

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

December 17, 2018

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on December 17, 2018.

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

Present: Terry Lautner, President
Tom Van Pelt, Sr. Vice President
Melinda Lautner, Secretary
Dave Schweitzer, Treasurer
John Olson
Gabe Schneider
Jon Zickert
Tony Anderson, General Manager
Shannon Mattson, Assistant Secretary

Mr. Mark Wilson, CFO; Mr. Frank Siepker, Engineering Manager; Mr. Jim Carpenter, Line Superintendent; Mr. Jeff Puffer, Safety Director; Ms. Rachel Johnson, Member Relations Manager; Ms. Kerry Kalbfleisch, Director of Human Resources; Mr. Eric Brown, Member Field Representative; Mr. Jim Bunnell, Process Improvement Specialist; and Mr. Brad Pavwoski, Controller, joined the meeting.

President Lautner reviewed the board agenda. Mr. Lautner requested that Board Policy #104 – Board Members/Directors Code of Conduct, housed within item 11.1.a. Areas of Review, be moved to the first item on the agenda. Motion by Mr. Van Pelt, supported by Mr. Schneider, and carried to approve the agenda as amended.

Board Policy #104 – Board Members/Directors Code of Conduct was reviewed. Item 4 states: "In order to assure membership perception of proper ethical conduct, the board president shall not serve on Wolverine Power Supply Cooperative as its board chairman." After some discussion, motion by Mr. Olson, supported by Ms. Lautner, and carried to remove Item 4 from Board Policy #104 – Board Members/Directors Code of Conduct.

No members present for public input.

The November Safety Report, including the December Safety Committee Meeting Minutes, were discussed.

Cooperative Advocacy issues were discussed. Mr. Anderson and Ms. Johnson attended the 2018 Northern Michigan Chamber Alliance Agenda Setting Meeting. Mr. Schneider advised that the 2018 Farm Bill has been signed.

The November meeting minutes were discussed. Motion by Mr. Van Pelt, supported by Mr. Schweitzer, and carried to approve the minutes of the regular board meeting held on November 19, 2018.

Mr. Wilson presented the 2019 Operating Budget, representing \$4,705,343 total margin. Motion by Mr. Van Pelt, supported by Mr. Olson, and carried to approve the 2019 Operating Budget as presented.

Managers' reports were reviewed and discussed.

Motion by Ms. Lautner, supported by Mr. Schweitzer, and carried to approve the Managers' reports, including the safety report, as presented.

The board recessed for a break at 10:24 a.m. and reconvened at 10:34 a.m.

Mr. Lautner welcomed Mr. Dave Sears to the meeting.

Mr. Sears gave a presentation regarding Fieldstone Market and their application for a zero-interest economic development loan through the revolving loan fund. The organization applied for \$35,370.94 over a 10-year term. Following the presentation and some discussion, Mr. Lautner excused Mr. Sears from the meeting.

The board discussed the Fieldstone Market economic development loan application. Motion by Mr. Zickert, supported by Mr. Olson, and carried to approve the loan at \$35,000 for a 7-year term.

Mr. Lautner welcomed Mr. Jamie Laferriere and Mr. Craig Olvey to the meeting.

Mr. Laferriere and Mr. Olvey gave a presentation regarding Up North Automotive and their application for a zero-interest economic development loan through the revolving loan fund. The organization applied for \$40,000 over a 5-year term. Following the presentation and some discussion, Mr. Lautner excused the Mr. Laferriere and Mr. Olvey from the meeting.

The board discussed the Up North Automotive economic development loan application. Motion by Mr. Van Pelt, supported by Mr. Schneider, and carried to approve the loan at \$40,000 for a 5-year term.

Old business was discussed.

Discussion was held regarding the Electric Cooperative Governance Task Force Survey. Additional discussion will be postponed until the February meeting.

New business was discussed.

NRECA Annual Meeting voting delegate and alternate was needed. The board, by consensus, appointed Mr. Lautner as the NRECA Annual Meeting voting delegate and Mr. Van Pelt as the alternate.

NRTC Annual Meeting voting delegate and alternate was needed. The board, by consensus, appointed Mr. Van Pelt as the NRTC Annual Meeting voting delegate.

CFC Annual Meeting voting delegate and alternate were discussed. The board, by consensus, appointed Mr. Lautner as the CFC Annual Meeting voting delegate and Mr. Van Pelt as the alternate.

The Retiree Welfare Plan and Trust was discussed. Mr. Anderson requested a motion to transfer \$138,276.87 from the Trust into the cooperative's General Fund. Motion by Mr. Schneider, supported by Mr. Schweitzer, and carried to transfer \$138,276.87 out of the Trust and into the cooperative's General Fund.

The board recessed for lunch at 12:07 p.m. and reconvened at 12:33 p.m.

President Lautner welcomed Mr. Jason Rice to the meeting.

Mr. Rice presented the revised Power Supply Cost Recovery (PSCR) tariff. This reflects a decrease in the PSCR rate to \$0.08161 per kWh. Motion by Ms. Lautner, supported by Mr. Schneider, and carried to accept the revised Power Supply Cost Recovery tariff as presented.

Wolverine and Wolverine Power Marketing matters were discussed.

Spartan Renewable Energy matters were discussed.

Mr. Olson gave an update on MECA and the November 28 board meeting notes were discussed.

The General Counsel report was discussed.

Upcoming meetings were discussed.

The board went into an Executive Session at 1:19 p.m. and reconvened at 1:27 p.m.

There being no further business to come before the board, motion by Mr. Zickert, supported by Mr. Schweitzer, and carried to adjourn. Meeting stands adjourned at 1:27 p.m.

Terry Lautner, 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.

