

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

August 20, 2007

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on August 20, 2007.

Meeting was called to order at 9:00 a.m. by President Van Pelt.

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

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

President Van Pelt reviewed the board agenda. Motion by Mrs. Lautner, supported by Mrs. Maciejewski and carried to approve the agenda, as presented.

Motion by Mrs. Lautner, supported by Mrs. Maciejewski and carried to approve the minutes of the regular board meeting held on July 16, 2007.

Upcoming meetings and events were discussed. Mrs. Lautner was appointed voting delegate for Federated for both Cherryland Electric Cooperative and Community Caring Fund at the Region IV meeting; Mrs. Maciejewski was appointed the alternate voting delegate. Mr. Hoxie was appointed voting delegate for CFC at the Region IV meeting; Mrs. Maciejewski was appointed the alternate voting delegate.

All directors reported on the Michigan Energy Providers Conference. It was the consensus of the board that there was too much duplication on topics of discussion and this should be conveyed to Mike Peters at MECA.

Mr. Cragg, Member Service Manager, made a presentation on Cherryland's kWh sales growth.

Board of Directors Meeting - August 20, 2007

Mr. Wilson, Chief Financial Officer, reviewed the financials. The new insurance renewals are in -- Federated's rates remained flat, with less than ½% increase, and Accident Fund's rates showed a reduction of \$4,000.

Mr. Pope reported on the Audit Committee's review of the audit proposals. Five firms submitted proposals and it was the recommendation of the committee that Cherryland change auditors for the next 3 years to The Harris Group for several reasons -- (1) their extensive experience in the state of Michigan (they perform the audit for 4 other cooperatives in Michigan); (2) their local presence; and (3) their fees are 1/3 less than the next lowest proposal. Motion by Mr. Pope, supported by Mrs. Maciejewski and carried to award the 3-year contract to The Harris Group for the years ending December 31, 2007, 2008 and 2009 to provide Cherryland's certified audit.

The board recessed at 9:59 a.m. and reconvened at 10:17 a.m.

Mr. Siepker, Engineering Manager, reported on the July 1 low voltage situation and the blinks experienced in the Timberlee area.

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

Manager reports were reviewed and discussed. Manager Anderson reviewed the Lineman Succession report attached to his manager's report.

Mrs. Barone, HR Administrator, reviewed the attachment to her report regarding changes to some NRECA benefits with respect to waiting period elimination for life insurance and benefit end date option for long-term disability. Motion by Mr. Olson, supported by Mr. Lautner and carried to eliminate the 3-month waiting period for the NRECA Life Insurance Plan. Motion by Mrs. Maciejewski, supported by Mr. Olson and carried to select the new benefit end date of age 62 for the NRECA Long-Term Disability Plan to match the Cooperative's normal retirement date of age 62.

Mr. Eric Baker, President & Chief Executive Officer, Mr. Craig Borr, Executive Vice President, and Mr. Chad Geiger, Director-RTO Policy, of Wolverine Power Supply Cooperative joined the meeting to give an update on renewable energy.

The board recessed for lunch at 12:19 p.m. and reconvened at 12:50 p.m.

Wolverine representatives gave an update on the Rogers City project.

Discussion of manager reports continued.

Motion by Mrs. Maciejewski, supported by Mr. Pope and carried to approve management reports, including the safety report, as presented.

Mr. Van Pelt was appointed director to the Cherryland Holdings, Inc. board of directors.

Board of Directors Meeting - August 20, 2007

Manager Anderson reviewed the revolving loan fund request by Great Lakes Trim, Inc. Motion by Mrs. Maciejewski, supported by Mr. Hoxie and carried to authorize Secretary Lautner to execute the Resolution loaning Great Lakes Trim, Inc. \$50,000.00 from the Fund (copy attached). Manager Anderson was authorized to execute any and all documents to finalize said loan process.

Manager Anderson mentioned the letter from RESCO regarding the election of a Michigan director to the RESCO board of directors.

There being no further business to come before the board, it was moved to adjourn, supported and carried. Meeting adjourned at 1:37 p.m.

Tom Van Pelt, 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.

