



January 1, 2019

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 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 business strategy; 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 safety and 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 operations 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 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.

Oregon Community 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.

Due Diligence

Annually, the Board regularly 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 due diligence efforts, the Board engaged Oregon law firm Farleigh Wada Witt (FWW) to conduct a review of the 2019 Compensation Program and provide a legal opinion on its compliance with Oregon law and OCCU's Bylaws. It is the opinion of FWW that OCCU's 2019 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 2019 Compensation Program considered to be reasonable and consistent among peer credit unions of similar performance and size in Oregon and Washington.

2019 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 2019 and will begin following this Notice.

| <u>Position Held</u> | <u>Annual Compensation</u> |
|--|----------------------------|
| Board Chair | \$ 25,000 |
| Board Director | \$ 18,000 |
| Associate Director | \$ 12,000 |
| Supervisory Committee Chair | \$ 10,000 |
| Supervisory Committee Member | \$ 7,000 |
| Executive Officers (Vice Chair, Secretary) | \$ 2,000 <i>additional</i> |
| Sub-Committee Chairs | \$ 2,000 <i>additional</i> |

Compensation Paid in 2018 *(includes Q4 2017 payment in arrears)*

The Board Directors, Associate Directors and Supervisory Committee members were paid the following amounts in 2018 based on their satisfactory fulfillment of the duties and responsibilities of their respective positions.

| <u>Name</u> | <u>Compensation Received</u> |
|---|---|
| Beverly Anderson, Board Chair | \$29,166.67 |
| Genevieve Parker, Board Vice Chair | \$22,833.33 |
| Jeanine Jensen, Board Secretary | \$22,833.33 |
| Jeremy Green, Board Director | \$21,000.00 |
| John Gogol, Board Director | \$21,000.00 |
| Bill Inge, Board Director | \$22,333.34 |
| Tom Larson, Board Director | \$21,500.00 |
| Nicholas Balthrop, Board Associate Director | \$ 9,500.00 |
| Jessica C. Bonin, CPA, Board Associate Director | \$ 9,500.00 |
| Rick Varnum, Board Associate Director | \$ 9,088.71 <i>(became Assoc. March 2018)</i> |
| Jason Barber, Supervisory Committee Chair | \$11,041.67 |
| Bruce Abrahamson, Supervisory Committee | \$ 7,000.00 |
| Anthony Favreau, Supervisory Committee | \$ 1,500.00 <i>(began service Sept. 2018)</i> |
| Lauren Jerome, Supervisory Committee | \$ 7,000.00 |
| Greg Nelson, Supervisory Committee | \$ 7,000.00 |
| Jaqueline Rice, Supervisory Committee | \$ 1,500.00 <i>(began service Sept. 2018)</i> |
| Jacob Siegel, Supervisory Committee | \$ 7,000.00 |

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