

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 24, 2020

Location: BCEMB Boardroom

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

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

CALL TO ORDER

Chair, Gunta Vitins, called the meeting to order at 9:30 AM.

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

CONFLICT OF INTEREST

The Board discussed any perceived conflicts of interest with the proposed agenda items.

ADOPTION OF AGENDA

It was MOVED by Jon Krahn and SECONDED that the agenda be adopted as presented.

1.0 APPROVAL OF MINUTES

1.1 Approval of the Minutes of May 15, 2020

R20-091 It was MOVED by Matt Vane and SECONDED

THAT the Board of Directors approve the Minutes of May 15, 2020 as presented.

CARRIED

1.2 Approval of the Minutes of May 25, 2020

R20-092 It was MOVED by Matt Vane and SECONDED

THAT the Board of Directors approve the Minutes of May 25, 2020 as amended.

CARRIED

1.3 Approval of the Minutes of May 29, 2020

R20-093 It was MOVED by Jon Krahn and SECONDED

THAT the Board of Directors approve the Minutes of May 25, 2020 as presented.

CARRIED

1.4 Approval of the Minutes of June 5, 2020

R20-094 It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the Minutes of June 5, 2020 as presented.

CARRIED

2.0 BUSINESS ARISING/ACTION LIST

2.1 2020 Board Calendar & Action Items

The 2020 Board Calendars and action items were presented for information.

3.0 STAKEHOLDER ENGAGEMENT

3.1 EFC Update

An update on the matters of EFC were presented to the Board of Directors, including egg supply and demand as well as the Early Fowl Removal Program.

Action: Staff was directed to calculate the average down-time for BCs flocks.

3.2 Marketing Update

An update on marketing initiatives was presented for information. The digital farm tours are being well received by the schools and BC 4-H. The digital contests that were run in May and June have been very successful with many more entries than past contests.

Action: Staff was directed to reach out to ambassadors and request that they speak to their retailers if there are still egg purchase limits or if the egg shelf is poorly stocked.

3.3 PGC AGM

A board member attended the PGC AGM on June 11, 2020 and notes from the conference were presented for information.

4.0 OPERATIONS

4.1 EFC EFR Program

Based on the declining need of nest run product and a grader's continued backup of product, EFC has requested that BC Egg participate in an Early Fowl Removal (EFR) program. An update on the removals and levy were presented for discussion. The initial phase of the EFR program, requiring the 250,000 hen removal to be maintained at a rolling steady state, will be extended to week 35. The Enhanced EFR program, requiring 121,000 hen removal at a rolling steady state, will commence in week 36 and end in week 52.

The Board also discussed the implementation of the partial levy abatement for the EFR program, including new information that has been received from the Western provinces.

R20-095 It was MOVED by Jeff Regier and SECONDED

WHEREAS as other Western Provinces have provided their producers with a full levy abatement on the hens removed through the EFC EFR Program

THAT the Board of Directors provide a full levy abatement on eligible birds for producers who are taking part in the EFC Early Fowl Removal program. Full levy is payable on all hens remaining in production.

CARRIED

4.2 Updated Inventory Projections

There are a number of programs, both national and provincial, that impact our inventory or available quota. In an effort to maximize the volume of local production, BC Egg tracks the utilization of quota through all programs. An update was provided for information.

4.2a EFC Quota Credits

EFC has a National QC Policy which, if used effectively, could maximize BCEMB's ability to produce its quota over a number of years. An update on analysis conducted on the program was presented for discussion. Staff will bring any extended downtimes that may qualify for the EFC QC program to the Board for approval.

4.2b Producer EFP Feedback

Two producers have written a letter to BC Egg regarding concerns with the Eggs For Processing program. Staff has worked with the processor to determine a plan moving forward.

The Board thoroughly reviewed the current market information and projections received from EFC, the graders and the processor as well as the BCEMB inventory projections. The need for the EFP Program as well as its merits from a market and producer perspective were discussed within the context of the SAFETI principles.

R20-096 It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the reduction of the EFP Issuance to producers from the remaining 37,500 hens to zero commencing Week 26, 2020.

CARRIED

4.3 Producer Pricing and National Approach

As per the National Pricing Schedule, the egg boards across Canada are taking part in a conference call on June 30, 2020 to discuss the approach to pricing in Period 8 or 9. If there is a price change, BC may implement some minor changes to the pricing of specialty S, M and Jumbo.

4.4 Barn Measurement and Code Requirement Update

All unmeasured barns in BC are scheduled to be measured by the end of spring 2021. This will ensure that BC producers have time to correct any deficiencies during their next flock change, prior to the final deadline for the revised Animal Care Program implementation. An update on the measurement process and code requirements were presented for information.

4.5 EPU Lease Requests

4.5a Producer One

A producer has completed the necessary repairs at the EPU and is requesting final approval for the barn lease commencing August 2020.

R20-097 It was MOVED by Jon Krahn and SECONDED

WHEREAS upon the completion of the second inspection at [REDACTED] at [REDACTED] [REDACTED], the producer has appropriately addressed and satisfied all conditions from the Board of Directors' January 3, 2020 motion:

THAT the Board of Directors approve [REDACTED] to lease [REDACTED] [REDACTED] from [REDACTED] as requested for one flock cycle, beginning August 2020 and ending in September 2021.

4.5b Producer Two

On September 19, 2019, the Board reviewed a Barn Fitness Audit conducted at [REDACTED] [REDACTED] in order for [REDACTED] to lease [REDACTED] at [REDACTED] from [REDACTED] effective December 2019. As no concerns were noted during the re-inspection on June 11, 2020, no further action is required by the Board for the current lease.

4.6 Quota Transfer

4.6a Producer A

W. Siemens recused himself from the discussion and the following decision.

The producer submitted the final documentation for the conditionally approved shareholder structure changes and is requesting final approval.

R20-098 It was MOVED by Jeff Regier and SECONDED

THAT the Board of Directors provide final approval for the share structure change requests from [REDACTED] [REDACTED] and [REDACTED]. All of the proposed changes are either deemed transfers between Spouses or the addition of shares where the percentage ownership remains the same, therefore in accordance with the Consolidated Orders Part V 3. (5) (e) a surrender of layer quota is not required.

CARRIED

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4.7 Corporate Quota Workshop

BCEMB is in the process of determining the relevant shareholder information required when evaluating quota transfers through a corporate quota workshop. An update on the status of the workshop and the feedback received to date from accounting firms was presented for discussion.

4.8 Small Lot Permit Program

The Board amended the Small Lot Permit Program regulations through Amending Order #015. The Small Lot Permit application form was updated to incorporate the changes. The updated form was presented for review.

4.9 SCSC Pullet Program

EFC has updated the Pullet SCSC Pullet Program and has requested feedback from the provincial boards prior to September 18, 2020. The proposed amended program was presented for discussion.

ACTION: Staff to draft a letter for review at the July 2020 Board meeting.

4.10 Specialty Products

A grader has written a letter to BC Egg producers regarding their concern with the reluctance they are experiencing when approaching producers to transition to specialty/Born 3 eggs. The letter was presented for information.

4.11 Specialty Producer Penalty Payment Update

BC Egg has penalized a specialty producer who was receiving a premium on Free Range eggs, when the hens did not have access to a range. An update on the penalty payment status was provided for information.

4.12 EFC Audit Response Update

The draft EFP audit report for 2017-2018 was presented to the Board at the April meeting. Since that time, BC Egg staff worked with EFC to clarify questions regarding the EFC analysis. The final report was present for information.

4.13 CETPP Update

An update on the CETPP program was presented for information. The report shows the current flocks which are in production and flocks that will be coming online in the coming months.

Action: Staff to determine how the CETPP fund balance will be impacted by the EFR Program for the July meeting.

4.14 TM1 Update

BC Egg is updating the TM1 reporting system. An update on the progress was presented for information. Some suggestions were made to increase the functionality of the portal. Staff will ensure that the updated portal is tested by producers (Board, EPA and PMC) prior to publishing.

4.15 Update COVID Expenses

Due to the COVID-19 Pandemic, some of BC Egg's program and office costs are increasing. An update on the costs was presented for discussion. It is expected that expenses will continue to grow as BCEMB continues to incur additional unanticipated costs.

4.16 Interior Fowl Removal

The party which BCEMB contracted in January of 2020 to remove fowl in the Interior region of BC has communicated that, before purchasing a gas euthanasia system, they will require an

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additional per bird price increase. There may be an opportunity to obtain funding from IAF for the purchase of the gas euthanasia system which may help maintain the current removal costs. In the meantime the stunner will continue to be used.

The interior producers have formed a committee to discuss removal options. Information from the committee's meeting will be shared when available.

Action: Staff was asked to look into quotes for the gas euthanasia system and bring concepts back for the next meeting. Both the Interior contractor and the Interior committee will be contacted regarding next steps.

4.17 PFGC Update

BC Egg and EFA contracted JRG Consulting to undertake a study on farm gate pick up costs and associated programs. The study report was completed and shared with graders on June 16, 2020. A Zoom meeting with BC Egg, EFA, JRG Consulting and the graders was scheduled for June 30, 2020 to discuss and verify the study findings.

4.18 Producer Update and Appeal

A 2015 New Producer Program winner under the "producer-vendor" category is not fulfilling the producer-vendor requirements per our Consolidated Orders. An update on their sales was presented for information.

Action: Staff to include a reminder to producers about requirements for packaging of ungraded eggs in the July Scrambler.

5.0 GOVERNANCE

5.1 Organic Livestock Standards Review Update

The proposed changes to the Canadian Organic Standards have been approved and a news article was included in the June issue of the Organic Federation of Canada Newsletter. A timeline for publication and implementation of the updated Organic Production Standards is expected soon.

5.2 HR Update

An HR update was provided to the board for information purposes.

5.3 FOI Update

A request was received at the BC Egg office on March 31st, 2020 pursuant of the Freedom of Information Act requesting information relating to exemptions of quota. An update on the status of the request was provided.

5.4 Ministry Meeting

The Minister had scheduled a Zoom meeting on May 28, 2020 to discuss solutions to ensure the stability of the sector, however it was postponed due to scheduling issues. A Zoom Roundtable meeting on Animal Activism has been scheduled for July 15, 2020.

5.5 Committee Minutes

5.5a EIAC Minutes from February 6, 2020

The minutes from the February 6, 2020 Egg Industry Advisory Committee meeting were presented for information.

5.5b Audit and Finance Minutes from February 3, 2020

The minutes from the February 3, 2020 Audit and Finance Committee meeting were presented for information.

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5.5c MarComm Minutes from November 18, 2019

The minutes from the November 18, 2019 MarComm Committee meeting were presented for information.

5.6 D&O Insurance Renewal

The Board of Directors reviewed its D&O insurance. The D&O insurance is due to be renewed on September 5, 2020.

R20-099 It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve the D&O Insurance remain at \$5 million in coverage for the 2020-2021 renewal.

CARRIED

6.0 PERFORMANCE REPORTS

6.1 Dashboard

The Dashboard was presented for information.

6.2 Quota

6.2a Industry Reserve

The Industry Reserve was presented for information.

6.2b IP Report Week

The IP Report Week 24 was presented for information.

6.2c IP Processor Summary Week

The IP Processor Summary Week 24 was presented for information.

6.2d Food Bank Donation Report

The Food Bank Donation Report was presented for information.

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.

6.2g Inventory Report

The Inventory Report was presented for information.

6.3 Financials

6.3a Period 5 Board & Committee Per Diems & Expenses

The Period 5 Board & Committee Per Diems & Expenses were presented for information.

R20-100 It was MOVED by Jon Krahn and SECONDED

THAT the Board of Directors approve the Period 5 Board & Committee Per Diems & Expenses.

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6.3b AR Report

The AR Report was presented for information.

6.3c Period 5 2020 Financial Statements

The Period 5 Financials were presented for information.

R20-101 It was MOVED by Walter Siemens and SECONDED

THAT the Board of Directors approve Period 5 Financials as presented.

CARRIED

6.4 Preliminary COP

6.4a Period 5, 2020 COP

The Period 5, 2020 COP was presented for information.

6.5 Audit Scores

The Audit Score Report was presented for information.

6.6 Feed Mill Participation

The Feed Mill Participation Report was presented for information.

6.7 Fowl Removal Update

The Fowl Removal Update was presented for information.

7.0 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 Walter and SECONDED that the meeting be adjourned at 3:38 pm.



Board Chair



Certified Correct, Secretary