

# Unapproved Meeting Minutes

North Arkansas Electric Cooperative, Inc.  
Annual Membership Meeting Minutes  
June 19, 2025

The 85<sup>th</sup> Annual Membership Meeting of North Arkansas Electric Cooperative, Inc. was held at the Civic Center in Salem, Arkansas, Thursday, June 19, 2025.

President Cameron Davis welcomed North Arkansas Electric Cooperative members, senior staff, and the board of directors. He called the meeting to order at 10:00 a.m. James Woody led everyone in prayer.

Present at the annual meeting: President, Cameron Davis; Vice President; Beth Carter; Secretary, Sonya Wiles; Director, Marc Walling; Director, Dennis Wiles; Director, Jim Short; Director, Larry Goodwin; Director, Heather Loftis; Director, Ted Kerley; CEO, Mel Coleman; Attorney, Roger Morgan; Vice President of Member Services, Leah Rouse; Vice President of Human Resources, Lacey Johnson; Vice President of Engineering, Jason Strong; Vice President of Operations, James Woody; Vice President of Finance and Accounting and CFO, Julie Haney; Vice President of Information Technology, Joey Hall; Marketing/Communications Director, Tori Moss; NEXT Vice President of Operations, Scott Hamby; NEXT Director of Marketing and Business Development, Cortney Varner; Executive Assistant, Kapra Graves; members, employees, and guests in person and through live stream on the NAEC website.

President Cameron Davis requested Attorney Morgan to conduct the business session of the Annual Membership Meeting. He also appointed Kapra Graves as recording secretary and Ty Thompson as parliamentarian.

CEO Mel Coleman welcomed those in attendance and those viewing in. CEO Coleman welcomed guests Buddy Hasten, CEO and President of Arkansas Electric Cooperative Corporation and Arkansas Electric Cooperatives, Inc.; Ty Thompson, NRECA Vice President and Deputy General Counsel; Winston Tan, Managing Principal Intandem, LLC; Forvis Mazars – Amanda Strange, Audit Director, Chris Doolittle, Tax Partner, and Matt Fritz, Tax Manager; Craig Woycheese, Toth and Associates Manager of Utility Rates and Financial Analysis.

Coleman opened the meeting with the following statement. For the past 86 years, NAEC has had a reputation for being a community-oriented organization. Having local offices manned by people who are your neighbors and co-op members themselves helps demonstrate how different we are from investor-owned corporations.

Our mission is to provide members with reliable, affordable, and responsible electricity and, in the past several years, with high-speed internet access. We do this while abiding by the seven principles that set cooperatives apart from other business models.

Education, training, and information are one of the cooperative principles we'll highlight today.

I am eager for those present and those watching via the live stream to hear updates from co-op personnel about the state of your cooperative. Their presentations will cover each department at NAEC and NEXT.

Many of you have read social posts in the last several months that contain misinformation that began shortly after we submitted a rate adjustment to our regulators, Arkansas Public Service Commission, in January. Many states are not regulated in the country. Arkansas is

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not one of those states. We have a very active Public Service Commission appointed by the Governor. They are our regulators. We are also a RUS borrower. They can be considered a quasi-regulator. Borrowing from RUS requires a lot of stipulations. They are also a regulator for NAEC and a part of the federal government under USDA. Our request included an independently produced financial audit as well as an independently produced cost-of-service study to document the financial need for the rate adjustment. Upon review, under ACT 821 the Arkansas Public Service Commission agreed that the request for a 9.4% retail rate increase abided by the law and gave its approval. Your May statement reflected that new rate.

As your CEO, I know rate adjustments are never a popular thing. I don't think there is a person at this table that wanted to see that. I have been at the co-op since 1989 and since I have been here, rate increases have been a fact of life unfortunately. About every four to five years. Utility companies face the same pressures that all of you and your neighbors face with rising inflation. A lot of the prices we pay have increased over the years. From the staff presentations today you are going to hear the truth even when it isn't pleasant. That is what we are here for today to tell the truth. The fact of the matter is that we needed this rate adjustment for the co-op, your co-op to be financially stable in this time of record inflation, especially since 2020.

NAEC operates as a not-for-profit but must generate sufficient electric operating margins to maintain debt-to-income ratios set by our lenders. When you look at our equity some of it is borrowed funds and part of it is member equity. We need to have both. NAEC needs to have a strong equity position for RUS, CoBank, and CFC are three lenders. All these things lead to the fact that NAEC must cover the operating costs and needs to invest in the maintenance of our infrastructure.

In 2023 and 2024, operating margins from the electric division were negative, \$1.1 million and \$2 million, respectively. This caused a significant decline in the operating times interest earned ratio, known as OTIER. With that downward trend expected to continue, NAEC would be in danger of violating a loan covenant with the federal government, which is our largest lender.

The downward trend in both electric margins and OTIER prompted the co-op to have engineering consulting firm Toth & Associates conduct that cost-of-service study, which found a rate adjustment was needed.

One of the biggest variables for electric utilities is that we cannot foresee tornadoes, ice storms, and other weather events that cause widespread damage to our poles, lines, and other infrastructure. Outage restoration expenses directly hit NAEC's electric division's operating margins and often cost millions of dollars.

As an example, damage from the March storms and tornadoes will cost NAEC an estimated six million dollars. It's an estimate because we still are receiving invoices for materials and labor from co-ops and contractors who helped us. The 2009 ice storm cost \$41 million dollars. The Federal Emergency Management Agency and the state reimbursed 87.5% of the costs from the 2009 ice storm.

We were recently told that FEMA will cover nothing for the March tornadoes. The state of Arkansas might cover 35% of the co-op's expenses. However, that is not confirmed, either.

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Under the previous formula, we would have expected to get \$4.5 million back from FEMA and the state. Instead of a possible \$2 million. That one event emphasizes how the co-op must maintain a strong financial footing.

CEO Coleman said, no matter the circumstances, I want to stress that the NAEC Board of Directors, co-op employees and I work for you. We strive to improve our members' quality of life. That's been true for almost nine decades, and I have faith it'll be true for nine more. That's because the cooperative model is one that is service-driven, not profit-driven.

The cooperative principle of members' economic participation and the retirement of capital credits. We are proud of our commitment to acting as a co-op should by refunding members' capital credits that you have invested in NAEC. We have returned \$27 million in the past 10 years to our members and \$53 million since being founded in 1939.

In closing, Coleman asked if you have questions or concerns relating to your service or the co-op in general. Please come to us. That's what we are here for. Please stop by one of our three offices, call our main phone line or send an email to [info@naeci.com](mailto:info@naeci.com). I assure you that we will listen to your concerns and answer any questions with the truth.

The Senior Leadership Team gave presentations highlighting their departments and increased costs their departments encounter. Chief Financial Officer, Julie Haney, gave an in-depth financial overview of 2024 that led to the 9.4% rate adjustment. The overview concluded with the financial uncertainties that NAEC could face in 2025 and moving forward due to the lack of FEMA reimbursement, the impact of tariffs on materials, and wholesale power costs.

CEO Mel Coleman thanked the senior leadership team for their presentations. CEO Coleman thanked everyone in the audience and all the employees that were in attendance.

CEO Coleman introduced President and CEO of Arkansas Electric Cooperative Corporation and Arkansas Electric Cooperatives, Inc. Buddy Hasten. Mr. Hasten discussed the challenges affecting electric generation in the U.S. and in Arkansas in particular. Two coal plants will retire in 2028 and 2030, and AECC is in the process of ensuring we have generation to replace them and to meet the co-ops' growing electric needs due to data centers, AI, and increased development.

Coleman introduced the Board of Directors and Attorney Morgan to the members and employees in attendance.

Attorney Morgan stated that Article III, Section 4 of the NAEC Bylaws requires that 2% of members must be present to have a quorum. This can be in actual attendance or by ballot. Attorney Morgan stated 5,419 (17.63%) members submitted a ballot and declared a quorum present to conduct business.

The first order of business is to approve the minutes of the 2024 Annual Membership Meeting. Attorney Morgan requested a motion to approve. Motion from the floor to read the minutes and duly seconded. The motion failed on a voice vote. A motion and second to approve the minutes was made. The motion carried.

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The next order of business is the director election. Attorney Morgan explained the election process. Attorney Morgan stated the Bylaws provide for a nominating committee, which is appointed by the board of directors, to conduct a nomination process. Attorney Morgan named those who served on the Nominating Committee: Jeremy Stone representing Fulton County, Richard Hanson representing Baxter County, James Elbert representing IZARD County, Stuart Smart representing Sharp County, Joe Dillard from Baxter County representing System-at-Large, and Carl Pitts – alternate from IZARD County. Attorney Morgan stated the nominating committee met as required by our bylaws and nominated Sonya Wiles for a six-year term for the IZARD County position open due to her current term ending. Attorney Morgan stated that the Bylaws Article IV, Section 4 states that a member may be nominated by petition. There was a petition received by Michelle Graetz this year.

Attorney Morgan stated that ballots were mailed, received, and counted by Survey and Ballot Systems of Minnesota. Along with the ballots, members also received the candidates' biographies and the 2024 Annual Report. The deadline date for ballots to be valid was June 17, 2025. Attorney Morgan stated he received the voting results by email on June 18, 2025. Attorney Morgan gave the results of the election. Attorney Morgan stated that incumbent Wiles received 2,942 (54.4%) votes and Graetz received 2,462 (45.6%) votes. There was a total of 5,419 ballots submitted. Five ballots were invalid, ten ballots were not allowed, leaving 5,404 valid ballots. Attorney Morgan declared Sonya Wiles reelected to a six-year term for the IZARD County position.

Attorney Morgan asked for any old business. There was none.

Attorney Morgan moved into new business. Article III, Section 7 of the NAEC bylaws states any member who desires to submit a proposal to a meeting, whether special or general, shall submit a copy at least 30 days prior to the meeting, and the secretary shall place such proposal(s) on the agenda for the meeting, together with matters on the order of business. In this case, there were 7 member proposals submitted. The board determined the proposals will be addressed one at a time. Attorney Morgan stated he would read the proposals then the proponent will have three minutes to speak, and the opponent will have three minutes to speak. There will be time for a one-minute rebuttal from the proponent. (See Addendum A)

Attorney Morgan stated his legal opinion regarding the proposals. Morgan stated the matters raised in the proposals are areas within the board's legal power to act within the Arkansas Electric Cooperatives Act and Arkansas law. These proposals will be considered by the board and discussed at a later meeting.

Before the 7<sup>th</sup> proposal was read a motion and a second was made to adjourn the meeting. There was a member that spoke against the motion to adjourn the meeting early. CEO Coleman asked the members if they would reconsider their motion to adjourn the meeting. He stated we have one more proposal left, and he would like to give the members the time to finish the proposals. The motion and second to adjourn were revoked.

The proposal concluded and the meeting moved into the question-and-answer portion of the meeting. Attorney Morgan stated each person will have 3 minutes to ask their question.

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The questions will be directed at CEO Coleman and Mr. Morgan. Member John Kunkel thanked the board and the employees for all their hard work at NAEC. Member Lori Benedict asked if she could get past meeting minutes with a Freedom of Information Act request. Attorney Morgan let her know NAEC does not fall under FOIA. CEO Coleman stated that if there were specific meeting minutes the board would need to address how to handle that. Then Mrs. Benedict asked if the board does not receive a salary, then why was it mentioned in a previous publication. CEO Coleman stated it is not a salary; it is a per diem they receive. Then Mrs. Benedict mentioned that FEMA will not go away, but in fact it will move to the state and the state can determine how to utilize the funds. CEO Coleman stated from the March 2025 tornado NAEC will most likely be reimbursed up to 35% vs 87.5% in the past. CEO Coleman is fine with the states overseeing the reimbursements, but at this time he is unsure how that will unfold.

Member Tim Howsman mentioned that NEXT is doing great. Can NAEC shift more of the NEXT operating funds to offset what NAEC lacks? CEO Coleman stated NEXT was not designed to take the place of what NAEC collects in rates. NEXT has helped bridge a gap during this time to hold off rate adjustments. NEXT was created to offer a service to our members. Member Joe Smith thanked NAEC for the service they provide. He asked if NAEC could use the spring in Mammoth Spring to help produce electricity. CEO Coleman deferred the question to CEO Buddy Hasten. Mr. Hasten mentioned AECC owns 3 hydroplants that help generate electricity. He will investigate the spring in Mammoth Spring. Member Sherry Emerson asked how the board looked at measures to reduce costs before deciding to increase the rates. CEO Coleman stated the Senior leadership is always looking for ways to improve service, quality of life for our members, and reduce costs as well.

Attorney Morgan asked for a motion to adjourn the 85<sup>th</sup> Annual Membership Meeting. A motion was made and a second was made. Motion carried and the meeting was adjourned by Attorney Morgan at 2:46 p.m.

APPROVED:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sonya Wiles, Secretary

\_\_\_\_\_  
Cameron Davis, President

\*minutes subject to approval at 2026 Annual Meeting

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Please take notice that, pursuant to Article III, Section 7 of the North Arkansas Electric Cooperative Inc. Bylaws, the following member proposals have been received. (Please note the proposal summaries are published as submitted by the members noted.)

## **Cancel 2025 Rate Increases**

Effective July 1, 2025, all members rates shall revert to the amounts that were in effect on January 1, 2025. Any future rate increases including the reimplementation of the April 1, 2025 rate increase or the filing of any future request for higher rates with the Arkansas Public Service Commission shall require approval by a majority vote of the cooperative's members, in accordance with the voting procedures set forth in Article III of the cooperative's bylaws.

Proponent Statement by Michelle Graetz: The 2025 rate increase implemented by NAEC is excessive and not well-aligned with the financial performance of the member-owned entities NAEC and NEXT. As owners of the cooperative, members should have a meaningful voice in determining whether rate increases are appropriate, based on a thorough review of financial data and projections across all cooperative assets. Unfortunately, due to the procedural limitations of Act 821 of 1987, members were not afforded a sufficient opportunity to raise substantive concerns before the Arkansas Public Service Commission. This proposal seeks to ensure that any rate changes reflect the informed consent of the membership and uphold the core principle of member governance.

Opponent Statement by Mike Dover (spoke at the meeting) and Carolyn Lewis: This request is in conflict with Arkansas law and the bylaws of NAEC. Article IV, Section 1 of the bylaws provides that the business and affairs of NAEC shall be managed by a board of nine directors and shall have all powers to do so unless the power is provided to the members. (No such power is provided to the members). Also, Arkansas Code Annotated provides that the business and affairs of an electric cooperative is to be managed by the board. This proposal takes authority away from the board and provides it to the members, which is contrary to what Arkansas law provides. This proposal is also problematic from a matter of common sense and practicality. Rate increases are a result of rate studies, financial advice and other matters. It would be difficult to convey all such financial concerns to members at large in such a way that it would allow for a reasonable, informed vote on such a complex issue as a rate increase. The likely inability for a majority of members to vote in favor of a rate increase ultimately could put the cooperative in financial distress. NAEC operates as a not-for-profit but must generate sufficient electric operating margins to maintain certain debt-to-income ratios as set by our lenders. We must cover operating costs, investment and maintenance of our electric infrastructure, capital credit retirements to members and principal on long-term debt while maintaining sufficient equity.

Michelle Graetz gave a one-minute rebuttal.

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## Board Meetings Open to Members

Any member shall be welcome to attend the board of directors monthly meetings and upon submission of a request prior to the meeting, or upon invitation at the meeting, shall have up to two (2) minutes to address the board of directors about any cooperative related issue the member wishes to make known. Board meeting dates and times shall be announced on the cooperative's website with as much advance notice as practical. Board meetings shall be video broadcast live and archived for a minimum of two (2) years on the cooperative's website. A provision for a "behind closed doors" executive session shall be allowed at the end of each board meeting for the purpose of discussing personnel or legal issues. However, board votes shall only be allowed during the open session of each board meeting.

Proponent Statement by Robert Randel and Shery Emerson (spoke at meeting): Currently members do not have access to the board of director meetings. Meetings are held in secret and minutes of the board are not made available for members review. This proposal would provide transparency this is instrumental to an effective member owned organization while still providing an "executive session" for the board to discuss sensitive issues.

Opponent Statement by Ethan Barnes and Seth Martin. Susan Cathcart spoke at the meeting: Roberts Rules of Order Newly Revised Section 61:6-7 provides that the board of directors determines who may attend meetings and that the board may exclude nondirectors. Currently, NAEC has a procedure that allows for issues to be taken up the chain of command, which results in an ultimate determination by the board if not resolved at the lower level. NAEC staff is not aware of any request that was turned away from the attention of the board if taking the matter up the chain of command had not resulted in resolution of the problem.

Sherry Emerson gave a one-minute rebuttal.

## Member Approval Required to Change Bylaws

Any proposed amendment or revocation of these bylaws shall require the majority vote of the members at a general or special meeting of the members in accordance with Article III of these bylaws.

Proponent Statement by Joey Holland. Steve Hall spoke at the meeting: Currently the board of directors make bylaw changes that disadvantage members without even notifying the members of the change. Members should be able to rely on the bylaws as protection from adverse actions by management and the board of directors much like the Constitution and Bill of Rights protect individual freedom.

Opponent Statement by Hillrey Adams, Jennifer Crawford and Jodi Strother. John Kunkel spoke at the meeting: Arkansas Code Annotated 23-18-317(a) and NAEC Bylaws XII specifically provides that the power to make, alter, amend or repeal bylaws of the

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corporation is vested in the board. The member proposal is contrary to Arkansas law, which specifically grants this power to the board. The law in this area provides the flexibility that is needed to change the bylaws as the times change. For instance, the board was able to amend the bylaws to provide for voting by mail, which would have been extremely difficult if approval of the membership was required. Likewise, several years ago, the board approved term limits and the staggering of board terms. This was a complicated process requiring much board study and input. That would have been difficult to accomplish if a membership vote was required to change the bylaws.

Steve Hall gave a one-minute rebuttal.

## **Member Approval Required for Future Rate Increase**

Any proposed increase in member rates shall require majority vote of the members at a general or special meeting of the members in accordance with Article III of these bylaws prior to submitting notice to the Public Service Commission or the Rural Utilities Service.

Proponent Statement by Joe M. Eubank (spoke at meeting). Steve Hall spoke for the remaining thirty seconds: Rate increases should be fully justified to the members by the board of directors. A rate increase should be implemented for the benefit of the members instead of being imposed on the members without clear objectives.

Opponent Statement by Mike Dover (spoke at the meeting) and Carolyn Lewis: This request is in conflict with Arkansas law and the bylaws of NAEC. Article IV, Section 1 of the bylaws provides that the business and affairs of NAEC shall be managed by a board of nine directors and shall have all powers to do so unless the power is provided to the members. (No such power is provided to the members). Also, Arkansas Code Annotated provides that the business and affairs of an electric cooperative is to be managed by the board. This proposal takes authority away from the board and provides it to the members, which is contrary to what Arkansas law provides. This proposal is also problematic from a matter of common sense and practicality. Rate increases are a result of rate studies, financial advice and other matters. It would be difficult to convey all such financial concerns to members at large in such a way that it would allow for a reasonable, informed vote on such a complex issue as a rate increase. The likely inability for a majority of members to vote in favor of a rate increase ultimately could put the cooperative in financial distress. NAEC operates as a not-for-profit but must generate sufficient electric operating margins to maintain certain debt-to-income ratios as set by our lenders. We must cover operating costs, investment and maintenance of our electric infrastructure, capital credit retirements to members and principal on long-term debt while maintaining sufficient equity.

Steve Hall gave a one-minute rebuttal.

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## **Two General Member Meetings Per Year, Consistency in Quorums, and Voting Process**

Provide for two (2) regularly scheduled general meetings of the members each year — an Annual Meeting in May and a mid-year meeting in October. Each member proposal submitted in accordance with the cooperative bylaws shall be voted on at the next occurring general meeting unless a special meeting has been called for that purpose. Remove from the cooperative bylaws any differences based on meeting type in the determination of a quorum. As such, any general or special meeting shall have a quorum determined by the number of member ballots returned to the third party balloting firm noted in the voting section of this article. All member voting — whether for the election of directors, member proposals or any other matters submitted to the members for a vote — shall be accomplished by contracting with a professional, independent third party vendor. That vendor shall be responsible for: 1) mailing all ballots and other election materials to the members; 2) receiving and tabulating the ballots; and 3) certifying the election results. To be clear, only ballots returned to the third party vote tabulator shall be counted in the determination of meeting quorums and the results of any member vote.

Proponent Statement by Nancy Howsman. Tim Howsman spoke at the meeting: NAEC is a member owned cooperative. However, the ability of members to provide input – and hold the board of directors accountable to the members – is grossly lacking due to the way the board of directors has written the cooperative’s bylaws. Currently, there is only one general member meeting each year – the Annual Meeting. Perhaps, if there had been a second regularly scheduled general member meeting in 2024, the board and officers would have properly justified the need for the large rate increase that they recently implemented. The CEO and CFO of the cooperative both stated that the financial position of the cooperative was very sound during the 2024 Annual Meeting in June 2024. By December 2024, they decided there needed to be a significant rate increase – but never held a public meeting to discuss why everything was just fine in June, but the house was burning down in December. Under the current bylaws, if the members wish to call for and hold a special member meeting to, for instance, have the board of directors and officers explain what is going on in the cooperative, the roadblocks in the current bylaws make it practically impossible to do so. Not only does it take over 3,100 members signatures to petition for a special meeting, then over 600 members would have to physically attend the meeting at the cooperative’s Salem office (which, by the way, does not even have a room which will hold 600 people) to meet the quorum requirements. This is important because with no quorum, there can be no meeting. There is absolutely no legitimate reason why the board-written bylaws make it so difficult for the members (owners) of the cooperative to hold a special meeting – and why the quorum requirements would be different from the Annual Meeting (which does not require physical attendance by members to determine a quorum). The current bylaws also state that only the votes of members physically attending a special meeting will be counted in determining the results of the matter being voted upon. For the Annual Meeting, a member just has to mail their ballot to the third party vote tabulator in order for their vote to be counted – they do not have to physically attend the meeting. Every

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member should wonder why the board has made it so difficult for members to hold meetings and vote on items of interest to the members – when the members are the owners.

Opponent Statement by Hillrey Adams and Michael Lance. Bill Elliott spoke at the meeting: This proposal is an attempt to amend the NAEC bylaws, and that authority is clearly vested in the board of directors. Specifically, Arkansas Code Annotated section 23-18-320 and NAEC bylaws sections 1, 2, 4 and 5 address this area. For more than 85 years, NAEC's bylaws have served members well; changes to meetings, quorum requirements and voting are unnecessary. Members with concerns now have a process for those concerns to be addressed. Requiring two meetings per year would cost the cooperative more money and take employees away from daily operations.

Tim Howsman gave a one-minute rebuttal.

## **Election of Directors**

Effective January 1, 2026, each of the nine (9) directors shall be elected to a two (2) year term at the Annual Meeting held in May of each year, with no limit on the number of two-year terms a director may serve. Directors shall be elected by member population density, therefore, one (1) from Sharp County, one (1) Iazard County, two (2) from Fulton County and four (4) from Baxter County with one (1) at-large director. The election of directors shall be on a plurality basis with the candidates receiving the greatest number of votes being declared the winners of the election. Director candidates shall be nominated by member petition only, for each election cycle. Candidates shall be placed on the ballot with a minimum of 15 member signatures — so long as the candidate meets the specified qualifications. Each member will be allowed to cast up to nine votes, one (1) each for Sharp and Iazard County candidates, two (2) for Fulton County candidates, four (4) for Baxter County candidates, and one (1) for an at-large candidate.

Proponent Statement by Steve Hall (spoke at the meeting): Members owners of NAEC have been denied the opportunity to actually vote for their representative director for too long. Currently the election of directors through a nominating committee controlled by the board of directors is not representative of the members. Additionally appointments to the board by the board of directors without an election or vote of the members leads to the appearance of insider action instead of an open honest process. The board of directors does not represent the population equitably, since more than one-half of the membership resides in Baxter County.

Opponent Statement by Wayne Winter (spoke at the meeting) and Cliff Hawkins: The election of directors is covered by the NAEC bylaws section 2, 4 and 5 and Arkansas Code Annotated 23-18-321(d). This is an area where the authority is clearly vested in the board. A high-functioning board trusts management to implement strategy and manage operations, while the board concentrates on monitoring results and ensuring that the co-op remains

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aligned with its mission, vision and long-term goals. A two-year term for directors would not afford newly elected directors time to develop the necessary knowledge base to govern the cooperative in such a manner. As proposed, the board potentially could consist of nine new directors every two years; those new directors could have no experience in setting strategic direction, assessing risk, ensuring financial integrity and evaluating the CEO's performance as is required.

Steve Hall gave a one-minute rebuttal.

## Director Qualifications

Shall the qualifications to be nominated or serve as a director of the cooperative be as follows: 1) The person shall be a member who receives electric service from the cooperative at their primary residence. 2) The person shall not be employed by, or have a financial interest in, any business that competes or sells energy or supplies to the cooperative. 3) The person shall not be currently employed by the cooperative, either as an employee or officer. 4) The person shall not be related within the fourth degree by blood consanguinity to any current employee, officer, or director of the cooperative.

Proponent Statement by Michelle Graetz. Steve Hall spoke at the meeting: The measure updated the qualifications for serving on the board of directors. Under the current rules, retired employees who are also cooperative members are not allowed to run for board positions – even though they often have valuable experience and insight that could benefit the cooperative. At the same time, allowing individuals with close family ties to current employees, officers, or directors can create concerns about favoritism or conflicts of interest. This proposal ensures a fairer, more transparent board by allowing qualified retired employees to serve, while setting clear boundaries to prevent ethical concerns.

Opponent Statement by Sanders Wyatt (spoke at the meeting) and Bill Weeks: Retired NAEC employees who are members may run for a board seat once they have been retired three years. In addition, Arkansas law allows for the bylaws to set the qualifications for electors. Arkansas Code Annotated section 23-18-321(b) provides that “the bylaws may prescribe qualifications for directors.” NAEC’s bylaws, in Article IV, set forth the qualifications of the directors. Again, the qualifications are determined by the bylaws, and the authority to make the bylaws is clearly vested in the NAEC Board of Directors. This is not an area where a membership vote is allowable or necessary.

Steve Hall gave a one-minute rebuttal.