

MEETING OF THE BOARD OF DIRECTORS  
OF  
CHERRYLAND ELECTRIC COOPERATIVE

May 15, 2006

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The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on May 15, 2006.

Meeting was called to order at 9:05 a.m. by President Lautner.

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

President Lautner reviewed the board agenda. Election & Credentials Committee and Bill Hoxie were added under New Business. Motion by Mr. Van Pelt, supported by Mr. Olson and carried to approve the agenda, as amended.

Motion by Mr. Hoxie, supported by Mr. Nordbeck and carried to approve the minutes of the regular board meeting held on April 17, 2006.

Upcoming meetings were discussed -- CFC Forum and Michigan Electric Power Conference.

Manager Anderson and Mr. Hoxie gave a report on the NRECA Legislative Conference.

Mr. Wilson, Chief Financial Officer, reviewed the financials. Discussion followed on raising the PSCR factor to 13.50 mills to reduce the short-term debt (2005 under collection).

The Audit Committee reported there are no audited financial statements yet, as the NPI issue has not been resolved yet (final K-1 tax return has not been completed).

It was reported that Carl Morton is the new Chairman of the Wolverine board. Mr. Eric Baker and Mr. Craig Borr will be joining the meeting at 11:00 a.m. to give the board an update on Wolverine matters.

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The board recessed at 9:55 a.m. and reconvened at 10:07 a.m.

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

Ms. Donna DeSoto, Cherryland's Blue Cross/Blue Shield agent, joined the meeting to make a presentation on retiree health benefits, the trend of future premiums and what other companies are doing with retiree health.

Manager Anderson also reviewed his confidential memo to the board on possible solutions to the problem on retiree health benefits. After receiving the go ahead from the board, Manager Anderson to present to all non-union personnel, receive their input and work towards a final solution within the next few months.

Mr. Eric Baker, President & CEO, and Mr. Craig Borr, Executive Vice President, of Wolverine Power Supply Cooperative joined the meeting to update the board on the M2 project in Rogers City.

The board recessed for lunch at 12:21 p.m. and reconvened at 1:11 p.m.

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. Van Pelt and carried to approve management reports, including the safety report, as presented.

Mr. Hoxie inquired about water heaters for contractors for new construction. He referenced a 50-gallon water heater at Lowell's with a lifetime guarantee for a price of \$266.10. He will get the information to Manager Anderson who will compare it to our Marathon water heaters.

Manager Anderson presented the list of 2006 Election & Credential Committee members. Motion by Mr. Maginity, supported by Mr. Nordbeck and carried to approve the list, including the Merediths (copy attached).

The board went into executive session at 1:40 p.m. and reconvened at 1:53 p.m.

There being no further business to come before the board, it was moved to adjourn, supported and carried. Meeting adjourned at 1:55 p.m.

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Terry Lautner, President

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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

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regular meeting of the Board of Directors of said Cooperative and each and every step taken and performed thereat.

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