

MEETING OF THE BOARD OF DIRECTORS
OF
CHERRYLAND ELECTRIC COOPERATIVE

November 25, 2024

The regular meeting of the Board of Directors of Cherryland Electric Cooperative was held at the Cooperative office in Grawn, Michigan on November 25, 2024.

Meeting was called to order at 8:58 a.m. by President Schneider.

Present: Gabe Schneider, President
Valarie Handy, Sr. Vice President
Melinda Lautner, Secretary
Thomas Van Pelt, Treasurer
Terry Lautner
David Schweitzer
Dean Adams (attended virtually)
Rachel Johnson, CEO
Shannon Beery, Assistant Secretary

Mr. Mark Wilson, CFO; Mr. Frank Siepker, COO; Ms. Deidra Charnes, Director of Human Resources; Mr. Greg Jenkins, General Counsel; Mr. Brad Pavwoski, Controller; and Ms. Sonya Sias, Member Services Supervisor, joined the meeting. Ms. Courtney Doyle, Communications & Member Relations Manager, was not present.

President Schneider reviewed the board agenda. Motion by Mr. Schweitzer, supported by Mr. Van Pelt, and carried to approve the agenda.

The October meeting minutes for the regular board meeting were discussed. Motion by Ms. Handy, supported by Ms. Lautner, and carried to approve the minutes of the regular board meeting, held on October 28, 2024.

Upcoming meetings were discussed. The 87th Annual Meeting will be held on Thursday, June 12, 2025 at Incredible Mo's.

No members were present for public input.

Mr. Pavwoski presented the 2025 Operating Budget to the board. The budget takes a conservative approach, with revenue stability to be most impacted by the coming year's weather. Expenses are up for 2025, with inflationary cost increases between 3% and 5% for power costs and operating expenses, and the biggest increase noted for interest expense at nearly 13%. Ms. Johnson discussed the need for increased revenues while keeping rates as affordable as possible. She also reiterated that, in relation to other electric utilities across Michigan, the cooperative remains the leanest and most competitively priced. The board

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discussed the proposed budget and asked questions regarding same. Mr. Adams commended the work of Mr. Pavwoski and Mr. Wilson in preparing the budget. The board will take action regarding the 2025 Operating Budget in December.

On behalf of the ad hoc Board Policy Review Committee, Mr. Van Pelt provided an overview of the committee's work in reviewing the board policy handbook and detailed its recommendations regarding same. Mr. Schneider remarked on how much work was put into this process and commended the committee for their dedication. There was some board discussion and Mr. Jenkins provided input from counsel's position. Motion by Mr. Adams, supported by Ms. Lautner, and carried to adopt the amended board policy handbook for implementation effective January 1, 2025.

Reports from the safety team, managers, and general counsel were reviewed and discussed.

Mr. Siepker gave an update on facilities, including next steps of the design process, ongoing discussions with Garfield and Blair townships for water and sewer extensions, and existing campus plans. He also indicated the purchase agreement for the Garfield land parcel has been extended to May 2025. Mr. Siepker will present a refresher on the design-build process to the board in December.

The board recessed for a break at 10:30 a.m. and reconvened at 10:43 a.m.

Ms. Johnson provided her CEO report. She gave an update regarding the closing date for the economic development loan with GT Metro and highlighted recent interest in the program. This year's cohort of Co-op Academy recent wrapped up and feedback from participants is very positive. Ms. Johnson also indicated she had signed a contract with the retained consultant for EWR program design and will bring final findings to the board for approval in May prior to MPSC filing in June. Finally, MEAP legislation will be watched closely as the year wraps up, with updates to be shared as available.

As required for the application of a new PowerVision loan facility with CFC, the board granted authority to the cooperative to borrow from CFC and designated Ms. Johnson and Mr. Wilson authorized individuals. Motion by Mr. Van Pelt, supported by Mr. Schweitzer, and carried to approve CFC Certificate of Resolutions and Incumbency regarding same.

Mr. Siepker presented a recap of the proposed 2025 Capital Budget which was presented to the board in October. Mr. Siepker's presentation included a few amendments. The board discussed the 2025 Capital Budget, including the amendments, and agreed to approve same. Motion by Mr. Schweitzer, supported by Ms. Lautner, and carried to approve the 2025 Capital Budget.

Wolverine Power Supply Cooperative matters were discussed. Mr. Schweitzer provided a brief update on the Community Benefit Plan public meeting that was held recently in Holland, which he attended.

The board discussed the invitation by Wolverine for an additional director guest to join its December meeting. Mr. Adams expressed his interest in attending as Cherryland's guest.

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Mr. Schneider provided a brief update on MECA, including highlights from the recent MECA meeting. He also gave an update on the MECA CEO search and indicated the role is anticipated to be filled in early 2025.

Board member updates were discussed.

At 11:33 a.m. the board entered Executive Session to discuss an administrative issue regarding cooperative officers. Motion by Mr. Schweitzer, supported by Mr. Van Pelt, and carried to enter Executive Session.

At 11:51 a.m. the board ended Executive Session by motion of Ms. Lautner, supported by Ms. Handy, and carried to end Executive Session.

There being no further business to come before the board, it was moved to adjourn, supported, and carried. Meeting adjourned at 11:51 a.m.

Gabe Schneider, 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.

