

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

June 26, 2006

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on June 26, 2006.

Meeting was called to order at 8:58 a.m. by President Olson.

Present: John Olson, President
 Terry Lautner, Sr. Vice President
 Melinda Lautner, Secretary
 John Pope, Treasurer
 Bill Hoxie
 Laverne Maginity
 Wayne Nordbeck
 Betty Reynolds-Maciejewski
 Tom Van Pelt
 Tony Anderson, General Manager
 Pat Barone, Assistant Secretary

Mr. Mark Wilson, Chief Financial Officer; Mr. Jim Carpenter, Operations Manager; Mr. Frank Siepker, Engineering Manager; and Mr. Kevin Cragg, Member Service Manager joined the meeting.

President Olson reviewed the board agenda. NRECA Summer School and CFC Follow Up Assignment were added under New Business.

Motion by Mrs. Reynolds-Maciejewski, supported by Mr. Van Pelt and carried to approve the agenda, as amended; the minutes of the regular board meeting held on May 15, 2006; and the organizational meeting held on June 15, 2006.

Upcoming meetings were discussed -- Michigan Electric Power Conference and NRECA Region IV meeting.

Manager Anderson and Mr. Pope gave a report on the CFC Forum.

Mr. Wilson, Chief Financial Officer, reviewed the financials. Discussion followed on banking relationships and management's recommendation to switch from Fifth Third Bank to Huntington National Bank. Motion by Mr. Lautner, supported by Mr. Nordbeck and carried to authorize management to pursue Scenario B of Huntington National Bank's proposal with Scenario A as a fall back position (copy attached).

Board of Directors Meeting - June 26, 2006

Mr. Pope reported that the Audit Committee met with Messrs. Weber and Kavanaugh of Weber, Curtin & Pahssen prior to the board meeting and were informed that the NPI issue has been resolved. A draft of the consolidated financial statements and supplemental material were reviewed and audited financial statements will be completed and available at next month's board meeting.

The dissolution of Cherryland Holdings, Inc. was discussed and it was decided to leave CHI as a dormant company for certain financial reasons.

The board recessed at 10:15 a.m. and reconvened at 10:30 a.m.

Wolverine board minutes were discussed. Mrs. Reynolds-Maciejewski and Mr. Pope reported on power supply issues.

Manager Anderson showed a Power Point presentation on the Wolverine power bill that Cherryland receives, explaining the billing related definitions as they relate to the power bill. Manager Anderson then showed a Power Point presentation on the two demand components (coincidental and maximum) as they relate to Crystal Mountain and Turtle Creek.

Manager reports were reviewed and discussed. Manager Anderson gave an update on the Great Wolf Lodge and other matters.

Manager Anderson also reviewed his confidential memo to the board on possible solutions to the problem on retiree health benefits. Motion by Mr. Van Pelt, supported by Mrs. Reynolds-Maciejewski and carried to adopt the solution presented by Manager Anderson in its entirety (copy attached) with the following amendment, i.e., set a lifetime cap of \$120,000.00 with the option of allowing spousal coverage to age 65, not to exceed said lifetime cap of \$120,000.00 for present non-retired employees. Manager Anderson will revise the existing board policy and send a letter to existing retirees explaining the new policy.

Manager Anderson reviewed the report he will be sending to Crystal Mountain on a monthly basis.

Motion by Mr. Van Pelt, supported by Mrs. Lautner and carried to approve management reports, including the safety report, as presented.

The board recessed for lunch at 12:11 p.m. and reconvened at 12:34 p.m.

Discussion was held on the annual meeting. The board accepted the recommendation of the Election and Credentials Committee to eliminate the signature line on mail ballots. It was also suggested that a video showing Touchstone Energy, our business video card, etc. be shown in the meeting warehouse to keep the members entertained until the actual meeting begins. It was also suggested that employees who are working the annual meeting not be allowed to campaign while on Cooperative-paid time.

Board of Directors Meeting - June 26, 2006

Manager Anderson discussed the offer on the parcel of land at the corner of Vance Road and Highway 37. Motion by Mr. Van Pelt, supported by Mr. Hoxie and carried to authorize the sale of said parcel of land for the sum of Twenty-Eight Thousand (\$28,000.00) Dollars and to authorize Manager Anderson to act as agent on behalf of Cherryland Electric Cooperative to execute all closing documents to finalize said sale.

Mrs. Lautner requested permission to attend the NRECA Summer Training Conference in Lake Geneva, Wisconsin. Motion by Mr. Lautner, supported by Mrs. Reynolds-Maciejewski and carried to authorize Mrs. Lautner to attend said conference to fulfill her Credentialed Cooperative Director certificate requirements.

Mr. Pope made a presentation as follow up to the CFC Forum with respect to decision making and setting priorities. An assignment was given to the board, which is to be turned in to Mrs. Barone who will tabulate the results and forward them to Mr. Pope. Management staff was also given an assignment which is to be turned in to Manager Anderson who will tabulate those results.

There being no further business to come before the board, it was moved to adjourn, supported and carried. Meeting adjourned at 1:30 p.m.

John Olson, President

Melinda Lautner, Secretary

We, the undersigned directors of the Cherryland Electric Cooperative, do hereby approve, ratify and conform to all respects of the above and foregoing minutes of this regular meeting of the Board of Directors of said Cooperative and each and every step taken and performed thereat.

