



January 1, 2021

Notice of Director & Supervisory Committee Member Compensation

OCCU has established a Compensation Policy to provide reasonable compensation for its Board Directors, Associate Directors and Supervisory Committee members for their time, service and contributions to OCCU as allowed by Oregon law and the Credit Union's Bylaws.

Providing value to our members and the communities we serve while remaining committed to our vision to enrich lives is at the forefront of everything OCCU does. The OCCU Board of Directors (Board) believes that compensation to the Board Directors, Associate Directors and Supervisory Committee members will enhance OCCU's ability to attract and retain qualified individuals to represent its members.

Board & Supervisory Committee Responsibilities

As advocates of the Membership, the Board is responsible for setting the vision and general direction of the Credit Union.

- Board Directors are elected by the membership, serve on multiple committees and meet regularly as a Board to establish policy and strategic guidance; to provide feedback and counsel to the CEO, who is hired by and reports to the Board; to review financial performance; and to review OCCU's progress toward goals and objectives.
- Associate Directors are appointed by the Board and provide guidance, perspective and input to the Board on OCCU's strategic initiatives but have no voting authority or fiduciary responsibilities to the membership.
- The Supervisory Committee is responsible for oversight of the Credit Union's audit function, which is designed to ensure the financial soundness of OCCU and confirm that members' funds are protected. This oversight includes an annual, independent audit of OCCU's financial statements and related records to verify the accuracy of members' accounts and to ensure OCCU's financial records and internal controls are in order.

The scope and complexity of the ever-changing financial services market requires Directors and Supervisory Committee members to have strong business acumen, diverse skill sets and dedication to service to meet the demands of a competitive and highly regulated financial services business. The time commitments for Directors and Supervisory Committee members to prepare for and attend meetings, obtain and maintain the requisite regulatory training and continuing education are significant and ever increasing. This warrants fair and reasonable compensation.

OCCU's Financial Performance

OCCU has consistently achieved strong financial performance, while balancing the delivery of financial services to our Members with the ongoing safety and soundness of our Credit Union. To ensure a sound future, OCCU has built net worth that exceeds the levels required by its regulators to be classified as well capitalized, achieves strong net income to maintain net worth, and manages the risks within its operations.

For more information about OCCU's financial performance, visit our website at [MyOCCU.org/annual-reports](https://www.MyOCCU.org/annual-reports).

Due Diligence

Annually, the Board conducts thorough due diligence to consider and determine Board and Supervisory Committee compensation commensurate with the responsibilities of each position. This includes the independent review of compensation ranges of similar size credit unions, community banks and other organizations that compensate their Boards and Supervisory Committees.

As part of these efforts, the Board engaged compensation consulting firms Mercer and Compensation Studies Group to conduct a review of the 2021 Compensation Program. Additionally, the Board engaged the law firm of Farleigh Wada Witt (FWW) to review and render an opinion that the program satisfies the requirements of both Oregon law and OCCU's Bylaws. It is the opinion of FWW that OCCU's 2021 Compensation Program satisfies the requirements of both governing authorities.

Based on the results of this due diligence and OCCU's strong financial condition, its competitive and complex market operating environment, and its progressive mission and strategy, the Board established a 2021 Compensation Program considered to be reasonable and consistent among peer credit unions of similar performance and size in Oregon and Washington.

2021 Compensation Program

OCCU will provide annual compensation monthly, based on position held. This structure supports Directors and Supervisory Committee members with respect to the importance of their respective duties and responsibilities and provides compensation commensurate with required time commitments. The following annual compensation was approved for the Board Directors, Associate Directors and Supervisory Committee members for 2021 and will begin following this Notice.

| <u>Position Held</u> | <u>Annual Compensation</u> |
|--|--|
| Board Chair | \$ 30,000 |
| Board Director | \$ 21,000 |
| Associate Director | \$ 16,000 |
| Supervisory Committee Chair | \$ 10,000 |
| Supervisory Committee Member | \$ 7,000 |
| Executive Officers (Vice Chair, Secretary) | \$ 2,000 <i>additional</i> |
| Sub-Committee Chairs (excluding Executive Comm.) | \$ 2,000 <i>additional</i> |
| Task Force Chairs | \$ 2,000 <i>additional, prorated for months served</i> |

Compensation Paid in 2020

The Board Directors, Associate Directors and Supervisory Committee members were paid the following amounts (including technology stipends) in 2020 based on their satisfactory fulfillment of the duties and responsibilities of their respective positions.

| <u>Name</u> | <u>Compensation Received</u> |
|--|--|
| Jeanine Jensen, Board Chair | \$31,533.33 |
| Bill Inge, Board Vice Chair | \$25,866.73 |
| Beverly Anderson, Board Secretary | \$26,700.08 |
| Jessica C. Bonin, Board Director | \$22,700.00 |
| John Gogol, Board Director | \$23,533.35 |
| Sarah Hagen, Board Associate Director | \$ 9,304.19 (<i>began service May '20</i>) |
| Tom Larson, Board Director | \$23,866.69 |
| Genevieve Parker, Board Director | \$23,533.35 |
| Nicholas Balthrop, Board Associate Director | \$ 2,816.67 (<i>ended service Jan. '20</i>) |
| Rick Varnum, Board Associate Director | \$15,783.37 |
| Bruce Abrahamson, Supervisory Committee Chair | \$11,949.96 (<i>ended service Dec. '20</i>) |
| Jacob Siegel, Supervisory Committee Vice Chair | \$ 8,949.96 |
| Jason Barber, Supervisory Committee | \$ 2,983.32 (<i>ended service March '20</i>) |
| Anthony Favreau, Supervisory Committee | \$ 8,949.96 |
| Lauren Jerome, Supervisory Committee | \$ 8,949.96 |
| Greg Nelson, Supervisory Committee | \$ 2,983.32 (<i>ended service March '20</i>) |
| Jaqueline Rice, Supervisory Committee | \$ 8,949.96 |

For additional information, please contact the Board at OCCUBoardofDirectors@MyOCCU.org.