

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

August 21, 2006

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on August 21, 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. Retiree Medical was added under Old Business.

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

Upcoming meetings were discussed -- NRECA Region IV meeting. Mrs. Reynolds-Maciejewski was appointed CFC voting representative and Mrs. Lautner was appointed alternate voting delegate. Mrs. Reynolds-Maciejewski will provide Mr. Nordbeck a copy of the resolutions issues per his request.

Board members gave an update on the Michigan Electric Power Conference.

Mr. Cragg gave an AMR PowerPoint presentation updating the board on the progress of the project. The board is pleased the undertaking is moving faster than planned and, by consensus, agreed with moving the completion of the project up a year.

Manager Anderson showed a presentation on the July 17, 2006 wind storm.

Mr. Wilson, Chief Financial Officer, reviewed the financials. Discussion followed on the workers' compensation quotes from Accident Fund and Federated. It was decided to remain with Accident Fund since their quote is lower than Federated. It is to be noted that Mr. Wilson's wife, Laurie, is the agent of record for Accident fund. However, the switch to Accident Fund was made prior to Mr. Wilson's employment with Cherryland.

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Mr. Wilson presented the Key Ratio Trend Analysis (KRTA) PowerPoint presentation.

The board recessed at 10:26 a.m. and reconvened at 10:40 a.m.

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 Mrs. Lautner and carried to approve management reports, including the safety report, as presented.

Manager Anderson presented the proposed fee schedule from Weber, Curtin and Pahssen, LLC for the 2006 audit and tax engagement.

The board discussed the letter from Mr. Cole regarding the retired exempt employee health insurance matter. Manager Anderson to review with legal counsel and then set up a meeting with Mr. Cole to discuss the matter.

The board went into executive session at 11:43 a.m. and reconvened at 12:01 p.m.

There being no further business to come before the board, it was moved to adjourn, supported and carried. Meeting adjourned at 12:01 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.
