

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: March 29, 2017

Location: BCEMB

BOARD IN ATTENDANCE: Brad Bond, Chair
Aryn Alibhai, Board Member
Fred Krahn, Secretary
Walter Siemens, Board Member

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

REGRETS: Jennifer Woike, Vice Chair

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:

5.7b Specialty Audit Committee – [REDACTED]
5.14 FIRB Letters

1.0 APPROVAL OF MINUTES

1.1 Approval of the Minutes of February 10, 2017

R17-021 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of February 10, 2017 as presented.

CARRIED

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1.2 Approval of the Minutes of February 17, 2017

R17-022 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of February 17, 2017 as amended.

CARRIED

1.3 Approval of the Minutes of March 1, 2017

R17-023 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of March 1, 2017 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 Investment Policy Update

█████ updated the Board on the Investment Policy noting that, on a short term basis, the committee has recommended that there be a staggering GIC for surplus funds. The Board directed staff to invest all surplus funds into a staggering GIC, leaving \$500,000 cash in the bank.

R17-024 It was MOVED and SECONDED

THAT the Board of Directors approve that management invest surplus funds into a 30 day GIC until the Investment Policy is finalized.

CARRIED

Action: Staff was directed to bring a report back to the Board for the April agenda, on the need for a long term investment.

2.2ai CAF Investment

The issue of investing additional funds in CAF to lower the amount due or pay the mortgage and increase BC Egg's investment was discussed. It was recommended that, when the \$1 million GIC matures at the end of March, the funds should be used to pay down the CAF Mortgage.

R17-025 It was MOVED and SECONDED

THAT the Board of Directors approve that \$1 million from the matured GIC be used to as a loan to pay down the CAF mortgage; such loan to be at an interest rate of prime plus 0.5%, paid monthly.

CARRIED

Action: Staff was directed to obtain a security agreement from CAF for Board review prior to transferring funds.

2.2d Grader Audit Follow Up

██████████ are having trouble accepting the validity of the items requested be audited by Deloitte on behalf of BC Egg. Discussions are continuing.

██████████ will meet April 20th with ██████████ to develop a flow chart of processes so BCEMB can better understand what they will want to look at from an operational view.

Action: Staff was directed to find a third party to assist in this process as an operational audit versus a financial audit.

██████████ joined the meeting at 9:57 am

5.7b SAC Range Standards

██████████, EPA president, reviewed the EPA's recommendations for the free range standards with the board, for feedback.

As a result of the discussion, the Board recommended the following:

- 1) That shade or shelter availability in the pasture is highly recommended and not mandatory.
- 2) Pasture access is required for 1/3 of the hens lay cycle, remove the No Exceptions comment.
- 3) That the minimum space requirement on the range should be 1.5 square feet per bird so that it remains proportionate with the indoor/outdoor requirements for certified organic.

Action: The EPA was directed to bring the updated document with the recommended changes back to the Board for approval for the April 28 meeting.

4.2b Political Messaging

The issue of BCEMB sending political messaging on the EPA's behalf was discussed. Several options were suggested as to how BCEMB can separate themselves politically from the EPA. Staff will work with the EPA on resolving this matter.

██████████ left the meeting at 10:35 am.

2.2k Quota Assessment Directive

The purpose of the quota assessment survey is to make sure that quota is transferrable, to make sure that people have access to quota, to make sure that our quota assessments are doing what they were intended to do and if not, how can we change it.

Staff provided an outline of the schedule they will follow to ensure the evaluation is completed by deadline of June 30, 2017.

Action: Staff was directed to state the purpose of the Quota Assessment survey, as per FIRB's directive, and send to Board before the April 4th meeting.

2.3 Business Arising

2.3a Correspondence to ██████████

It was noted that ██████████ will attend the May 18, 2017 Board meeting.

Action: Staff was directed to propose an agenda with ██████████ to help facilitate the discussion at the May 18 meeting.

2.3b Correspondence to Producers from PMC

The correspondence to producers from the PMC was presented for information. The letter addressed eligibility for the early fowl removal program.

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2.3c Correspondence to Producers Regarding Latest COP Increase

The correspondence to producers regarding the latest COP increase was presented for information. The letter addressed the rationale behind how the monthly producer price is determined.

2.3d Correspondence to Creston Producer

The correspondence to the Creston producer from [REDACTED] was presented for information. This email notified the producer that staff has been asked to provide more detailed information to the Board and that is matter will be discussed further at the March 29, 2017 board meeting.

3.0 PERFORMANCE REPORTS

3.1 Dashboard

The dashboard was presented for information.

3.1a Feed Mill Participation Report & AAFC Report

[REDACTED] presented the Feed Mill report to the Board for information.

3.2 Quota

3.2a Industry Reserve

The total quota allocated and held in reserve was presented for information. The plan for the quota issuance is to send a letter to all producers and ask if they are able to take it immediately. The effective date for the quota allocation is April 2nd.

R17-026 It was MOVED and SECONDED

THAT the Board of Directors approve the issuance of a 3.148% issuance to all registered producers, in good standing, effective April 2, 2017.

CARRIED

3.2b IP Report Week 4

The Industrial Product report up to week 10 was presented to the Board for information.

3.2c IP Processor Summary Week 10

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

3.2d EFP Report Week 10

The EFP report as at week 10 was presented for information.

3.2e Quota Utilization Update

The quota utilization report as at week 11, 2017 was presented for information. It was noted that the rolling average at week 11 is 95%.

3.2f Inventory Report

The inventory report was presented for information.

3.3 Financials

3.3a Financial Dashboard

[REDACTED] presented the draft financial dashboard to the board for feedback.

3.3b Period 2 Board & Committee Per Diems & Expenses

R17-027 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 2 as presented.

CARRIED

3.3c Financial Statements for Period 1

The financial statements for Period 1 were presented for information.

3.4 Preliminary COP

The preliminary COP was presented for information.

3.4a COP/Pricing Timeline Discussion

The grading stations have requested, through CPEPC, that provinces price their eggs with a consistent lead time. Currently it is 2-5 days depending on the province. The Western Provinces discussed the pricing timeline on March 23, 2017. At that time, all of the Western Provinces have agreed that we do not want to set the price prior to the COP being released from EFC.

On a trial basis, the Western Provinces have agreed to provide a minimum of 5 working day's notice for a price change.

Staff has sent the proposed changes to the EIAC for comment and is awaiting a response.

4.0 STAKEHOLDER ENGAGEMENT

4.1 Creston Allocation Follow Up

████████████████████ presented a business plan at the February 17 Board meeting to state their case for two additional new entrants in the Creston Area to supply ████████████████████, a local grading station, with additional product. At that time, the Board requested that ████████████████████ do some additional homework.

If ████████████████████ were to supply the market with additional product, they would be required to purchase additional quota as well as expand or rebuild their grading station. Unfortunately, ████████████████████ does not have the capital to complete this project with their current business structure.

After much discussion it was decided that it is not the role of the Board to give out free quota to support a grading station capital expansion. Also that an award of free quota in a manner that was outside the New Entrant program protocols would not be fair and equitable to others that might want to apply in the region.

████████████████████ would be messaged that if they solved their financial situation the board would consider a new producer draw, but they would have to accept product from the New Entrants that won the draw, as opposed to the participants they wanted without a draw.

Action: Staff was directed to draft a response to ████████████████████ respectfully denying his request for quota allocation.

4.2 Commodity Boards and Partisan Activities FIRB Letter

The Commodity boards and partisan activities letter from FIRB was presented for information. BCFIRB recommends that if commodity boards wish to make political donations, or engage in other politically partisan activities, they must do so in their personal capacities.

4.3 Grocery Conference Update

██████████ discussed the grocery conference tradeshow, sharing the examples of bag stuffers and shelf talkers offered to the retailers in attendance.

It was noted that they did have the opportunity to speak with a few smaller retailers (single-store retailers) who were interested in our materials. They also connected with representatives from ██████████, a food blogger and a reporter from Epoch Times. They met with representatives from three separate grocery industry magazines and discussed advertising and editorial opportunities. ██████████ will be following up with all these contacts over the next couple of weeks.

4.4 Forecasting Plan – BC's Story

██████████ advised the Board that the forecasting plan is still being formulated and will be completed in the near future.

4.5 EIAC Draft Minutes of March 9, 2017

The draft minutes from the last EIAC meeting were presented for information.

4.6 Mandatory Insurance Review Committee Update

Board and commission decisions are required to provide policy direction prior to moving to Phase 3 of the Review.

The Board approved the Steering committee's request for consent to carry on with this FIRB mandated review.

4.7 BCFIRB Request for Meeting with EIAC and Small Producers

As a result of the meeting the BCEMB Board had with BCFIRB on March 8, 2017, BCFIRB has requested to meet with 4 members of the EIAC as well as 2-3 producers that represent smaller producers.

██████████ will have a conference call with the producers who will be in attendance at this meeting.

4.8 Western Poultry Conference update

██████████ presented the report from the Western Poultry conference on salmonella attended by ██████████, BCEMB PLO.

4.9 Abbotsford Food Bank Donation Status

BC Egg contacted ██████████ about making weekly deliveries to the Abbotsford food bank; however, ██████████ will not participate due to the small size of the order (30 dozen). They have offered to contact one of their distributors to make the delivery and staff is waiting for their reply. In case the distributor is unable to assist, ██████████ is reaching out to a nearby ██████████ to see what they will charge BC Egg for 30 dozen eggs each week and allow the Food Bank to pick up the eggs.

4.10 New Producer Farm Tour

The BCEPA has arranged for the New Entrants who had their names drawn in January to attend a farm tour on March 18, 2017. Three farms were visited then the tour finished with lunch where ██████████ provided the new producers with some insight as to what BCEMB and the BCEPA do for BC producers.

5.0 OPERATIONS

5.1 Quota Credit Policy Update

The current Quota Credit policy is outdated, unclear, and under distributed. BCEMB has an opportunity to address all three of these issues while updating the QC Policy. The objective of this updated QC policy is to provide clear definitions to producers regarding the opportunities and limitations available for QCs.

The three major proposed changes are:

1. Quota credits will no longer expire
2. Maximum QC balance of total levied quota x 26 weeks (before eligible to earn more)
3. Limit maximum flock size over quota to 10%; anything in excess of 10% requires approval pending estimates.

Prior to any changes being made, there will be a full consultation process. The final policy is expected to have an implementation date in 2020.

5.2 Rolling Average Reduction Strategy

Recent forecasting highlights the uncertainty surrounding our inventory and limitations of staff predictions with numbers that are in constant flux. As of today it appears that discontinuing the MGA program in combination with our early fowl program will achieve our goal of 100% utilization.

Management will send a letter to producers outlining the reduction tactics in order to keep producers engaged and apprised of BCEMB's approach.

5.3 New Entrant Survey

BC Egg has a lot of new entrants in the industry. With 26 new producers at various stages of entry into industry, BC Egg has an opportunity to give ourselves a report card to see how good, (or bad) we are at welcoming and providing new entrants and providing them an opportunity to succeed in our shared industry.

Action: Staff was directed to come back to the Board with some success measures to monitor the effectiveness of the New Entrant program.

5.4 Candidates for Audit & Finance Committee Member

█████ discussed the possibility of recruiting an outside person to join the Audit & Finance committee. Several names were recommended from organizations such as ██████████.

█████ advised the Board he will contact the recommended candidates and send the Board bio's on selected candidates for information.

5.5 Appeal Update

█████ has appealed the decision of the BCEMB to withdraw with 6% ██████████. ██████ attended the January Board Meeting to discuss the withdrawal of the 6% MGA. After that meeting, ██████████ notified BCFIRB that they intended to continue with the appeal process.

Staff is waiting for a response from BCFIRB regarding a second pre-hearing conference.

5.6 AI Low Path Update

On March 1st a 16 week old turkey flock tested positive for Avian Influenza. Later test results revealed that the flock was exposed to low path H3/H6.

The disease notifications have been sent to all producers and so has the voluntary testing request.

Staff will continue to work with AGRI and, if they are not receiving enough voluntary samples, the Board may have to encourage producers to submit.

5.7 Recommended Codes of Practice Update

EFC has distributed communication materials in advance of the Code release. The Codes were released 2 days prior to the March 29, 2017 Board meeting.

5.8 Administrative Monetary Penalties Update

BC FIRB struck an Administrative Monetary Penalties Working Group in early 2016 to help develop the framework for Administrative Penalties within the commodity boards. Attached is a letter from BCFIRB on the framework development progress.

The framework will set out BCFIRB's prior approval requirements should a commodity board choose to use administrative penalties as an enforcement tool once the legislation is in force. The draft framework has now been provided to AGRI staff for their review and is expected to be presented to government for consideration this fall. If approved, the working group will finalize the framework with the Boards.

5.9 CEIRA Voting Delegate

The Board was advised that [REDACTED] was named the CEIRA voting delegate by acclamation. An announcement will be sent out to producers advising them of this appointment.

5.10 Buyback Qualifications

The Specialty Buyback program was developed in 2005 and reviewed in 2013. It should be reviewed on a regular basis when the budget is approved.

With the current market as it is, there has been some discussion as to whether additional changes are required.

It was recommended that Grading stations must declare imports and interprovincial movements to demonstrate they're bringing in a particular production type. Management will meet with the BCEPC to discuss the buyback program including qualifications.

5.11 Enriched Pricing

[REDACTED] joined the meeting via conference call at 12:42 pm

Nationally, multiple provincial boards are evaluating the merits of pricing production from enriched facilities. Some provinces have created a pricing mechanism for producers that have transitioned. A request was made to our Board asking that BCEMB evaluate pricing enriched production with our monthly COP, in advance of EFC's COP review that will be released by Serecon later this year.

After some discussion, the Board determined at this time the potential benefits do not warrant the risks; BC should table this decision until more information is gathered and available. If enriched pricing is not adopted nationally when the COP review is complete, staff recommends this decision be reassessed.

Action: Staff was directed to bring the Board a process and timeline to engage our stakeholders in the enriched pricing for the April 28 board meeting, in order to facilitate ease and decision making down the road. The first step in this process is an all grader meeting to be held with the board to discuss transition and pricing issues; the Chair of the EIAC would attend this session. The Chair of BCEMB would send an invite to the graders.

[REDACTED] left the conference call at 1:27pm

5.12 [REDACTED] Lease Request

A producer wants to lease 19,000 quota between his two farms short-term (1 year lease) to avoid a costly tax consequence.

As a result of their transition into a newly built barn a producers overall utilization is around 100% between their two farms. However, with their current quota holdings one farm is over utilization and the other is underutilization.

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In staffs opinion regular construction and taxes do not constitute an exceptional circumstance. After some discussion the Board decided to not allow the lease as it does not fall under the 'Permissible Lease' as defined in the Consolidated Orders.

R17-028 It was MOVED and SECONDED

THAT the Board of Directors respectfully decline the request from [REDACTED] to lease 19,000 quota between their two farms.

CARRIED

[REDACTED] left the meeting at 3:20pm

5.13 Rodent Control Update

Staff will be moving forward with the Rodent Control Plan as per the Boards direction.

Regular updates on the progress of the audits will be presented to the Board. It will take 4-5 months to complete this process.

6.0 GOVERNANCE

6.1 Committee Member Per Diems

At the AGM the Director's per diems were increased by \$50. In order to stay in relation to the Director per diems, it was recommended that the association committee per diems be increased to reflect that of the Director's.

R17-029 It was MOVED and SECONDED

THAT the Board of Directors approve that all association committee members per diems be increase by \$50 effective April 1, 2017.

CARRIED

6.2 Committee TOR Review

[REDACTED] will send out an email to all committee chairs requesting they review their Terms of Reference, to bring forward to the Board for review, on an annual basis.

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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 3:51 pm



Board Chair



Certified Correct, Secretary