

MEETING OF THE BOARD OF DIRECTORS  
OF  
CHERRYLAND ELECTRIC COOPERATIVE

July 28, 2025

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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 July 28, 2025.

Meeting was called to order at 8:57 a.m. by President Schneider.

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

Mr. Brad Pavwoski, CFO; Mr. Frank Siepker, COO; Ms. Deidra Charnes, Director of Human Resources; Ms. Courtney Doyle, Communications & Member Relations Manager; Mr. Jason Rice, Metering Supervisor; Ms. Brandi McCrum, Plant Accountant; and Mr. Greg Jenkins, General Counsel, joined the meeting.

President Schneider reviewed the board agenda. Motion by Ms. Lautner, supported by Mr. Adams, and carried to approve the agenda.

The June meeting minutes for the organizational meeting and regular board meeting were discussed. Motion by Mr. Van Pelt, supported by Ms. Handy, and carried to approve the minutes of the organizational meeting and regular board meeting, both held on June 23, 2025.

Member, Cheryl Follette, appeared for public input. No other members were present for public input.

Upcoming meetings were discussed.

Ms. Johnson led the board through the proposed strategic action plan for the leveraging of artificial intelligence (AI). The plan seeks to utilize AI to enhance member service, modernize operations, and expand the cooperative's capacity for innovation. The board engaged in a thoughtful discussion and posed questions. The recommended full strategic impact plan will be presented to the board in August. President Schneider applauded the work of the senior team in determining the individual action plans and appreciates that all levels of the cooperative will be engaged in putting it into effect.

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At 9:35 a.m. the board entered Executive Session to discuss grid event preparedness. Motion by Mr. Van Pelt, supported by Mr. Schweitzer, and carried to enter Executive Session.

At 10:16 a.m. the board ended Executive Session by motion of Mr. Schweitzer, supported by Ms. Handy, and carried to end Executive Session.

The board recessed for a break at 10:16 a.m. and reconvened at 10:28 a.m.

Ms. Doyle presented an initial proposal regarding the cooperative's plans to meet Michigan's Energy Waste Reduction (EWR) mandate as amended under PA 229 of 2023. This amendment requires the cooperative to incentivize an annual 1.5% reduction in energy sales beginning in 2026. A proposed surcharge to cover costs associated with meeting the mandate will come before the membership in September. The board will also consider approval of the EWR plan, as required by the mandate. The board posed several questions and expressed its discontent with the requirements of this statewide mandate. President Schneider recognized the hard work of Ms. Doyle and her team, stating Cherryland has become the cooperative state leader surrounding this issue.

Reports from the safety team, CFO, human resources, and COO were reviewed and discussed.

Mr. Siepker provided updates to the board regarding the facilities planning process. Township planning progress continues, with the developer working toward application milestones. Design development plans are being finalized ahead of construction cost estimating, which will ramp up in August. Cunningham-Limp expects to have cost estimates available in time for the cooperative's budgeting process in the fall.

Remaining reports from managers and general counsel were reviewed and discussed.

Ms. Johnson discussed her CEO report. She provided an update on the cooperative's economic development loan program, indicating annual check-ins with current borrowers will begin in August, as will the closing for the approved loan with Pro Image Design. Ms. Johnson recently joined Mr. Zach Anderson of Wolverine Power Supply Cooperative for a presentation to the Traverse City Rotary Club on grid resiliency. She also attended a business meeting of the Wolverine CEOs and expressed her gratitude for the opportunity to have these continuing strategic discussions with her cooperative peers.

In advance of the mandated Michigan Energy Assistance Program charge, which will appear as "PA 169 of 2024 Mandate" on members' bills effective September 2025, Mr. Rice provided proposed rate book amendments to reflect required tax amendment language. Motion by Mr. Schweitzer, supported by Ms. Handy, and carried to approve same.

Mr. Pavwoski outlined the conditions pursuant to the cooperative's line of credit renewal with National Rural Utilities Cooperative Finance Corporation (CFC). The new revolving agreement allows for the line of credit to be renewed automatically on an annual basis. Motion by Mr. Van Pelt, supported by Ms. Lautner, and carried to authorize Ms. Johnson and Mr. Pavwoski to execute the Revolving Line of Credit Agreement.

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Voting delegates were needed for the NRECA Regions 1 & 4 Business Meeting. Motion by Mr. Schweitzer, supported by Mr. Lautner, and carried to approve Ms. Lautner as voting delegate and Mr. Schneider as alternate for same.

A voting delegate was needed for CoBank's Central Region director election. Motion by Mr. Lautner, supported by Ms. Handy, and carried to approve Ms. Johnson as voting delegate for same.

Wolverine Power Supply Cooperative matters were discussed.

Mr. Schneider provided a brief update on MECA, including the inclusion of key cooperative sector provisions in the recently passed One Big Beautiful Bill Act of 2025 and state budget status.

Board member updates were discussed.

At 12:11 p.m. the board entered Executive Session to discuss CEO evaluation process, followed by board travel policy. Motion by Mr. Lautner, supported by Mr. Schweitzer, and carried to enter Executive Session.

At 12:41 p.m. the board ended Executive Session by motion of Mr. Schweitzer, supported by Ms. Handy, and carried to end Executive Session.

Motion by Ms. Handy, supported by Mr. Van Pelt, and carried to approve the costs associated with having all directors attend the upcoming NRECA AI & Cooperatives class in Traverse City.

There being no further business to come before the board, it was moved to adjourn, supported, and carried. Meeting adjourned at 12:47 p.m.

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

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