

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: December 7, 2017

Location: BCEMB Boardroom

BOARD IN ATTENDANCE: Gunta Vitins, Chair
Jennifer Woike, Vice Chair
Aryn Alibhai, Board Member
Walter Siemens, Board Member

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

REGRETS: Fred Krahn, Board Member

CALL TO ORDER

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

7.2 Meetings Upcoming Appendix B

Attendance and participation in upcoming meetings was discussed and approved.

██████████ joined the meeting at 9:30 am.

7.2a 2018 Board Meeting Dates

Board meeting dates for 2018 were confirmed.

In order to streamline meeting attendance processes, the board discussed rewording the expense policy giving permission to all board members to attend any BC meeting without having to seek prior approval, while approval for out of Province meetings must go through the board.

Action: Update the board travel expense policy to incorporate permission to all board members to attend any BC meeting without having to seek prior approval from the Board and bring to February meeting for approval.

ADOPTION OF AGENDA

The agenda was adopted with the following additions:

- 1.2 BCEMB Minutes of Dec. 4 conference call
- 1.3 BCEMB Minutes of Dec. 6 conference call
- 3.5 Audit & Finance Minutes of Dec.4 conference call

1.0 APPROVAL OF MINUTES

- 1.1 Approval of the Minutes of November 15-16, 2017

R17-064 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of November 15-16, 2017 as presented.

CARRIED

- 1.2 Approval of the Minutes of December 4, 2017

R17-065 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of December 4, 2017 as presented.

CARRIED

- 1.3 Approval of the Minutes of December 6, 2017

R17-066 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of December 6, 2017 as amended.

CARRIED

1.0 BUSINESS ARISING/ACTION LIST REVIEW

- 2.1 2018 Board Calendar

The 2018 Board calendar was presented for information.

- 2.2 New Business

- 2.2a Organic and Specialty Audit

BCEMB's response to [REDACTED]'s request to pay for Organic audits was presented for information.

- 2.2b PAL Methodology

BCEMB's response to the PAL methodology was presented for information.

- 2.2c EQA Program

Correspondence from EFC regarding the EQA program was presented for information.

3.0 GOVERNANCE

3.1 2018 Marketing Budget

██████████ presented the 2018 Marketing budget to the board for approval. BC Egg's achievements in 2017 were discussed which included several high quality sponsorships, many public appearances by farmers, a robust social media program, creation of five Meet the Farmer videos, participation in the PNE and Abbotsford Agrifair and much more.

██████████ reviewed the communications and marketing budget line by line, offering historical information, current status and future plans: branding, professional marketing services, on-farm viewing rooms, egg stamping, ask an egg farmer, website redesign, retail and food service program and PR sponsorship such as the PNE and Abbotsford Agrifair.

Creating parameters around Producer eligibility for on-farm viewing room funding was discussed. It was recommended that an application process be put in place to ensure fairness.

██████████ advised the board that she will be doing research on the effectiveness of BC Egg's marketing program for presentation at the AGM.

R17-067 It was MOVED and SECONDED

THAT the Board of Directors approve the 2018 Marketing and Communications Budget as amended with the exception of the viewing room budget which requires further discussion.

CARRIED

Action: Staff was directed to create parameters for producers to qualify for on-farm viewing room subsidies.

Action: Staff was directed to create a traceability program for board approval at next meeting

3.2 2018 Budget

██████████ presented the 2018 BCEMB Budget, reviewing the changes that had been made from the Audit & Finance committee meeting of December 4th.

The budget was reviewed line by line with explanations for calculations for the board's information. Certain line items were adjusted as project timelines dictated.

R17-068 It was MOVED and SECONDED

THAT the Board of Directors approve the 2018 BCEMB Budget as amended and;

THAT the levy rate of 4.18 cents remain in effect with a mid-year review before the period 5 2018 EFC levy rate decrease takes effect.

CARRIED

3.5 Draft A&F Minutes of December 4, 2017

██████████ reviewed the conference call discussion regarding the 2018 budget and levy scenarios. The committee agreed with the 2018 budget as presented and agreed to recommend to the board a 2018 levy rate of 4.18 per bird (scenario 4-status quo) with a mid-year review before the period 5, 2018 EFC levy rate decrease takes effect.

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3.3 Director Position – Election Process

This was discussed later in the meeting.

3.4 2017 Producer Rebate

Historically BC Egg has not been using the full budgeted amounts each year which is creating a surplus of levies collected from producers.

At the November 2017 board meeting, directors approved a \$0.50 per issued quota bird rebate to be given to producers in good standing at the November 15/16 board meeting. It was mentioned that management should review the BC Chicken Marketing Board's policy on yearly surplus distribution as a guide.

Three options for producers who have an outstanding levy balance due to SE were presented for feedback. After some discussion it was decided to allow the SE producers until March 01, 2018 to pay their outstanding levy balance.

R17-069 It was MOVED and SECONDED

THAT the Board of Directors approve the rebate be issued to producers based on the following:

- Issued quota as of Dec 7, 2017. In the event of a lease, the producer who is paying the levy will be receiving the rebate.
- Good Standing means:
 - Audits have been completed and passed
 - CARS are being followed up on
 - 2 Years of Chick Placement Permits have been submitted
 - CSV files have been received by Producer/Vendors

Outstanding levies and other charges have been paid in full. In the case of a producer who has been unfortunate to have SE and has an outstanding balance, they will have until March 01, 2018 to pay the balance in full before the rebate is issued; and,

THAT the two \$500,000 GIC's (one redeemable and one cashable) will be redeemed and an additional \$500,000 will be used from the chequing account (balance as of Dec 1 is approx. \$3.9m); and,

THAT the Consolidated Orders be updated to include that surplus revenue from the current year's budget be distributed to eligible producers in January of the following year at the discretion of the board.

CARRIED

3.5 Draft A&F Minutes of December 4, 2017

This was discussed earlier in the meeting.

4.0 STAKEHOLDER ENGAGEMENT

■■■■■ joined the meeting at this time.

4.1 2017 EFC Young Farmer Program Update Delegate

The 2017 EFC Young Farmer representative, ■■■■■, presented to the Board a summary of his experience in the Young Farmers program. Egg Farmers of Canada founded the young farmer program as an opportunity to bring together young farmers to learn and share knowledge, experiences and expertise in every aspect of the egg industry. ■■■■■ discussed the topics the program addressed and shared the information he learned from the events and webinars. ■■■■■ noted that he feels this is a valuable program that BC Egg will benefit from with continued participation and thanked the board for the opportunity.

■■■■■ left the meeting at this time.

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3.3 Director Position – Election Process

The Vancouver Island Director Representative, [REDACTED], has resigned her position on the Board, effective December 31, 2017. As per the BCEMB Election Rules, the Board can approach this issue in one of two ways; leave the position open or appoint someone to fill the vacancy until the term is up.

It was decided that [REDACTED] will contact FIRB and discuss a third possibility – a by election to fill the vacant Director seat. Therefore, until such time, the position will remain vacant.

The Board received notice of [REDACTED]'s resignation and will take action as discussed.

Action: Staff was directed to draft a notification to all producers advising of Director [REDACTED] resignation, to be sent out immediately.

4.2 Mandatory Insurance

[REDACTED] reviewed [REDACTED]'s briefing notes addressing each board's recommendations regarding a Mandatory insurance group fund. The board decided next steps will be to write a letter to [REDACTED] noting the boards continued willingness to develop a Cleaning and Disinfection Cost Recovery Fund however not at the proposed cost sharing mechanism. BCEMB recommends the Boards (Chairs, Vice-Chairs and ED's) meet to discuss alternative funding mechanisms.

Action: Staff was directed to write a letter to [REDACTED] expressing the board's willingness to continue the discussion regarding the fund and address cost sharing with all boards involved.

5.0 OPERATIONS

5.1 DEPI Proposal

In order to counteract continued false news and attacks on supply management in the media as NAFTA and TPP negotiations gain momentum in the next few months, BCCMB Chair, [REDACTED], has provided the DEPI associated commodities a communication proposal prepared by BB&Co in hopes we will join forces to tell our story.

Staff recommends uniting with DEPI in the quest to educate consumers in supply management and quell the rumors that plague our industry.

R17-070 It was MOVED and SECONDED

THAT the Board of Directors approve supporting the BB&Co proposal to join forces with the poultry, egg and dairy commodities to promote the positive aspects of supply management.

CARRIED

After much discussion the board decided to incorporate the valuable information in the Authenticity paper into the DEPI initiative to further educate the public on the merits of supply management.

5.2 Quota Exchange Update Procedures

Producers unable to obtain grader signoff on their requested production type are looking for alternative solutions that would allow them to submit an application for the Quota Exchange (QE) without their grading station signoff.

While the orders can be interpreted to disallow the producers from signing their application, Part VI of the BCEMB Consolidated Orders does not directly reference who can satisfactorily provide the grader signature.

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On December 1, 2017 staff engaged its legal counsel to determine if an amendment is required to prevent future applications with similar strategies of bypassing the grader requirement listed in the application.

Staff recommended revising Part VI of the Consolidated Orders by providing clarity on application requirements.

MOVED and SECONDED

R17-071 THAT the Board of Directors approve staff draft an amendment to Part VI of the Consolidated Orders clarifying the parameters for Quota Exchange sign off.

CARRIED

Action: Staff was directed to amend Part VI of the Consolidated Orders, obtain legal advice then circulate to the Board for feedback.

5.3 Quota Allocation Survey

BCEMB is committed to conducting a consultation to determine if there is a potential to strengthen the current methodology used to allocate quota. BCEMB's objective is to challenge the current strategies used for the allocation of growth quota in this thriving industry and changing marketplace while maintaining accountability to all shareholders within the SAFETI framework. Staff recommendation is to begin the first phase of the consultation as soon as possible.

█████ drafted an information package to send out to producers in tandem with the draft survey that he reviewed with the board for information.

Action: Staff was directed to revise the survey and information package with the board's input then recirculate for approval and distribution.

5.4 Quota Exchange Survey

The draft survey will be presented at the next meeting.

5.5 NPP Consultation

Consultation methodology will be presented at the next meeting

5.6 Specialty Buyback Restructuring

BCEMB has found that some graders believe that BC Egg should fund the costs they are covering for free-run product that is being downgraded or sent to the breaker.

Management feels that a change in methodology is appropriate and that the buyback should be reduced for 2018 with the percentage split amongst graders be based on graded dozens for specialty product rather than remaining at status quo (issuing based on market share) which includes conventional product in the calculation.

The board supported managements approach so this will be brought to the next board meeting in February with further information. It was recommended that staff consult with the EIAC to obtain more foresight on what production categories are growing and to what degree.

R17-072 It was MOVED and SECONDED

THAT the Board of Directors approve that budget line item 'Specialty Buyback' be reduced to \$250,000.

CARRIED

5.7 Creston Draw Update

The 2017 New Producer Program (NPP) for the Creston area is underway. Some applicants are having difficulty obtaining grading station signoff from the Creston Grader which is in contravention to statements made by the appellant during the BCFIRB appeal. Staff contacted BCFIRB and per their direction has been advising the applicants to document their efforts and “ideal” intentions in their application. Staff has advised these applicants to provide a secondary plan so that their application can be accepted and not unnecessarily disqualified from the draw. Staff is not aware of any applicants that have decided not to apply because they were not able to obtain sign-off at this time.

Staff plans to engage the committee members that were approved at the last board meeting on November 14-15, 2017 and continue with the NPP process as outlined.

5.8 EFP

The BCEMB has a contract with [REDACTED] for 3,200 boxes per week of EFP production that expires in week 34, 2018. As of week 46, 2017, this program has a loss of \$300,348, costing producers \$2.5 million while the Board has received \$1.7 million in payments from [REDACTED]. Since the contract’s inception, the GSV for [REDACTED] has declined by approximately 3,000 boxes. [REDACTED] has determined they would like to see the EFP contract extended.

Staff recommends that the Board renegotiate the contract with [REDACTED] to ensure that the program is beneficial for both producers and [REDACTED].

It was recommended that [REDACTED] participate in these negotiations with staff.

5.9 EFC Audit Report

The yearly EFC audit report was presented for information.

5.10 SCSC Program Feedback

EFC is currently developing a National Certification Program. As part of that development, the SCSC program is under review to ensure that it continues to meet the most up to date science as well as improve any weaknesses identified. The PMC reviewed and provided feedback on the updates to the EFC SCSC Program.

The board agreed with the PMC’s recommendations and asked that staff cc them on the letter to EFC stating BC Egg’s feedback.

Action: Staff will draft a letter to EFC providing BC Egg’s feedback on the SCSC program and cc the Board.

5.11 Interim Housing Standards and Measuring Methods

EFC is currently developing the Interim Housing Standards and non-conventional Barn Measurement Guidelines.

BC Egg and PMC Committee are in favour of the Interim Standards and Implementation plan however we recommend that there is a date where EFC expects to have all producers complete their first audit, for example, one year after the audit process begins (1.5 years after Board approval).

BC Egg and PMC Committee are in favour of the Measuring Methods and Implementation plan however we recommend that there is a date where EFC expects to have all producers’ non-conventional barns measured, for example, one year after the measuring process begins (14 months after Board approval).

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5.12 Red October

On November 6, 2017, ██████████ issued a Modified Disease Alert that clearly outlined it was an exercise. As part of the alert process, AGRI is responsible for the notification of industry for a reportable disease, and was asking that this be treated as detection of a reportable disease and be directed to the appropriate people as per board protocols and the appropriate chain ensue, practicing the scenario as if it were a real detection. They were looking to industry to issue the alert to “red” for the purposes of this drill.

The following day boards were asked to contact 10% of their producers and complete the questionnaire attached, incorporating their responses and return by end of day. They will then assemble all of the forms and distribute them for review. They also wanted everyone to make notes related to any issues any of the boards encountered during the process so they can improve this part of the response moving forward.

Management will be presenting the response at the next PMC meeting.

Action: Staff was directed to test the emergency text messaging system with the board and BCEPA.

6.0 PERFORMANCE REPORTS

6.1 Financials

6.1a Period 11 Board & Committee Per Diems & Expenses

R17-073 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 11 as amended.

CARRIED

6.3b Period 11 Financials

The Period 11 financials were 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

This was discussed earlier in the meeting.

7.2a 2018 Board Meeting Dates

This was discussed earlier in the meeting.

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ADJOURNMENT

The meeting was adjourned at 3:14 pm



Board Chair



Certified Correct, Secretary