 6 cents, BC increased to 6 cents.
The Board did discuss their concern over the timeline for decision-making and EIAC involvement. These concerns will be brought up with the EIAC.

R17-003 It was MOVED and SECONDED

THAT the Board of Directors approve that BC Egg Marketing Board increase pricing to 6 cents for all grade A eggs, except peewee, as of January 29, 2017 (week 05).

CARRIED

3.0 PERFORMANCE REPORTS

3.1 Dashboard

The dashboard was presented for information.

3.1a Feed Mill Participation Report & AAFC Report

Joey presented the Feed Mill report to the board for information. Due to a lack of participation from the feed mills, and no response to staff's requests for information, the option of contacting individual feed mills in person to express the importance of participating was discussed.

3.1b EFP Feed Base Price

EFC notified all provinces that effective January 1, 2017 (WK01-2017), the feed-based margin used in the calculation of the Feed-Based Price for the EFP Program will be $0.5295 US per dozen. This is a decrease of $0.0634 US per dozen from the 2016 feed-based margin of $0.5929 US per dozen.

3.2 Quota

3.2a Industry Reserve

The total quota allocated and held in reserve was presented for information.

3.2b IP Report Week 53

The Industrial Product report up to week 53 was presented to the board for information

3.2c IP Processor Summary Week 53

The IP Processor report was presented to the Board for information. The Board was advised that Vanderpol's was over supplied for 2016.

Action: Staff was directed to send Vanderpol's the IP Summary report.

3.2d EFP Report Week 53

The EFP report as at week 53 was presented for information.

Action: Staff was directed to write a letter to Mike Vanderpol asking him to come to the February meeting to discuss the future of the processing industry.

3.2e Quota Utilization Update

The quota utilization report as at week 02, 2017 was presented for information. The report showed the utilization rate is at 104%.

3.2f Inventory Report

The inventory report was presented for information.

Action: Staff was directed to contact Newcomp to see how we can extract the information that shows expiry dates of Quota Credits on producer statements.

3.2g Quota Transfers

The quota transfer report was presented for information.

3.3 Financials

3.3a Period 13 Financial Statements

The period 13 financials were presented for information. Erin advised the Board that she will be creating a financial dashboard to keep producers up to date.

Action: Staff was directed to write a letter to the BCPC advising that the BCEMB's budget is capped at $100,000.

3.3b Period 13 Board & Committee Per Diems & Expenses

R17-004 It was MOVED and SECONDED

THAT the Board of Directors approve the Directors', General Manager's, and Committee members' per diem and expenses for period 13 as presented.

CARRIED

3.4 Preliminary COP

This was discussed earlier in the meeting.

4.0 STAKEHOLDER ENGAGEMENT

4.1 Five Fry Appeal Presentation

This was discussed earlier in the meeting.

4.2 Grocery Outreach Update

The grocery outreach program is going strong and is being well received by our contacts. Since the last board meeting the following accomplishments have been made: a summary of the consumer research sent to all grocery contacts, secured an invitation to the Choices Grocery Department quarterly meeting where Amanda and Katie have been asked to give a short presentation, ran another Ask an Egg Farmer program at three Urban Fares in downtown Vancouver, and signed up for the 2017 Bakery Congress and Trade Show taking place in Vancouver in April.

4.3 Training Sessions for Producers

The Board was informed that three training sessions have been planned for producers in 2017. The BC Broiler Hatching Egg Commission has planned a euthanasia workshop for February 15, 2017. Ritchie Smith Feeds is planning a vaccination workshop at the end of February for layer producers. BCEMB Staff is planning on holding a SE workshop in April for the Feather Industries.

Jen shared the thoughts that transpired from the PMC meeting with Elite/Pollon Express on January 24th as there was Board discussion around new barn standards.
In this meeting Steve Davis noted that removal of hens is rarely a factor considered when producers are constructing barns.

4.4 Draft Letter to National Feather Boards

Harvey Sasaki has asked that the Boards and Commission consider sending a letter to the National Feather Boards as an option for their discussions with the CFIA. This letter is encouraging our National Boards to push CFIA to develop a LQM model for the basis for compensation. Staff recommends that Bob Burden be contacted to have him run the LQM for our impacted farm and BC Egg can confirm with producer how the LQM fits in with their level of compensation. It is also recommended that BC Egg support Allan Cross as Chair of this committee.

The board agreed to send a letter in concert with all other feather boards.

4.5 CEIRA Conference Call

Fred updated the Board on the CEIRA conference call of December 19, 2016 noting that CEIRA will be reviewing Se insurance for specialty as well as the conventional white product policy which would also include premium review. It was also noted that this was the last meeting of the old CEIRA as it is now a limited company.

Fred stepped out of the meeting at 2:21 pm

4.6 Paragon Farms

Paragon Farms has appealed the decision of the BCEMB to provide payment for the losses on the Specialty Flock in Barn 61. Reading through the appeal, Paragon Farms is actually asking for damages and is using the letter sent from BCEMB as the "decision" under appeal. The question was also raised as to whether we should post appeals on our public and/or producer sites. BC FIRB does post all appeals once they have been completed. Prior to that, they state that there is an appeal in progress. The Board agreed to staff's recommendation that the Board continue on the current course in regards to Paragon Farms. It was also agreed that BCEMB will provide links to BCFIRB's completed appeals page to our public site.

Fred rejoined the meeting at 2:26 pm.

4.7 Draft Audit & Finance Committee Minutes of December 5, 2016

Amyn presented the draft Audit & Finance committee minutes of December 5, 2016 for information.

5.0 OPERATIONS

5.1 Producer Feedback from the Quota Exchange

The Quota Exchange is a pilot project and with each successive draw we are learning what does and does not work. We are continually looking for ways to improve and streamline the overall process. Following the SAFETI rules, staff recommends that we allow producers to earn Quota Credits on quota that is purchased up to a maximum of 91 days-no exceptions. Also, that BCEMB honour current arrangements but change the maximum time period a producer is eligible to earn Quota Credits during extended downtime.

Action: Staff was directed to do a review of the Quota Credit policy for a refresh.

R17-005 It was MOVED and SECONDED

THAT the Board of Directors approve to allow Producer's to earn Quota Credits Credits on quota that is purchased up to a maximum of 91 days-no exceptions.

CARRIED

ABSTAINED
Fred Krahn

5.2 Nest Run Eggs Proposal

EFC is requesting feedback prior to February 3, 2017 on a proposal to use product declared for the IP Program to fill table demand. The intent of the program is to reduce imports for the table market and reduce demand on the Pooled Income Fund. The current IP Program allows for grading stations to declare nest run production in to the pool while other grading stations are importing the equivalent graded product as well as not allowing eggs declared as Nest Run into the pool to be used in the table market.

The revised program would allow grading stations to request Grade A eggs or the equivalent nest run size. EFC would like the graders to continue to trade amongst themselves so the same restrictions would not apply in grader to grader trades.

Upon receiving Board feedback, staff will send a letter to EFC in response to the proposal asking

a. The protocol allows for FFP eggs to be sent to the IP pool during the restricted period but what about those eggs that are technically grade A but are of poorer quality?
b. Is the 2 week restriction placed on the province unreasonable? It would make more sense to only have the restriction on the grading station and 4 weeks seems excessive.

The Board supports the intent of the program to reduce imports for the table market and reduce demand on the Pooled Income Fund but do have some concerns that they would like to express in a letter to EFC.

Action: Staff to write letter to EFC to express concerns in the proposed nest run eggs program.

5.3 Provincial Premise ID Program

The Ministry of Agriculture has updated their Provincial Premise ID Database to allow for increased functionality for Poultry Boards. Currently, the four feather boards are keeping track of our Provincial Premise ID Program through a joint database that is not user friendly and is clumsy to navigate through.
The Ministry of Agriculture has redefined their database for Premise ID to a web-based system that would allow the Board to have access to the commercial poultry operations through a user id. This access would allow the Boards to update their premise information through the Ministry system directly ensuring that everyone had the most up to date information.
To continue to work with the Ministry on this database, staff will continue to keep the Board informed as necessary.

5.4 Young Farmer Program Update

BC Egg must send EFC our choice for a Young Farmers delegate as soon as possible. In addition, we should decide how the delegate will be selected in the future. Staff recommended a name for nomination along with three alternates.
As the EPA is better connected to the younger farmers through the mentorship program, staff proposed that they select the delegate and an alternative to send to the Young Farmers program. BCEMB could provide them with guidance and a reminder in November of each year in order to give them time to select a delegate by the early January deadline given to us by EFC. The Board will have the final say in whether the delegate or the alternative is sent to the program.

R17-006 It was MOVED and SECONDED

THAT the Board of Directors approve Matt Vane as the Young Farmers Program delegate.

CARRIED

5.5 BC FIRB Quota Assessment Information

BC FIRB is having a quota assessment tools evaluation workshop on February 3, 2017. The objectives of the workshop are to build a common understanding of the project, agree on areas of focus and assess related questions and information needs.
BC FIRB has requested that each of the Boards prepare two presentations, one on the current state of their industries and a second on how the current quota assessment tools are affecting their industries. It was recommended that BCEMB develop the presentations as required and continue to work through the process with BCFIRB.
The Board discussed their proposal for penalties to be added to the presentation.

Action: Katie to distribute presentation to the board before the meeting, for information.

5.6 BC FIRB Election Rules Directive

BC FIRB approved the BCEMB revised election rules but have provided BCEMB with two required points of consultation for 2019.
BC FIRB summarizes that "the Egg Board is to explore whether the regional board electoral model and nomination requirements in the Election Rules and Procedures continue to meet the needs of producers and deliver sound marketing policy outcomes for the industry.
In their closing remarks, BC FIRB has also suggested that BCEMB explore the option of having one or more non-producer members added to the Board. In addition, BC FIRB is requesting that the BCEMB engage processor and graders even though the BCEMB acts for the Producers.

5.7 EFC Quality Assurance Oversight Program

EFC has recognized that there are inconsistencies in the way that the SCSC and ACP programs are being delivered. They have developed a QA Oversight program to help improve consistency. EFC plans to launch the program in March or April and are looking for Egg Board feedback by January 20, 2017.
Management will send in the comment that BC Egg supports EFC in the development and pilot phase of this program; ensure that SE testing is also included. It will also be relayed that it is difficult to fully support the program without seeing the tools being used to assess the auditors and provincial processes regarding the audit procedures.

5.8 Forecasting Model

Joey presented the forecasting model to the Board as requested. This is staffs interpretation of the data. The Board thanked Joey for his input and said this information will be very helpful in supporting our past and future direction.

Action: Staff was directed to create a forecasting report with the intent to distribute this information to provincial boards, FIRB, EFC and other stakeholders.

5.9 Se Survey

Joey advised the Board that the Se survey has been completed. Responses from this survey were presented to the Board for information.

5.10 Annual Report Design Concept

The theme of the annual report is Integrity in Farming and it features photos of real farms and farmers. It is anticipated that the Annual Report will be 28-32 pages long; however, that may change depending on the length of the consolidated financials. The Board thanked Amanda for providing this information and offered some further guidance.

5.11 Specialty Audit Committee Next Steps

The BC Specialty Audit Committee (SAC) has developed a set of range standards to complement the standards set out in the draft Codes of Practice for Laying Hens. The range standards developed by the SAC have been incorporated into a checklist that includes the standards set out in the draft Codes of Practice for Laying Hens. The next steps for this process are to have a veterinarian review the standards developed by the SAC to ensure they are appropriate and a manual will be created. It was recommended that BC Egg continue to support the development of the program and plan for a 6 month phase-in period for non-structural (record keeping and management practice) changes and 18 months for structural changes. Training sessions will be held for free-run and free range producers prior to their audits so they understand where improvements are needed. For Code standards, producers will be required to follow the transition timelines for audited production types.
The Board will give Katie feedback on the set of range standards developed by the SAC for the February meeting. The Board would like to thank the Egg Producers Association and SAC members that worked very hard to develop this program.

5.12 EFC Specialty IP Program

EFC is in the developmental stage of a Specialty IP Program that would result in the processor paying a premium on specialty eggs sold as specialty processed product. This premium would then be refunded to the BCEMB to help reduce our specialty buyback. On January 9, 2017, BCEMB and EFC staff held a conference call to discuss the IP process in BC and how specialty eggs are currently being supplied to Vanderpols.

BC Egg stressed that we would like to have the specialty IP program run exactly the same as the current IP program. EFC has provided BCEMB with a draft MOU to start to the conversation. There would need to be substantial changes to this MOU before it will work for BC. The Board agreed with staff's recommendation that BC Egg continue to work with EFC on this program and provide comments discussed to EFC regarding the MOU.

5.13 CEIRA Voting Delegate for BC

The current term of Jennifer Woike expires on Friday April 7, 2017. As per CEIRA's By-Laws, a Voting Delegate representing BC Subscribers must be elected on or before Friday April 7, which is 30 days prior to the date of the 2017 Annual Meeting of Subscribers (May 8, 2017).
CEIRA has provided all of the required documentation and steps for the voting process which allows for electronic voting.

It is recommended that BC Egg complete an electronic election process for CEIRA voting delegate through COMB with the timeline as proposed.

R17-007 It was MOVED and SECONDED

THAT the Board of Directors approve that BC Egg Marketing Board complete an electronic election process for CEIRA voting delegate through COMB with the timeline as proposed.

CARRIED

5.14 FPA Issues and Alternate Designation

It was agreed that the Board should appoint an alternate for the FPA.

R17-008 It was MOVED and SECONDED

THAT the Board of Directors approve Amyn Alibhai as the FPA alternate.

CARRIED

5.15 SE Levy Policy

A few SE positive producers raised concerns regarding the levy being billed during their downtime for SE. Staff has not been giving producers any form of levy abatement when flocks have been depopulated early as the Consolidated Orders state that levy abatements will not be given when due to an insurable loss. Upon hearing these concerns, staff started asking EFC and CEIRA questions. EFC advised BCEMB that the BCEMB should have been providing producers who were depopulated early due to an SE abatement on the Industrial Products portion of the levy. The LQM covers the administrative portion of the levy.

Staff recommended that BCEMB refund the required levy to producers and bill EFC for the excess IP levy that has been paid during this time period.

The Board was informed that a written policy will be developed so that all producers are treated fairly moving forward. The Board recommended creating an Se checklist so the Audit & Finance committee can see this once a year.

R17-009 It was MOVED and SECONDED

THAT the Board of Directors approve retaining an auditor to do an internal systems process review for 2017.

CARRIED

Action: Staff as directed to bring back the Se levy abatement Budget and EFP impact for February Board meeting.

5.16 Quota Increase Request

As per Section 37 (c) of the British Columbia Egg Marketing Scheme, the BCEMB requires prior approval from FIRB to vary quota. The BCEMB is requesting approval for the modified pro-rata distribution of this quota. The BCEMB proposes to hold 10% (9,997) of the allocation for the New Producer Program and distribute the remaining 89,074 pro-rata to all BC producers who are active and in good standing with the BCEMB. This represents an estimated increase of 3%.
It was recommended that staff send a letter to BC FIRB requesting approval of the allocation, holding 10% back for the New Producer Program and distributing the remaining pro-rata effective April 10, 2017.
Staff will also notify the producers and the graders of the increase and the request to BC FIRB. Subsequently, notify the grading stations of the increase in the specialty buy-back program budget to $300,000.

R17-010 It was MOVED and SECONDED

THAT the Board of Directors approve the pro rata allocation effective when 100% utilization is reached.

CARRIED

Action: Staff will write a letter to BC FIRB requesting approval of the allocation, holding back 10% for the New Producer Program.

5.17 New Producer Update

BC Egg recently drew the names of the eleven new entrants that will be awarded 3,000 quota units upon beginning production within our industry. BC Egg has made a commitment to BC FIRB to start two new entrants every year. These new entrants should fulfill our commitment to BC FIRB until 2020.
Staff recommended phasing in these new producers.

5.18 Ungraded Eggs

Jen noted that Farmer Bens cartons were used in a grocery store on the island, to sell ungraded eggs. There was discussion regarding enforcement of the Ministry's Grading Act 'defacing egg cartons'. The Board supported sending a letter to CFIA to address selling ungraded eggs in a mislabeled carton. It was agreed that two Board members would meet with the Ministry to discuss this issue.

6.0 GOVERNANCE

6.1 AGM Agenda

Amanda presented the draft AGM agenda to the Board for information, noting that Directors can expect to receive a robust package of information about the Poultry Conference and AGM at the February 17th Board meeting.

6.2 Marketing Committee Terms of Reference

The BCEMB is striking a new Marketing and Communications Committee and it needs an approved Terms of Reference before committee members can be recruited. Jennifer Woike will chair the committee and Amanda Brittain will provide staff support. Staff recommended that the Board approve the proposed Terms of Reference so committee recruitment can take place.

R17-011 It was MOVED and SECONDED

THAT the Board of Directors approve the Terms of Reference for the Marketing Committee as amended.

CARRIED

6.3 Board Expense Policy

The Audit & Finance committee has been tasked with updating the Board Expense policy. At the December 5, 2016 committee meeting the policy was updated with items such as clearer parameters regarding travel being defined for easier implementation and reporting.
After some discussion it was decided that the Directors will give Amyn feedback on the expense policy to be brought back for the February 17 Board meeting.

6.4 Vehicle Policy and Procedure

This item was put forward to the February 17 Board meeting.

6.5 Fixed Asset Policy

This item was put forward to the February 17 Board meeting.

6.6 50th Anniversary Celebration Committee

A temporary 50th Anniversary Celebration Committee is being created in order to organize a wonderful celebration. Jennifer Woike will chair the committee and Amanda Brittain will provide staff support.

7.0 MEETINGS HELD AND UPCOMING

7.1 Meetings Held Appendix A
Meetings attended since the last Board meeting were reviewed.

7.1a CFA AGM
After a brief discussion regarding attendance to the CFA AGM it was determined that no Directors were able to attend.

7.2 Meetings Upcoming Appendix B
Attendance and participation in upcoming meetings was discussed and approved.

ADJOURNMENT

The meeting was adjourned at 5:01 pm

Board Chair

Certified Correct, Secretary