

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 Directors Meeting

Date: February 28, 2018

Location: Sheraton Wall Centre, Vancouver

BOARD IN ATTENDANCE: Gunta Vitins, Chair
Aryn Alibhai, Board Member
Fred Krahn, Board Member
Walter Siemens, Board Member

STAFF IN ATTENDANCE: Katie Lowe, Executive Director
Joey Aebig, Recording Secretary
Erin Duetta, Manager, Finance
Amanda Brittain, Manager, Communications & Marketing

CALL TO ORDER

Chair, Gunta Vitins, called the meeting to order at 9:00 am.

ADOPTION OF AGENDA

The agenda was adopted with the following additions:

Charity Birds was included for discussion under Stakeholder Engagement

1.0 APPROVAL OF MINUTES

R18-008 1.1 Approval of the Minutes of February 6, 2018
It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of February 6, 2018 as amended.

CARRIED

R18-009 1.2 Approval of the Minutes of February 13, 2018
It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of February 13, 2018 as amended.

CARRIED

2.0 BUSINESS ARISING/ACTION LIST

2.1 2018 Board Calendar

The 2018 Board calendar was presented for information.

2.2 New Business

2.2a BCEMB Response to Draft Provincial Control Strategy

BCEMB's Response to the Draft Provincial Control Strategy was presented for information.

2.2b BCEMB Response to EFC re: LDA

BCEMB Response to EFC regarding the LDA review was presented for information.

3.0 STAKEHOLDER ENGAGEMENT

3.1 BCEPA Update – 2:00

BCEPA to join later in the meeting.

3.2 EFO Request

The board discussed Egg Farmers of Ontario's request for provincial boards to reimburse EFO for the work they completed on the Egg Quality Assurance Program prior to EFC's involvement. EFO has split the costs according to provincial market share. BC's share would represent \$44,925.

R18-010 It was MOVED and SECONDED

THAT the Board of Directors decline the Egg Farmers of Ontario request for additional funding as their request lacked sufficient detail and information.

CARRIED

3.3 Egg Quality Assurance

EFC has been working on the development of an Egg Quality Assurance Program and have requested provincial input on a draft policy and communications plan in order to obtain buy-in from all stakeholders across the chain, up to and including the Canadian Public. Once implemented the program will set certification standards and the program logo will be stamped on cartons at retail for compliant eggs.

The board discussed their support for this important program with the following comments:

- (1) If a producer is EQA Certified they should be able to include the program symbol on their website and/or farm premise with the appropriate licensing agreements, including the possibility of standard farm signs;
- (2) the plan needs to include a consumer outreach component in the third phase; and
- (3) the Boards should be informed when notification to stakeholders will be going out so we can provide outreach to our grocery contacts. EFC may wish to provide some outreach to their National retail and food service contacts as well rather than leaving it up to the Grader/Processor Group

R18-011 It was MOVED and SECONDED

THAT the Board of Directors approve supporting Egg Farmers of Canada's EQA program with the recommended additions.

CARRIED

3.4 Grocery Outreach Update

BC Egg provides quarterly updates to the group of grocery, restaurant, grader, and processor representatives who have signed up for our mailings. In the latest quarterly update, BCEMB provided recipients with an egg information sheet that provided summary descriptions of every production category. BCEMB staff will continue to send the quarterly reports and present updates to the Board of Directors for information purposes.

3.5 Draft Audit & Finance Minutes of February 8, 2018

The draft minutes from the February 8, 2018 Audit & Finance Committee were presented for information. It was noted that the auditors were pleased with the detail and professionalism of BCEMB accounting staff and the work that was audited for fiscal 2017.

R18-012 It was MOVED and SECONDED

THAT the Board of Directors approve the Audit & Finance Minutes of February 8, 2018 as amended.

CARRIED

3.6 Marketing Campaign Research

BCEMB engaged Sentis to look at the effectiveness of its 2017 Marketing Plan. Sentis assessed the campaign in two ways;

- (1) did the campaign successfully increase awareness and understanding of, as well as trust in, egg supply management in BC?; and,
- (2) How many British Columbians did the campaign reach, and which channels were most effective?

Through consumer outreach, BCEMB and its producer volunteers reached 41% of British Columbians last year. In aggregate, residents that were reached from our marketing campaign had a 20% higher level of trust in eggs and their on farm-management than those that were not reached in 2017. BC Farmers have an amazing story to tell; consumer engagement and education is something that BCEMB will continue to build on in the future.

4.0 OPERATIONS

4.1 Grader Program Costs

BC's grading stations have requested that the BCEMB review the current specialty buyback program. The Board reviewed a summary of the programs that the Board has available to BC graders and the costs of those programs.

Action: Staff was directed to bring a comparison of each provincial board's costs and levies for information purposes at the March 27, 2018 BOD meeting.

4.1a Free Run Imports

Provincial grading stations have reported that they are losing market share to free-run imports from out of province. BCEMB wants to ensure that BC consumers are able to purchase BC product while also ensuring that our supply managed mandate to set fair pricing for producers is upheld.

This was discussed at the EIAC who recommended that the discussion be held between the BCEMB and the Grading Station. While there was no direction given, a few solutions were presented and debated.

A national pricing structure would accomplish each party's objectives, it would ensure that the producer is fairly compensated for their production, and discourage neighboring provinces from dumping overproduction into our province, keeping local retail shelves filled with local production. BCEMB will continue to work with the other provinces to ensure they put appropriate mechanisms in place to ensure fair pricing and reduce the possibility of overproduction.

It was also discussed that not all the graders in BC are effectively communicating amongst each other, which has resulted in one grader's excess production being sent to IP while another grader has market demand for the product. Graders benefit from the IP pool, and production that is shipped IP can potentially result in the short grading station requiring supplemental imports to meet retail demand. Cooperation amongst the graders on over production is a requirement of the IP pool.

Action: Staff was directed to send a letter to the grading station declining their requested rebate. The letter should underscore the importance of a national approach to specialty pricing, BCEMB's rationale for pricing specialty, and its current market successes as the lone province pricing specialty at this time.

Action: Staff to send an email to BC graders that cooperation is expected amongst local graders from this point forward and failure to comply will result in BCEMB closing the IP pool. Staff to notify board when the email is sent.

Action: Because the pool has not been closed in some time, the board will review the policy that governs how the pool is closed at the March 29, 2018 BOD meeting to ensure that wording and the mechanisms required are still current. Staff to provide the policy (and full policy binder) to the directors at the next meeting

Action: Staff to send email to board on much production BCEMB is short in specialty eggs..

Action: Staff to work with EFC on information sharing between national boards and BC, and try to incorporate enhanced information sharing on interprovincial movements.

4.2 Research Flock Program Requirements

Historically, BC Egg has issued permits for research flock requests from producers who have submitted a plan to the board office on a yearly basis. For 2018, there is one research permit that has been issued as this research permit has been in place for at least seven years. However, there is no formal application and reporting process currently in place.

The BOD considered a draft application form that was presented by staff. The form outlines the permit qualification requirements, reporting, and also the deliverables required to maintain the permit, including minimum scores for SCSC, BC Bio, SE Testing Protocol and Animal Care Programs.

Action: Staff to include a question on the application form asking how many dozen eggs are sold at Farm gate.

R18-013 It was MOVED and SECONDED

THAT the Board of Directors approve the BCEMB Research Permit Application as amended.

CARRIED

The BOD also discussed charity birds which is a permissible allotment used by other provincial boards and can be placed without impacting the provinces' allocation and rolling average

calculation. Charity birds allow producers with excess space to place additional birds beyond their quota and the production is earmarked and donated to organizations that provide food to those in need.

Action: Staff to look into how other provincial boards have structured their Charity Bird programs and present for consideration at the April 27, 2018 BOD meeting.

4.2a RS Feeds Research Flock Permit Request

Ritchie Smith made a presentation at the February 6, 2018 BOD meeting highlighting some research they wish to conduct using a research permit from the BC Egg Marketing Board. The Board did not make a decision on this request at the time as BC Egg did not have a formal application process in place. As BCEMB now has a formal research permit application in place staff was directed to send the research permit to RS Feeds for their completion.

Action: Staff directed to send amended BCEMB Research Permit Application to RS Feeds.

4.3 Biosecurity Standard Changes Update

The BC Poultry Biosecurity Program Mandatory standards are reviewed by the BC Poultry Biosecurity Committee on an annual basis. Recommendations made by the Biosecurity Committee are forwarded to the BCPA for approval and then sent to the Feather Boards for final approval and implementation.

Action: Staff to ensure that the language in the producer guide is clearly drafted to articulate the changes in the Mandatory Biosecurity Standard Updates. Staff to ensure that education from PLO to producer will take place so the updated requirements are properly conveyed.

R18-014 It was MOVED and SECONDED

THAT the Board of Directors approve the Mandatory Biosecurity Standard Changes.

CARRIED

4.4 MISC

As per the Board recommendation at the February 6, 2018 meeting, the MISC has been notified that BC Egg has reviewed the information and are interested in hearing the opinions of the other Boards at the next meeting. Staff will be providing additional details around the CEIRA AI insurance policy to the committee at that time.

4.5 Draft Quota Allocation Submission for BC FIRB

A draft version of the Quota Allocation Submission document to BC FIRB was presented to the board for consideration. This document will include BCEMB's distribution approval request for the 108,741 quota that BC received in December 2017. It will also communicate to BC FIRB all of the market responsive components that BCEMB has incorporated to ensure that production and market demand are moving in tandem.

Action: Staff was directed to incorporate its recommended changes to the quota allocation submission request and email to BOD for review once completed.

4.6 Producer Rebate Policy

A producer rebate policy document was presented by staff to the BOD for consideration. The objective of this policy is to provide a framework to the Audit and Finance committee when annually reviewing budgeted to actual comparisons to determine the possibility of a rebate when excess funds are accumulated due to occasional budgetary misalignments. Using the policy, the

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Audit and Finance Committee will be able to send a recommendation regarding possible rebates to the BOD for their direction on an annual basis.

R18-015 It was MOVED and SECONDED

THAT the Board of Directors approve the Producer Rebate Policy as presented.

CARRIED

Action: Staff to remind producers that the first phase of the levy reduction from EFC will begin in Week 9, 2018.

R18-016 It was MOVED and SECONDED

THAT the Board of Directors approve a national levy rate of \$0.1971/bird per week beginning Week 9, 2018.

CARRIED

4.7 QATR changes to Consolidated Orders

BCFIRB released their Quota Assessment Tools Supervisory Review on February 2, 2018. BCEMB, along with the other supply managed commodities have been given the discretion to change the assessment tools applied on all non-exempt quota transfers.

Upon review, the BOD determined that there are policy gaps resulting from the BC FIRB decision that require further clarification before BCEMB can proceed with its Consolidated Orders change proposal to BC FIRB.

Action: Staff to ask our legal counsel to halt any work on our drafted consolidated order changes until clarification is received from BC FIRB.

Action: Staff to provide revisions to the drafted Consolidated Order changes as requested at the March 29, 2018 BOD meeting working towards a 10/10/0 on all quota held as discussed at the BOD table.

4.8 Accumulated Levy During Downtime

Historically, when a producer is out of production and has accumulated levies payable, BCEMB has deducted the entire amount from producer's weekly payment until the balance is paid in full, which has resulted in some producers not receiving payment for several weeks.

In 2018, the methodology for account receivable deductions has changed and all producers who have whole farm removals will have 2 weeks of levy payments deducted until their balance is paid in full as cash flow can be an issue for all producers. To help keep producers informed about their balance, a reconciliation is sent the first week the producer is paid and is updated weekly. This change will balance cash flow needs of producers who have accumulated levies from extended downtime.

4.9 SCSC Cats in the Barn Element

EFC has requested egg board comments on the SCSC program element that states that "Cats, dogs and other animals are denied access to the production unit" along with the exception

standards. The SCSC manual and audit instrument are not aligned with consideration to Cats in the Barn.

In 2007, EFC created an exception to allow cats in the production unit for the purposes of rodent control provided the producer adhered to these four standards:

- (1) The cat must be female (to reduce the likelihood of spraying),
- (2) The cat must be swabbed for SE once annually at a minimum,
- (3) The cat must have access to feed, water and a litter box (to reduce contamination of the barn and the likelihood that the cat will obtain SE through eating rodents), and
- (4) The cat must not have access to the outdoors (to reduce the risk of contamination through movement).

These exceptions were not approved by the HACCP Team, the PMC or CFIA. As a result, the HACCP Team put forward a new list of exception standards in 2013 that would still allow cats in the production unit, but not the laying facility.

In 2016, during a review of the Farmer's Guidelines, EFC staff discovered that the exception and related standards were never approved by stakeholders and were not included in the manuals. As a result, the exception and the associated standards, as listed above, are being brought to the Egg Boards for comment.

In BC, over 20% of our registered producers are using cats as part of their robust and effective rodent control program. Furthermore, BCEMB staff has observed no direct correlation between SE and cats in barn.

Action: Staff to draft letter to EFC supporting the 2007 exception that allowed cats in the production unit for the purposes of rodent control provided the producer adhered to the standards previously listed above. BCEMB staff also to request further clarification on the rationale behind the restriction of female cats only.

4.10 Specialty Pricing Project Team Update

Nationally, the egg industry lacks a consistent approach to specialty pricing which causes disruption in the balance of the marketplace and increases competition between provinces. The Western Provincial staff and EFC staff have put together a draft project team charter. This has been sent to all provinces for review by Manitoba Egg Farmers with a tentative deadline of February 28, 2018 for comments.

BCEMB will continue to work with Manitoba Egg Farmers towards the completion of the project team charter and ensure that BCEMB has a voice on the team. BCEMB will continue to highlight the ways in which appropriate producer pricing strategies, for all production types, will benefit the industry as a whole.

Action: Staff to request EFC to set aside a fund that can be utilized for expenses incurred when multiple provincial boards meet, for example the COP workshops.

BC Egg Producers Association joined the meeting at 2:07

3.1 BCEPA Update

BCEPA and BCEMB BOD had an informal discussion where a variety of industry related items were discussed.

BC Egg Producers Association left the meeting at 2:50

5.0 GOVERNANCE

5.1 Strategic Plan Update

The BCEMB Strategic plan progress update was presented to the board of directors.

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Action: Staff to engage Canadian Poultry Consultants to see if it would be possible to arrange Euthanasia Training sessions for BCEMB producers in 2018.

Action: Staff to check the Societies Act to make sure that BCEMB staff completed its due diligence when sending the 2017 financials to producer members. Staff to follow up once clarification is obtained.

5.2 View Room Grant Policy

A number of producers have expressed interest in building viewing rooms for public education as they build new barns and have approached BC Egg for funding. The purpose of a viewing room is to allow visitors to learn more about egg farming in BC while complying with biosecurity requirements. Members of the public who have the opportunity to learn more about farming are more likely to trust farm practices and farmers. Increased trust in our profession leads to increased public trust and a reduced chance of increased legislation and regulation of our industry.

Action: Staff to look into the costs that would be associated with creating an interactive video that takes viewers into the production unit.

Action: Staff to see if funding is available through SPFG or BCAC for viewing room proposals and ask the EPA for comment.

5.3 Budget Process Timeline

The budget process timeline for 2019 was presented to the board for information.

5.4 Travel Expense Policy Revision

An update to the travel expense policy was presented that would better accommodate board director's attendance at industry meetings within BC.

R18-017 It was MOVED and SECONDED

THAT the Board of Directors approve the Travel Expense Policy as amended.

CARRIED

R18-018 It was MOVED and SECONDED

THAT the Board of Directors increase the EPA per diem rate to \$275 to match the current member meeting rates with other BCEMB committees.

CARRIED

5.5 Producer Funded Travel

BCEMB wants to ensure producers in all regions are equipped with industry knowledge and is cognizant that sometimes events are held in the lower mainland only. BCEMB staff presented a policy for the board's consideration that would cover reasonable expenses for producer travel to the lower mainland when seminars are held.

Action: Staff to develop policy for the board's consideration that will list future events and their eligibility under this policy.

5.6 D&O Insurance

As a recent COMB meeting that included a review of D&O insurance, it was apparent that BC Egg's D&O insurance costs are higher than all the other supply managed commodity boards in BC. BCEMB staff spoke with the insurance provider and was informed that BCEMB is able to

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reduce their coverage level to the same level as the other boards. By doing this BCEMB would receive a refund on a portion of the premium in 2018.

R18-019 It was MOVED and SECONDED

THAT the Board of Directors reduce the director's liability insurance to \$5,000,000 in 2018.

CARRIED

Action: When the D&O insurance policy is next renewed; staff to go to market and obtain quotes on \$3M, \$5, and \$7M liability coverage.

5.7 Whistleblowing Policy

BC Egg created a formal whistleblowing policy for staff or producers to alert the board of perceived wrongdoings. This policy was created for financial reporting purposes, as well as on farm practices from farmers or staff.

R18-020 It was MOVED and SECONDED

THAT the Board of Directors approve the Whistle Blower Policy as presented.

CARRIED

Action: Staff to work the whistle blower into our audit programs and educate producers so that this policy can be utilized on farm.

5.8 EFC Committee Nominations

This was postponed for new directors.

5.9 Board Committee Terms

This was postponed for new directors.

6.0 PERFORMANCE REPORTS

6.1 Dashboard

The dashboard was presented for information.

Action: Staff to incorporate new barn builds or renovations into dashboard upon their completion and production.

6.1a Feed Mill Participation Report & AAFC Report

The Feed Mill report to the Board for information.

6.2 Quota

6.2a Industry Reserve

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

6.2b IP Report

The Industrial Product report up to week 52, 2017 was presented to the Board for information.

6.2c IP Processor Summary

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The IP Processor report was presented to the Board for information. This report will be going to the processor on a monthly basis.

6.2d EFP Report

The EFP report as at week 52, 2017 was presented for information.

6.2e Quota Utilization Update

The quota utilization report as at week 2, 2018 was presented for information. It was noted that the 3.25%, 2.7%, and 2.67% increases were removed from the report as they are 100% placed by BCEMB producers at this time. It was also noted that 120 of 130 registered producers have accepted and placed their 3.148% increase from April 2017.

6.2f Quota Credit Report

The Quota Credit Report was presented for information.

6.2g Inventory Report

The Inventory Report was presented for information. It was noted that BCEMB staff have received over 500 CPPs that have not been fully incorporated into our projections. Incorporating the unissued 108,741 birds into the rolling average calculation, BCEMB's current rolling average prediction is 97.11%. This is well below out 100% utilization goal, staff will continue to monitor and report to the board.

6.3 Financials

6.3a Period 13 Board & Committee Per Diems & Expenses

R18-021 It was MOVED and SECONDED

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

CARRIED

6.3b Financial Reports for Period 13

Financial Reports for Period 13 were presented for information.

6.4 Preliminary COP

The preliminary COP was presented for information.

7.0 MEETINGS HELD AND UPCOMING

7.1 Meetings Held Appendix A

Meetings attended since the last Board meeting were reviewed.

7.1b Meetings Upcoming Appendix B

Attendance and participation in upcoming meetings was discussed and approved.

Action: Staff to send information to Matt Vane for attendance to April 11, 2018 AGM in Quebec City.

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ADJOURNMENT

The meeting was adjourned at 4:24 pm



Board Chair



Certified Correct, Secretary