

## Meeting of the Board of Directors

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

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**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.

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### MINUTES of Board of Directors Meeting

**Date:** July 10-11, 2019

**Location:** BCEMB Boardroom

BOARD IN ATTENDANCE: Gunta Vitins, Chair  
Walter Siemens, Board Member  
Matt Vane, Board Member  
Jon Krahn, Board Member  
Jeff Regier, Board Member

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

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#### **CALL TO ORDER**

Chair, Gunta Vitins, called the meeting to order at 12:36pm on July 10, 2019.

The Chair acknowledged that the meeting was held on the traditional and unceded territories of the Kwantlen, Sto:lo, and Lummi First Nations.

#### **ADOPTION OF AGENDA**

It was **MOVED** by Walter Siemens and **SECONDED** that the agenda be adopted as presented.

#### **1. APPROVAL OF MINUTES**

1. Approval of the Minutes of June 24, 2019

**R19-063** It was **MOVED** by Jon Krahn and **SECONDED**

THAT the Board of Directors approve the Minutes of June 24, 2019 as presented.

CARRIED

**2. BUSINESS ARISING/ACTION LIST**

2.1 2019 Board Calendar

The 2019 and 2020 Board Calendars were presented for discussion.

2.2 June 13, 2019 FIRB Letter

The June 13, 2019 – Egg Farm Tours and Allocation Meeting letter from BCFIRB was presented for information.

**3. STAKEHOLDER ENGAGEMENT**

3.1 EFC Update

An update on the FPA and ACP committees and their progress was provided.

**Action:** Staff was directed to provide the Organic Standards update to all producers in the next Scrambler.

**Action:** Staff was directed to schedule a call with BCFIRB regarding the upcoming FPA meetings.

3.2 Corporate Structure Workshop Summary

The Board and Staff attended a Corporate Structure Workshop on June 25, 2019 and notes from the meeting were presented for information.

**Action:** Staff was directed to confirm if there is consistency within the BC commodity boards in regards to the quota transfer definition.

3.3 Marketing Update

An update on the marketing initiatives conducted to date, upcoming events, and a second quarter social media update were presented for information.

**Action:** Staff was directed to contact the Feast of Fields event organizer regarding a table at the upcoming event.

3.4 Regionality Study

Investment Agriculture Foundation (IAF) launched the BC Agrifood and Seafood Market Development Program in 2018. The program includes partial funding for market information and research projects. Nielsen has provided BC Egg with the results for the phase two survey, which will be provided to the Board at the August meeting.

3.5 Producer Appeal

A producer submitted a quota transfer request to BCEMB; prior to the board rendering its decision on the transfer the producer requested to have the transfer application cancelled. On June 7, 2019, the Board passed two motions, which were sent to the producer in a letter.

On June 24, 2019, the producer sent a letter to the Board of Directors requesting that the Board review and reconsider the following decisions made on June 7, 2019:

THAT the Board of Directors decline [REDACTED] request to rescind the December 19, 2018 Quota Transfer Request to [REDACTED] due to the information received from the accounting firm in their letter dated January 11, 2019 that:

*In late 2017, [REDACTED] and [REDACTED] incorporated the Company. On incorporation, [REDACTED] and [REDACTED] each subscribed to 12 Class A common shares, giving them each 50% ownership interest. [REDACTED] and [REDACTED] subsequently each transferred their 50% interest in the Partnership to the Company. As a consequence of having only one partner, the Partnership automatically ceased to exist, and the Company acquired the Partnership's assets (including quota) and began carrying on business as a sole proprietor.*

And

THAT the Board of Directors acknowledges that the transfer from [REDACTED] partnership to [REDACTED] occurred as of June 30, 2018 resulting in an assessment of 1,041 quota units as per Part V, subsection 3 of the BCEMB Consolidated Orders and a reduction to the October 2018 allocation to [REDACTED] of 26 quota units to be completed on June 7, 2019.

As per Part XVII of the Consolidated Orders, a producer has the ability to request a review of an order, decision or determination of the Board. The producer met with the Board as per his request to review the Board's decision.

[REDACTED] *joined the meeting at 10:56am on July 11, 2019.*

The Board reviewed the detailed timeline of communications with the producer and discussed the appeal process. The producer was provided with the opportunity to state why the decision should be changed and answered questions from the Board.

[REDACTED] *left the meeting at 11:27am on July 11, 2019.*

The Board reviewed all information provided.

**R19-068** It was MOVED by Jeff Regier and SECONDED

THAT the Board of Directors agree to uphold the [REDACTED] decisions from June 7, 2019.

CARRIED

**Action:** Staff was directed to provide the decision to the producer.

3.6 Catching and Loading Workshop

The Board and Staff attended a Catching and Loading Workshop on June 6, 2019 and notes from the meeting were presented for information.

4. OPERATIONS

4.1 Producer Update

A 2015 New Producer Program winner under the "producer-vendor" category is not fulfilling the producer-vendor requirements per our Consolidated Orders. The producer is required to provide monthly updates for the Board. The June update was presented for information.

The Board reviewed the information provided from the producer and discussed next steps for ensuring the producer satisfies the vendor requirements. The Board agreed the producer should meet with the Board at the November Board of Directors meeting.

**Action:** Staff was directed to draft a letter to send to the producer.

**Action:** Staff was directed to contact the grader to determine the dozens of eggs that were custom graded.

4.2 Downtime Terminology

Downtime is not defined in the Consolidated Orders, however, it is referenced in the Consolidated Orders Part VIII – Quota Credits. The Board approved two readings of the Amending Order and requested that staff draft a notice to producers. The draft notice was presented for discussion.

The Board reviewed the draft notice, provided feedback, and agreed with its dissemination as amended.

**Action:** Staff was directed to send the notice as amended.

4.3 Business Unit Lease Program

A producer is asking the Board for approval of a temporary lease of quota between related corporate producers upon the completion of their new facility. At the June 24, 2019 board meeting, Staff were requested to create a policy that facilitates and works with producers who are building new egg production units. The draft policy was presented for discussion.

The Board agreed that a separate policy was not required as it is an amendment to the Lease Policy in the Consolidated Orders.

**R19-065** It was MOVED by Jon Krahn and SECONDED

THAT the Board of Directors approve the first reading of the Amending Order 011 – Lease Policy as amended.

CARRIED

On July 11, 2019, the Board reviewed the amended Amending Order 011 – Lease Policy and provided additional amendments.

**R19-074** It was MOVED by Matt Vane and SECONDED

THAT the Board of Directors approve the second reading of the Amending Order 011 – Lease Policy as amended. This Amending Order comes in to effect on August 1, 2019.

CARRIED

4.4 Producer Quota Lease Request from BCEMB Reserve

A Producer has requested to lease 6,000 quota units from the BCEMB Quota Reserve for 12.5 months commencing January 2020 for conventional white layers.

The Board reviewed the producer's request and agreed that the additional quota should be requested through the Temporary Allotment Pool B program.

**R19-066** It was MOVED by Jeff Regier and SECONDED

THAT the Board of Directors decline the June 23, 2019 request from [REDACTED] for quota from the BCEMB Reserve as it does not meet the Board's policy objectives. The Board recommends that the additional quota be requested through the Temporary Allotment Pool B program instead.

CARRIED

4.5 Brown vs White Premiums

The enriched premium developed as part of the CETPP is based on the enriched COP and is applicable to enriched white production. Historically, there has been a premium applied for production from brown hens as they require more space and more feed. With the new Codes of Practice, both brown and white birds have the same density requirements. The white to brown premium may need to be adjusted to account for the change in density differentials. In addition, every specialty egg produced in BC is from a brown hen and therefore our COP and producer price for specialty brown production is based on a brown hen. If a producer, with grading station sign-off, chose to produce a specialty white, a reduction to the producer price may be required to reflect the decrease in production costs.

The Board reviewed the data provided and requested additional information to be reviewed at a future meeting.

**Action:** Staff was directed to request additional information on the EFC study.

4.6 Producer Update

The Board requested monthly progress reports to ensure that the producer is progressing towards compliance in a timely manner. An update was presented for information.

**ADJOURNMENT**

It was MOVED by Jon Krahn and SECONDED that the meeting be adjourned at 4:29pm on July 10, 2019.

**CALL TO ORDER**

Vice Chair, Walter Siemens, called the meeting to order at 9:07am on July 11, 2019.

**5. GOVERNANCE**

5.1 Allocation Distribution

As of July 3, 2019 BCFIRB has provided BCEMB with prior approval to allocate its 202,110 hen allocation, which was received from EFC in December 2018. There are a number of significant changes to quota, BCEMB programming, and levy which was presented for discussion.

The Board reviewed the draft producer letter and provided amendments.

**R19-069** It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the following distribution of the 202,110 birds as follows, effective July 14, 2019.

- 14.20% or 28,696 quota units to be distributed/set aside for a Temporary Allotment Program (TAP) to support New Producer Program winners and other New Entrants over the period 2019 – 2025.
- 6.98% or 14,100 quota units to be distributed equally. Every registered producer who is in good standing will have the opportunity to receive the 100 quota units, provided one of the following conditions is met:
  - That producer has 100% non-conventional production, or
  - If a producer is not currently 100% non-conventional, the producer must house a flock of 4,000 hens minimum in a non-conventional production system owned by the producer in order to receive the allocation.
    - Producers who do not have a non-conventional facility will have until July 14, 2022, to place hens (19 weeks old) in a non-conventional facility they own or the 100 quota unit allotment will be permanently forfeited
- 78.83% or 159,317 quota units to be distributed pro-rata. This is a 5.217% quota increase to all registered producers currently in good standing with the BCEMB Consolidated Orders.

CARRIED

5.2 EFP Wind Down

Historically low Urner Barry price has impacted the viability of the EFP program. Staff have spoken to the processor regarding the High Low Pricing and additional comments were presented for discussion.

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The Board reviewed Staff's recommendation and agreed with the concept of reducing the program by 50%.

**R19-070** It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors will reduce the EFP program from 100,000 birds to 50,000 birds effective Week 33, 2019.

CARRIED

**5.3** Production Sleeve

The 6% production sleeve will only be eligible to producers who have accepted all of their quota increases. The Board agreed that producers will have 30 days to accept the pro-rata portion of the allocation before losing access to the sleeve. The Board also agreed with the amended producer notification provided.

**Action:** Staff was directed to provide the Board with a list of producers without SE or AI insurance at the August meeting.

**5.4** TAP Amending Order

BC Egg has conducted an extensive consultation process in order to engage stakeholders in the Temporary Allotment Program (TAP). As of July 3, 2019, BCFIRB has approved the TAP with the requirement that BC Egg assess the effectiveness of the program annually.

The Board reviewed the TAP implementation timeline and agreed with the direction. Pool A will only be available to new entrants, upon implementation. It will be a one time acceptance opportunity when a new producer first starts production or else it is forfeited for life. However, Pool B is more flexible as outlined in the amended producer notification.

The Board agreed it is the producer's responsibility to meet, and not exceed, their production capacity as noted on the housing certificates and/or flock counts.

**R19-071** It was MOVED by Jon Krahn and SECONDED

THAT the Board of Directors approve the Temporary Allotment Program Pool A New Entrant implementation for notification on July 12, 2019, with applications received no later than midnight on August 11, 2019 and Pool B implementation for notification to be sent on Sept. 4, 2019, with applications to be received no later than 4pm October 1, 2019, with an effective date of October 6, 2019.

CARRIED

**R19-072** It was MOVED by Matt Vane and SECONDED

THAT the Board of Directors approve the first reading with amendments of Amending Order 010 – Temporary Allotment Program.

CARRIED

**R19-075** It was MOVED by Jon Krahn and SECONDED

THAT the Board of Directors approve the second and final reading of the Amending Order 010 – Temporary Allotment Program, effective July 14, 2019.

CARRIED

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5.5 NPP Amending Order

BC Egg has conducted an extensive consultation process in order to engage stakeholders in the allocation and New Producer Program (NPP) review process. As of July 3, 2019, BCFIRB has approved the amendments to the NPP.

**R19-073** It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the first reading of Amending Order 009 – New Producer Program.

CARRIED

5.6 PFGC and SBB Committees

The BC Egg Processors Council (BCEPC) have asked that a review of the Post Farm Gate Cost (PFGC) and Specialty Buyback (SBB) programs be conducted. In preparation for the July 22 meeting, Staff put together details regarding both programs. The information was presented for discussion.

The Board reviewed and discussed the information.

5.7 Strategic Plan Update

BC Egg is undergoing a full strategic planning project with Junxion. An updated schedule was presented for information.

5.8 Election Voting Rule Review

As per the review process in our 2016 BC Egg Election Rules and Procedures, the rules must be reviewed prior to December 31, 2019. Staff have drafted a submission letter to BCFIRB that was presented for discussion.

The Board reviewed the draft submission and provided amendments.

**Action:** Staff was directed to amend the draft submission and provide it to the Board via email for review.

5.9 CETPP Update

The CETPP (Conventional to Enriched Transition and Producer Price) Project is a National project, supported by EFC. The final MOU has been circulated for signature. It has been signed by BC and returned to EFC. The final working documents and blend percentages are being created by EFC.

The Board discussed the project and the next steps.

5.10 Trade Issues for Egg Sector

The Ministry of Agriculture would like to meet to discuss a ministry-led strategy on how best to advance BC's interests in implementing the new trade agreements. BC Egg will be attending the meeting on August 8 in Victoria at the Ministry Offices.

5.11 Committee Minutes

5.11a EIAC April 11, 2019 Meeting Minutes

The minutes from the Egg Industry Advisory Committee April 11, 2019 meeting was presented for information.

**6. PERFORMANCE REPORTS**

6.1 Dashboard

An updated dashboard will be provided at the August meeting.

6.2 Quota

6.2a Industry Reserve

The Industry Reserve was presented for information.

6.2b IP Report Week

The IP Report Week 26 was presented for information.

6.2c IP Processor Summary Week

The IP Processor Summary Week 26 was presented for information.

6.2d EFP Report Week

The EFP Report Week 26 was presented for information.

The Board discussed that the reduction in EFP should be done pro-rata in regards to the production types to ensure we are matching the egg type blend.

**Action:** Staff was directed to clarify the egg type blend with the processor.

6.2e Quota Utilization Update

The Quota Utilization Update was presented for information.

6.2f Quota Credit Update

The Quota Credit Update was presented for information.

The Board discussed options for improving QC utilization by producers.

**Action:** Staff was directed to include the QC policy for review at the August meeting.

6.2g Inventory Report

The Inventory Report was presented for information.

6.3 Financials

6.3a Period 6 Board & Committee Per Diems & Expenses

The Period 6 Board & Committee Per Diems & Expenses were presented for information.

**R19-076** It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the Period 6 Board & Committee Per Diems & Expenses.

CARRIED

6.3b AR Report

The AR Report was presented for information.

6.4 Preliminary COP

6.4a Period 8, 2019 COP

The EFC Board approved a levy increase of 10 cents/dozen at the last meeting effective period 8 due to the low Urner Barry price. This has now been approved by FPCC and subsequently ratified by EFC. The Western provinces, with the exception of BC, have approved a 5 cents/dozen producer price increase, while Ontario and Quebec have approved holding their producer price.



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The Board reviewed BCEMB's financials, discussed options for handling a potential producer price increase and considered the recommendation from the EIAC.

**R19-064** It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors agree to hold BC producer pricing for Period 8, 2019. This decision is effective from Week 30 to Week 33, 2019.

CARRIED

**R19-067** It was MOVED by Jeff Regier and SECONDED

THAT the Board of Directors approve a levy rate of \$0.1981 per bird per week (\$0.4049 per dozen) effective Week 29 (July 14, 2019). This levy is made up of:

- Provincial Levy of \$0.0418
- EFC Levy of \$0.1563

The remaining \$0.05 of the levy increase will be paid for with board funds until the Board reviews the levy in September 2019.

CARRIED

**Action:** Staff was directed to speak with graders regarding payment dates.

6.5 Audit Scores

The Audit Score Report was presented for information.

6.6 Feed Mill Participation Report & AAFC Report

The Feed Mill Participation Report & AAFC Report was presented for information.

6.7 Fowl Removal Update

The Fowl Removal Report was presented for information.

**7. MEETINGS HELD & UPCOMING**

7.1 Meetings Held Appendix A

The Meetings Held Appendix A were presented for information.

7.2 Meetings Upcoming Appendix B

The Meetings Held Appendix B were presented for information.

**ADJOURNMENT**

It was MOVED by Jeff Regier and SECONDED that the meeting be adjourned at 2:13 pm.



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Board Chair



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Certified Correct, Secretary