

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: June 19, 2018

Location: BCEMB Boardroom

BOARD IN ATTENDANCE: Gunta Vitins, Chair
Walter Siemens, Board Member
Aryn Alibhai, Board Member
Barry Lockwood, Board Member
Matt Vane, Board Member

STAFF IN ATTENDANCE: Katie Lowe, Executive Director
Joey Aebig, Manager, Operations & Logistics
Erin Duetta, Manager, Finance
Amanda Brittain, Manager, Communications & Marketing
Nicole Thompson, Executive Assistant

CALL TO ORDER

Chair, Gunta Vitins, called the meeting to order at 9:40am.

ADOPTION OF AGENDA

The agenda was adopted with the following addition:

3.13 Activist Update

1.0 APPROVAL OF MINUTES

R18-058 1.1 Approval of the Minutes of May 23-24, 2018
It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of May 23-24, 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 FIRB Accountability Project Response

BCFIRB is working to develop and establish improved annual performance measures, data collection, analysis, and reporting for both itself and the commodity boards. This is intended to be an improvement from what has been in place to date with respect to BCFIRB's supervisory mandate of the marketing boards and commissions.

To demonstrate to BCFIRB that the BCEMB has fulfilled our responsibilities as first instance regulators through strategic and accountable governance using a principles-based approach to regulation, the BCEMB representatives developed draft performance measures and spoke with the BCBHEC and BCMMB to ensure that we have a similar understanding of BCFIRB's request. The letter sent to FIRB was presented for information.

2.2b Service Fee MOU Response

The current EFC Service Fee MOU expires at the end of 2018. New MOUs need to be in place prior to July 2018 to establish a rate for 2019. EFC is requesting feedback on the draft MOU by May 25, 2018. The service fee is an annual fee used to offset normal incremental EFC IP expenses caused by national quota increases above the 2013 Federal Quota Regulation, reducing the requirement for consumer levy to fund the PIF (Pooled Income Fund).

BC has and will continue to remit the fees to EFC however BC has not yet signed the MOU as not all provinces/territories in Canada have agreed to sign. Staff prepared a letter which was sent to EFC indicating that we have reviewed the Service Fee MOU addendum and are prepared to sign once all the provinces agree to sign. The letter was presented for information.

3.0 STAKEHOLDER ENGAGEMENT

3.1 EFC Update

The LDA committee concluded its first meeting and the results from the meeting will be disclosed at the July EFC meeting. A conference call regarding the FPA was also concluded with ministry members and discussions will be noted and brought forward to the FPA committee.

3.2 SE Poultry Industry SE WG Meeting Notes

Staff attended a SE Working Group meeting on May 22, 2018. Notes taken by staff in attendance were presented for information.

The Board discussed how the other poultry boards conduct SE testing and their steps taken in the event of a positive result.

3.3 WEMA Meeting Notes

Board and Staff attended a WEMA Meeting on May 28, 2018. The meeting minutes were presented for information.

The Board discussed Manitoba's revised opinion subsequent to the meeting.

Action: Staff was directed to obtain the pullet cost of production study and include it in the next Scrambler.

3.4 CPEPC Notes

Board and Staff attended a CPEPC Conference on June 4-6, 2018. Notes taken by the staff in attendance were presented for information.

3.5 Golden Valley Meeting Notes

Board Chair and Staff attended a meeting with representatives from Golden Valley on May 30, 2018. Notes taken by the staff in attendance were presented for information.

3.6 Organizational Chart

The BCEMB Organizational Chart was updated with staff changes. The chart was presented for information.

3.7 Government Relations

The BCEMB does not currently have a formal government relations program to guide the Board's interactions and communications with government representatives or to benefit from opportunities to tell our story with common messaging. In addition, Board members and staff may be unfamiliar with all of the MPs and MLAs in BC, and do not have a standard set of key messages available. In order to begin building relationships with key MLAs and MPs, staff will use the DEPI government relations strategy as a starting point. Board Chair and Staff also attended an MLA Appreciation Luncheon and Workshop May 29, 2018. Learnings by the staff in attendance were presented for information.

The Board agreed with the direction presented and with the plan to use the DEPI strategy.

Action: Staff was directed to distribute the power point file shared at the MLA Appreciation Luncheon with the Board.

Action: As relationships with MPs and MLAs are strengthened, Staff was directed to send them quarterly e-mail updates that are short and positive in nature with relevant information and to use the DEPI report as a conversation starting point with government representatives.

3.8 Indigenous Peoples in Regulated Marketing Sectors

To ensure that BC Egg continues to follow the Draft Principles that Guide the Province of BC's Relationship with Indigenous Peoples, BCFIRB has sent the Boards a letter encouraging us to continue to keep in mind the potential role of Indigenous peoples in the regulated marketing sectors. At this time, BCEMB has few registered Indigenous producers or those with small lot permits. If a proposal were to be presented to staff regarding a need for more than 399 hens, the Board will consider the proposal. The communications from FIRB were presented for information.

Action: Staff was directed to continue to follow the usual process.

3.9 Market Responsive Round-Table

The goals of the roundtable session are to find short and long-term solutions to respond to market shifts, examine existing programs to determine their effectiveness, and encourage generation of new ideas that will allow us to be more responsive to market changes.

Originally, the roundtable was booked for July 16-17; however, one of the major graders was unable to attend on that date. Staff polled the participants and determined that September 24-25 worked for the majority of stakeholders. An updated agenda was presented for information.

3.10 Logo and Name Research

At the April Board meeting, Staff recommended changing BCEMB's marketing name to BC Egg Farmers, based on research conducted with consumers, while keeping our legal name as BC Egg Marketing Board. At the Board's recommendation, staff reached out to FIRB to seek endorsement for the change. FIRB has responded that they will not allow BCEMB to change our marketing name due to potential confusion between the roles of BCEMB and the Egg Producers Association and because they want consumers to understand that BCEMB is a regulatory body. The letter from FIRB was presented for discussion.

The Board agreed with the direction presented by Staff.

Action: Staff was directed to work with FIRB to conduct additional research and then, based on the results, determine whether or not BCEMB should further pursue the name change.

3.11 SM Story

The Supply Managed commodity boards developed a collective story that articulates the vision, purpose, and benefits of the Supply Management system in BC and Canada. The story is

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intended to express why BC consumers should not only care about Supply Management, but want to support and preserve it. The document provides an analysis of Supply Management from a macro-economic to micro-economic perspective.

Staff prepared a communications plan that demonstrates how BC Egg, and the other supply managed commodities, can share the same key messages through social media to tell the supply management story from the consumer's perspective. Ideally, the campaign will be multi-commodity; however, it is able to stand alone as a BC Egg campaign.

The Board discussed feedback provided by the Marketing and Communications Committee regarding their recommendation that the SM Story should be handled at a national level and not by BCEMB. The Board also discussed their recommendation to withhold support for the next steps in the Story of Supply Management project until further information and intended direction can be obtained from the other boards.

Action: Staff was directed to request further information regarding what the other boards expect the next steps in the SM story will achieve.

Action: Staff was directed to add the SM story and DEPI report to the consumer website.

3.12 DEPI Report

A new DEPI report was released in May that provides an updated look at the economic impact of the dairy, egg and poultry sectors. The report was presented for information.

The Board discussed its full support of the report and the strategy.

Action: Staff was directed to notify the Board when the materials are ready and the strategy is activated.

3.13 Activist Update

BCEMB has been alerted to the existence of a PETA video that allegedly shows three lay barns in Abbotsford. The video was sent to the media but no new stories have been released yet. The video and steps taken were presented for discussion.

The Board agrees with the steps taken by Staff and provided further direction.

Action: Staff was directed to add the Whistleblower Policy to the consumer website.

Action: Staff was directed to investigate which farms could potentially be implicated in the video and visit those farms.

Action: Staff was directed to formalize key messaging and provide them to our spokespersons.

4.0 OPERATIONS

4.1 Levy Changes Effective Week 33

EFC is expected to reduce their levy rate in week 33, 2018 by an estimated \$0.02 per dozen. As part of our policy, BCEMB is to also review the Provincial rate at the same time to ensure our cash obligations are met and to ensure producers are paying the appropriate levy rate that will meet the day to day cash obligations of the board.

R18-059 It was MOVED and SECONDED

THAT the Board of Directors approve the EFC Levy Decrease in week 33, 2018 for the amount to be communicated by EFC.

CARRIED

4.2 BCEMB CAF Lease

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It has been discussed during the past year with CAF that both BCEMB and BCMMB should have formal lease agreements since neither board originally had lease agreements, as they are owners of the building. It has also been discussed that the charge per square footage be increased to be consistent with what the other tenants in the building are currently paying. The contract was presented for information.

R18-060 It was MOVED and SECONDED

THAT the Board of Directors approve the CAF Lease as presented with a commencement date of June 20, 2018 and state that BCEMB is prepared to sign once the BC Milk Marketing Board agrees to sign.

CARRIED

Action: Staff was directed to determine who the real estate lawyer is for CAF.

4.3 Financial Institutions

Staff is unsatisfied with the level of customer service and issues they are experiencing with the current financial institution on a regular basis and would like to find a bank willing to give BCEMB better customer service than what it is currently experiencing.

A RFP was sent to select banks with the deadline of June 1, 2018 for proposal submission. The proposals were received and reviewed by management. An update was presented for information.

Action: Staff was directed to provide the decision matrix to the Board.

Action: Staff to have the select banks sign off on expectations when they present at the AFC meeting in September.

4.4 EFC's Proposed Process to Amend Federal Levies Order

BC Egg does not have a formal policy for the approval of provincial or national levy updates. In order to standardize practices for levy updates, Management has created a draft policy for addition to the BCEMB Policy and Procedures manual. It is based on current BCEMB practices and EFC's memo to boards outlining the process to be followed when there are provincial levy changes. The amended draft policy was presented for discussion.

R18-061 It was MOVED and SECONDED

THAT the Board of Directors approve the National and Provincial Levy Policy as presented and recommend that it be added to the BCEMB policies and procedures effective immediately.

CARRIED

4.5 Grade C Egg Pricing Adjustment

BCEMB was provided with the current egg pricing for provincial boards (smalls, mediums, pee wee and B/C grades) for 2017. Additional methodology was also provided by EFC regarding their method for determining the price spread for Provincial C Grade Price. This information was presented for discussion.

Action: Staff was directed to provide an update once the information is received from EFC. Yearly review of Grade C pricing should happen every September to see if a price change is needed.

Action: Staff was directed to send EFC's public website pricing link to the Board.

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Action: Staff was directed to complete the provincial pricing chart and provide the updated version at the next board meeting.

Action: Staff was directed to ensure grade C pricing is included in the next run pricing review and ensure that it be reviewed by EIAC.

4.6 Draft Concept Paper for Conventional to Enriched Transition & Producer Prices

EFC held a workshop on May 7 with representatives from the egg boards, the Hen Housing Transition Team, and CPEPC to discuss the options for the implementation of the conventional and enriched producer price to ensure that producers are paid, on average, their cost of production. Two options were identified for further evaluation and EFC is requesting feedback on their draft concept paper prior to June 22, 2018. The draft concept paper was presented for discussion.

Board discussed and agrees with management's recommendation.

4.7 FPA Amendment Update

The EFC FPA committee has been working hard to complete Phase I of the FPA Amendment Process. At the May 23/24 BCEMB Board meeting, the revised wording was discussed for items 4 and 5. Staff was directed to contact BCFIRB to determine their opinion on the matter. An update was provided to the Board from the conference call between BCEMB, BCFIRB and AGRI that was scheduled for Monday June 18, 2018 regarding the current points of tension.

4.8 Redeveloped ACP

The EFC ACP Redevelopment Project Team has established a working draft of the ACP audit for Code sections 2, 3, and 4 for which EFC is requesting feedback.. The working draft and BCEMB's proposed feedback were presented for discussion.

The Board discussed the information given and provided feedback.

Action: Staff was directed to ensure BC PMC reviewed the working draft prior to any comments sent to EFC.

4.9 Collective Bargaining

BCEMB has commenced collective bargaining with Teamsters. Management is working with Bill Hartley to represent the BCEMB during the bargaining process. Bill has extensive experience working with management teams and negotiating during collective bargaining. An update was provided for information.

4.10 Pullet Animal Care Checklist

EFC in partnership with the provincial and territorial boards have initiated a voluntary On-Farm Food Safety Program (OFFSP) for Canadian pullet farmers that BC refers to as the CSCP audit.

The purpose of the CSCP audit program on pullets is to reduce, prevent, and where possible eliminate microbiological, chemical and physical hazards associated with pullet production from day old chicks to the time of transfer to the layer production unit at nineteen (19) weeks of age. Due to its narrow but necessary focus on food safety, the audit does not incorporate animal welfare considerations.

Egg Farmers of Alberta has developed a Pullet Animal Care Checklist that incorporates the elements in the Code of Practice to help their pullet growers to assess their current facilities and practices in relation to the Code. A copy of that checklist was presented for discussion.

The Board discussed their agreement with the checklist and provided direction to Staff.

Action: Staff was directed to bring the Egg Farmers of Alberta Pullet Animal Care checklist to the BC PMC with the intention to develop a similar checklist for BC producers. The EPA should also review the checklist after the Board's review.

4.11 SCSC Management Audit

BC has been selected for review to demonstrate compliance with our national OFFSP initiatives. 2018 is the first year that this compliance audit is being conducted. Three Egg boards are selected for an on-site visit conducted by a third party verifier (NSF) to review the egg boards' delivery and implementation of the OFFSP.

EFC staff have developed a manual that describes our operational structure, processes, and controls that map how a province conducts and implements the SCSC program. This document is referred to as the Annual Review of Outsourced Activities Checklist and the BC version was sent to EFC by staff on February 9, 2018. As part of the EFC's review, some Corrective Action Requests (CARs) have been issued. The CARs along with the BCEMB current updated version of the Annual Review of Outsourced Activities Checklist were presented for information.

Action: Staff was directed to provide an update on the pre-audit at the Board's next meeting.

4.12 Creston Update

To ensure transparency and share the Producer's plans in the region, an update was presented for information.

The Board reviewed letters drafted for BCFIRB and the grader in the region and provided feedback regarding the recommended communications and process.

Action: Staff was directed to create a process to handle producer deviations from the production type originally proposed by the producer.

Action: Staff was directed to send the drafted letter to the producer.

4.13 Lease Request Update

A grading station was requesting a 7,000 quota lease on a five year term to fulfill their market demand. To help fill the current market shortage, it was agreed that a notification should be sent to producers to determine if anyone would like to change production type to assist in closing the shortage gap.

Following the discussion at the May Board meeting, staff sent the draft email to the grader for confirmation. They have since independently solved their 7,000 production shortfall and no longer requires BCEMB assistance. BCEMB staff notified them that notification can be immediately distributed if there is ever a shortfall in production in the future.

4.14 Data Sharing between EFC and BCEMB

BCEMB's TM1 and EFC's databases are not compatible and information flow is not always as expedient as possible. To determine whether there is an opportunity to improve the flow of communication between our two boards' databases, EFC met with BCEMB to discuss our IT systems and opportunities for collaboration between our computer databases. A draft letter to EFC was provided for information.

Action: Staff was directed to send the proposed letter to EFC.

4.15 NPP Producer Update

A 2015 NPP producer has placed a flock in excess of their quota without the necessary QCs to maintain the flock. On June 11, staff sent an email to the producer requesting his strategy to get out of his QC deficit and informed him that this matter would now be referred to the Board. The email also requested an update on his progress as a self-sufficient producer vendor as the information we had previously received demonstrated that little progress had been achieved.

The Board discussed the situation, the options provided by management, and the policies currently in place to handle these situations, including the QC license process. The Board agreed that the producer should be notified about the penalty policy included in the Consolidated Orders.

Action: Staff was directed to notify the producer about the penalty policy which will go into effect.

Action: Staff was directed to review the policy and provide recommendations to the Board once this situation is resolved.

5.0 GOVERNANCE

5.1 QATR BC FIRB Correspondence Update

BCEMB, BCMMB, BCCMB and BCTMB had requested clarification from BC FIRB on their directives regarding the Quota Assessment Tools Review. BCFIRB's QATR decision still has a number of items that need to be addressed before staff feels comfortable putting forward drafted changes to our Consolidated Orders.

The Board discussed how succession planning is currently working, how the changes will affect planning in the future, and how other commodity boards are planning to handle the changes. It was agreed that QATR should be updated at a later date once all details have been finalized.

Action: Staff was directed to meet with the other commodity boards to review this directive. Following that meeting staff will draft a letter to BC FIRB that seeks clarity and put forward recommendations that will lessen the negative impact BCEMB would incur if these directives were immediately adopted.

5.2 Non Family Succession Submission Request

BC FIRB has provided the supply managed commodities with another opportunity to address its proposal to expand the list of those exempt from BCFIRB directed transfer assessments. The submission is due to BC FIRB on June 30, 2018. The submission was presented for information.

The Board discussed the importance of the request and the previously determined percentage amount included in BCEMB's request compared to BCMMB's request. Concerns were also raised regarding how it would be used by producers.

Action: Staff was directed to draft a submission review response and send it to the board to review.

Action: Chair and staff were directed to determine what other poultry boards are doing.

5.3 BC FIRB Expectations on Poultry Catching & Animal Welfare

A gap was identified in the oversight of poultry handling and welfare in response to events from June 2017. To ensure that all persons who are involved in handling poultry follow the Codes of Practice, BC FIRB sent correspondence to Boards to reiterate our role in ensuring that all welfare requirements are met on farm, including during the catching process.

Over the last year, communication between Board, Staff and the catching crews have increased and we are notified of any major issues on a farm. As a result of the events in June 2017, staff has notified producers that they are responsible for the birds while the birds are on their farm, including during the catching process. However, this policy is not included in any of the audits conducted through EFC or BCEMB at this point.

There appears to be an interest within the industry to have a united approach to responding to FIRB's directive. Staff is meeting with the managers of the poultry boards on July 12 to discuss that approach.

The Board discussed what the other poultry boards would like to do and what the right response would be from BCEMB's perspective. The EPA's response to the topic was also discussed.

Action: Staff was directed to meet with poultry board staff and prepare a joint recommendation for response.

5.4 Pullet Growers of Canada Business Plan

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Pullet Growers of Canada has requested that all member and non-member provinces complete a survey regarding needs and expectations for their 2019-2022 Business Plan, to reduce duplicate efforts being made at the provincial level.

The Board reviewed their answers for the survey to be submitted by the Chair.

6.0 PERFORMANCE REPORTS

6.1 Dashboard

The Week 18 Industry Dashboard was presented for information. Staff is in the process of updating our reporting features with the intent to survey Producers to determine their reporting needs.

6.1a Feed Mill Participation Report & AAFC Report

The June 8, 2018 AAFC Report was presented for information.

6.2 Quota

6.2a Industry Reserve

The Week 23 Industry Reserve was presented for information.

6.2b IP Report Week

The Week 22 IP Report was presented for information.

6.2c IP Processor Summary Week

The Week 24 IP Processor Summary was presented for information.

Action: Staff was directed to provide the Board with the reporting update request sent to EFC.

6.2d EFP Report Week

The Week 22 EFP Report was presented for information.

6.2e Quota Utilization Update

The Week 23 Quota Utilization Update was presented for information.

6.2f Quota Credit Update

The Quota Credit Update was presented for information.

6.2g Inventory Report

The Inventory Report was presented for information.

The Board discussed their approval with the direction Staff has taken on the report.

6.3 Financials

6.3a Period 4 Board & Committee Per Diems & Expenses

The Period 4 Board & Committee Per Diems & Expenses were presented for information.

R18-062

It was MOVED and SECONDED

THAT the Board of Directors approve the Period 4 Board & Committee Per Diems & Expenses.

CARRIED

The Board discussed the importance of including meeting titles on their expense reports.

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6.3b Period 3 Financials

The Period 3 Financials were presented for information.

Action: Staff was directed to provide the Chair with the 2018 Governance Comparison, compared to 2017.

6.3c Director Expense and Per Diem Policy

The Director Expense and Per Diem Policy was presented for discussion.

Action: Staff was directed to amend the policy as discussed and provide updated copy at the next Board meeting.

6.4 Preliminary COP

6.3a Period 7, 2018 COP

The Period 7 COP Summary 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.

7.2 Meetings Upcoming Appendix B

Attendance and participation in upcoming meetings was discussed and approved.

ADJOURNMENT

The meeting was adjourned at 6:08pm.



Board Chair



Certified Correct, Secretary