

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

September 18, 2006

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on September 18, 2006.

Meeting was called to order at 9:01 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; Mr. Kevin Cragg, Member Service Manager; and Nick Edson, Key Accounts Representative, joined the meeting.

President Olson reviewed the board agenda. No additions were made.

Motion by Mrs. Reynolds-Maciejewski, supported by Mr. Lautner and carried to approve the minutes of the regular board meeting held on August 21, 2006.

Upcoming meetings were discussed -- 2007 NRECA Annual Meeting.

Mrs. Lautner and Mrs. Reynolds-Maciejewski gave a report on the NRECA Region IV meeting.

Attorney Chambers joined the board meeting for discussion on bylaw changes adopted at the June 2006 annual meeting.

The board went into executive session at 9:48 a.m. and reconvened at 10:10 a.m.

Attorney Chambers gave his legal report -- review of CHI waiver and annual meeting minutes; retiree medical policy and FMLA policy. He reported that his review of the retiree medical policy determined that there was no vested guaranteed benefit that the board could not change.

Motion by Mr. Van Pelt, supported by Mrs. Reynolds-Maciejewski and carried that in accordance with the recent amendment to the bylaws duly approved by the membership of the Cooperative at the annual meeting, IT IS RESOLVED THAT Laverne "Mike" Maginity shall fill the newly created board seat for Benzie/Manistee/Wexford Counties for the remainder of his term and Wayne Nordbeck shall serve as a director at large for the remainder of his term.

Board of Directors Meeting - September 18, 2006

The board recessed at 10:15 a.m. and reconvened at 10:28 a.m. Mr. Wilson, Chief Financial Officer, reviewed the financials. Discussion followed on the PSCR factor. The board agreed to leave the PSCR factor as is, with no increase for the remainder of 2006.

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

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

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

The board recessed for lunch at 12:09 p.m. and reconvened at 12:29 p.m.

Future board meeting dates for the remainder of the year and the 2007 proposed meeting dates were reviewed and discussed. Motion by Mr. Lautner, supported by Mrs. Reynolds-Maciejewski and carried to move the regular board meeting date in November to Monday, November 27th.

A letter from Weber, Curtin & Pahssen, LLC regarding capital credits was discussed. Motion by Mr. Lautner, supported by Mr. Van Pelt and carried to approve the assignment of \$108,872 as CEC's portion of capital credits and \$2,729,172 as Wolverine's portion of capital credits, for a total assignment of \$2,838,044. An additional \$662,848 of patronage capital is also to be assigned and allocated to members due to the restatement of the prior period post-retirement benefit obligation.

There being no further business to come before the board, it was moved to adjourn, supported and carried. Meeting adjourned at 12:40 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.

