

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: May 18, 2017

Location: BCEMB

BOARD IN ATTENDANCE: Brad Bond, Chair
Jennifer Woike, Vice Chair
Aryn Alibhai, Board Member
Fred Krahn, Board Member - for part of the meeting
Walter Siemens, Board Member

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

CALL TO ORDER

Chair, Brad Bond, called the meeting to order at 9:01 am.

ADOPTION OF AGENDA

The agenda was adopted with the following additions:

5.4 Focus Groups
4.7 BCEPA
4.8 Grader Meeting Date
4.9 EFC Nest Run
Feedback regarding Poultry Conference and AGM

1.0 APPROVAL OF MINUTES

1.1 Approval of the Minutes of April 28, 2017

R17-035 It was MOVED and SECONDED

THAT the Board of Directors approve the Minutes of April 28, 2017 as presented.

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.

2.3 Business Arising

2.3a Se Correspondence to EFC

Management responded to EFC's request to review their national microbiological sampling protocol, post-positive Se protocol and further Se surveillance in a post positive event. Along with their recommendations, BCEMB felt that it is important to note that CEIRA does not currently have separate policies or coverage for specialty production and that as the industry moves further along in the transition, it will be more important for specialty producers to be covered for any losses.

2.3b FPA Correspondence to EFC

BCEMB responded in support of EFC's proposed incremental approach to the FPA renewal. With the continued industry changes and shift in production methods, it was agreed that the addendum approach is appropriate. It was recommended that items that address special circumstances should include a sunset clause.

3.0 PERFORMANCE REPORTS

3.1 Dashboard

The dashboard was presented for information.

The Board has requested that staff include all new entrants starting in 2002. Those new entrants that have purchased quota to get into the industry should be included as well.

3.1a Feed Mill Participation Report & AAFC Report

The Feed Mill report was presented to the Board for information.

3.2 Quota

3.2a Industry Reserve

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

3.2b IP Report Week 18

The Industrial Product report up to week 18 was presented to the Board for information.

3.2c IP Processor Summary Week 18

The week 18 IP Processor report was presented to the Board for information.

3.2d EFP Report Week 18

The EFP report as at week 18 was presented for information.

3.2e Quota Utilization Update

The quota utilization report as at week 19, 2017 was presented for information.

3.2f Inventory Report

The inventory report was presented for information.

3.3 Financials

3.3a Period 4 Board & Committee Per Diems & Expenses

R17-036 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 4 as presented.

CARRIED

3.3b Financial Statements for Period 3

The financial statements for Period 3 were presented for information.

3.4 Preliminary COP

The preliminary COP was presented for information.

Western provinces decided to go with the new pricing timeline as per the announcement sent to all producers on May 17, 2017.

Action: Staff was directed to follow up with EFC as to why there is a large variance in labour costs on their COP report.

4.0 STAKEHOLDER ENGAGEMENT

4.1 AIC 2016 Conference Summary

█████ presented his report on the 'Agricultural Innovation in a Changing Environment' conference. The overarching message that was discussed at this conference was "To be successful in today's market there is a need in every agricultural sector to do more with less resources and a smaller environmental impact."

4.2 FPA Renewal Memo from EFC

EFC sent correspondence on May 3, 2017, requesting feedback from all provincial supervisory Boards regarding priority issues they feel need to be addressed by the Committee, as well as indication of whether they support the incremental FPA renewal approach. Comments from supervisory boards are requested in writing to EFC by June 15, 2017.

█████ joined the meeting at 10:00 am.

4.3 Processing Forecast - ██████████

██████████ was invited to the meeting to discuss his prediction on the processing forecast. This discussion was viewed as a consultation where ██████ could speak about opportunities and challenges.

One of the challenges faced is nationalized bidding. ██████████ has not been offered the opportunity to bid on some of their long standing customers that have been bought or integrated into larger corporations. ██████ noted that they have lost 5% of their business in one customer loss.

Another challenge is EPIC in Alberta is owned by the producers and they undercut ██████████ on pricing. ██████████ stated that this is negatively affecting their margins.

The other risk factor is that more finished product is coming in from the US, undercutting Canadian costs and taking business away.

New opportunities lie in launching new products such as the Japanese style omelet recently released. The increasing demand for specialty product and new products drives ██████████ growth.

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█████ noted that Industrial product has grown and they are near the position where they can't take all the IP eggs. It is likely that EFP eggs will no longer be needed at the end of the contract ██████ has with BCEMB.

█████ advised the board that, in 2015 ██████ imported a fair bit, 2016 saw a decrease over 2015 and that 2017 is nominal. Interprovincial imports are also down. ██████ has seen substantial growth in a demand for specialty product from distributors and restaurant chains. With BCEMB working with EFC to implement a Specialty IP program, ██████ will be guaranteed supply in specialty production and will be able to pursue new market opportunities with their customers.

The successful implementation of the Specialty program will benefit all industry stakeholders and consumers.

█████ noted ██████ has much more capacity than what he is currently processing as he is currently operating on one shift and can expand it to two.

█████ left the meeting at 10:35

Action: Management was directed to supply the board with more information on egg products coming in from the US.

4.4 ██████
This was discussed later in the meeting.

4.5 Forecasting Model for Specialty Pricing

█████ presented the updated forecasting model for specialty pricing to the board for feedback. This letter addresses the inaccurate data from Nielsen, the effect of pricing on specialty production, provincial consumption and the consumer. It was noted that the intent of this letter is to share the merits of BC's approach to specialty pricing because it is working for our producers. The idea behind this is that, by pricing specialty, BC is not compromising their market; we have little impact on the final price at retail. This forecasting model is specifically for the provinces to disclose our unique approach and the success of our program.

Action: ██████ was directed to write a letter to all provinces noting that in the strategic planning meeting, specialty pricing was discussed and as a result one of our team members has put together this forecasting model report.

4.6 Hartman Conference

On April 27, 2017, ██████ attended Hartman Group's conference called *Telling the Story of Food*. The attendees' employers included large food companies (such as Kraft), smaller food manufacturers (such as a yogurt maker), farm suppliers, grocery stores, and the occasional single ingredient supplier (like BC Egg).

4.7 BCEPA Correspondence

The board discussed the involvement of the BCEPA and the animal care program that is already in progress by the BCEMB. It was decided that ██████ will contact the BCEPA president to ensure the EPA is not pre-empting BCEMB's work in the matter.

Action: Staff was directed to have the BCEPA minutes circulated to the board on a regular basis.

4.8 Grader Meeting of June 6

The Board will send correspondence to the Graders offering alternate times for the June 6th meeting to accommodate their CPEPC schedule.

4.9 Poultry Conference and AGM Feedback

██████████ will write a letter to EPA asking that they don't renew the Poultry conference contract at this point as the Board will discuss this and make a decision in a future meeting.

Action: ██████████ will request that the EPA attend the next board meeting to discuss outstanding items such as the Poultry conference.

5.0 OPERATIONS

5.1 Rodent Control Update

According to the rodent control update from PLO, ██████████, ██████████ has started their inspections with 4 farms the week of May 8, 2017. A PLO was present for all inspections to ensure biosecurity is being followed. Currently ██████████ has visits scheduled into June.

5.2 Quota Management Tools Review Update

A status report was discussed on the quota management tools review at the board meeting. Discussion topics began with the work completed to date including extensive summary of the consultations with producers and alternatives brainstormed at those meetings.

The board then discussed next steps moving forward noting that staff will meet with various financial institutions to get a variety of perspectives from all industry stakeholders, specifically with banks, the financial ramifications should any changes be made.

Once all information has been gathered staff will present the producer driven findings with a detailed SAFETI analysis to the board for consideration which will later be sent to legal for finalization.

5.3 Western Specialty Pricing Update

WEMA has been meeting on pricing, costing analysis.

After reviewing the pricing document, the board has some questions with the data that they would like to address with ██████████ from ██████████, to ensure the validity of numbers.

██████████ left the meeting at 12:44pm

██████████ joined the meeting at 12:45pm

4.4 ██████████

██████████ requested to attend the meeting to discuss the Se compensation issue with ██████████. ██████████ presented his compensation requests to the board showing the Se timeline, calculations and rationale for ██████████'s specialty flock and then again for their conventional flock.

██████████ left the meeting at 1:55 pm

After much discussion the board came to the consensus that, as a Board we feel we have been extremely fair and equitable in our review and decision making regarding the requests by ██████████.

We have discussed the information on four different occasions. At the last session ██████████ made a final request for further support from BCEMB and in addition that BCEMB assist in their request for support from EFC as well.

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The Board stands by its decision of September 8, 2016 that no further action will be taken. Our guiding light with respect to decisions of this nature is that our ultimate responsibility is to ensure Public Safety and all known risks must be mitigated to the highest degree.

Action: Staff was directed to write a letter in response to [REDACTED] request for further compensation, relaying the board's view as noted in the minutes.

5.4 Specialty Audit Certification Communications Plan

Management updated the board on the specialty audit certification plan. Staff is currently working on implementing a free-run/free-range certification program for our producers in BC. This certification program will stop other jurisdictions from selling free-run/free-range product in BC that does not meet our standards. The intended timeline is to have training sessions for specialty producers in June and to be ready to have information on the new certification standards available at the PNE that opens August 22nd.

The board discussed the use of the BC Egg logo and ensuring the logo is used only with permission. It was decided that a license permissions agreement will be created and implemented in the stamping process.

[REDACTED] has arranged three focus groups to test for: the name and logo for specialty certification, finding an appropriate name for enriched cages and the consumers view on supply management. This information will be brought to the strategic planning visioning session. [REDACTED] will send out information on these groups so the board can watch them live via the web.

6.0 GOVERNANCE

6.1 Board Performance Feedback

[REDACTED] reviewed the two director surveys with the board.

The Board agreed that both surveys would be beneficial. The Board Performance survey will be reviewed in house. A third party facilitator will collect the feedback for the peer review survey and present the information to each member, in confidence.

6.2 2015 Strategic Plan Update

[REDACTED] presented the 2015 Strategic Plan updated status to the board for information.

6.3 2017 Strategic Plan Planning Update

[REDACTED] reviewed the 2017 Strategic planning session. In response to the restaurant sector announcing their changes to their egg sourcing and the fact that BC consumers and residences are more sustainable focused and health conscious, BCEMB will be holding a stakeholder session that will include consumer feedback. Focus groups are recommended to elicit consumer feedback as well as a third party facilitator to help bridge the distance between BCEMB and the graders, and the graders and grocery. [REDACTED] noted that [REDACTED] of [REDACTED] is available for the July 19th session.

In order to lay the groundwork for the 2018, 2019 and 2020 programs it is recommended that the board approve the focus group spend of up to \$10,000 and the [REDACTED] spend of \$10,000.

R17-037 It was MOVED and SECONDED

THAT the Board of Directors approve the focus group spend of up to \$10,000 and the [REDACTED] spend of \$10,000.

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6.4 Short Term Investment Update

The bank has advised BCEMB that the interest rate in our chequing account rate is higher than current GIC's, and that this rate has been grandfathered in. At this time, it is not recommended to implement the short term investment policy as it would not be possible to beat our current rate. It was noted that when this rate changes, staff will enact the short term investment policy immediately.

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 3:47 pm



Board Chair



Certified Correct, Secretary