



To our Members of Har-co Credit Union:

Recently you received a request to consider an approval for Honorarium payments to the Board of Directors and Supervisory Committee Members of Har-co. The decision to seek this approval was admittedly not well addressed in the document that I sent out. I want to take the time to provide you with some insights into our request.

As a State Chartered Credit Union under the Maryland Code and Statute, we are allowed to have the ability to pay an Honorarium, with the approval of our members, if certain conditions are met. We have met the MD Code and Statute requirements.

Despite having met these legal requirements, truly our thoughts are and continue to be focused on assembling the highest and best talented Board to lead Har-co into the future. As you most likely know, a Board is charged with upholding the highest level of Governance and Strategic Focus for the organization that they oversee. We are charged with many responsibilities and oversight, those being Financial, Operational, Strategic and Risk determination and direction. This is paramount to ensure Safety and Soundness, and provide the roadmap for the future of an organization in an ever changing Financial Services Industry.

An Honorarium does not come without responsibilities at all levels of the Board, from the Chairman to each and every Board and Supervisory Member. As Chairman, I need to assure that we can attract the Board talent needed to provide oversight and strategic vision. I need to also ensure that Board Succession is a very relevant activity on our Board. This assures that our Board truly represents our Membership and acts in the best interest of that Membership and the Community that we serve. My thoughts are that Board Members who do not live to the commitment and representation should not serve and be worthy of a Board Seat and Honorarium.

While I could elaborate on the many hours and the professional and personal risk factors that sitting on a Board of a Federally and State Regulated Financial Institution opens Board Members to, I believe what is most important to you is how we continue to lead this organization forward, remaining relevant to you and to our community.

Please be aware that this Honorarium will be annually approved by the membership. So, if we are unable to live up to the values and trust you have placed in us then your voice and vote will be heard annually. Also, please take the time to read the Questions and Answers around this Honorarium Request below. If you have additional questions, please give us a call.

Thank you,



Blaise Sedney  
Chairman

## 2024 Honorarium Payment Q & A's

Facts about Har-co Credit Union as of December 31, 2023:

State Chartered Credit Union

Asset size \$247,736,857.11

Net income \$2,219,916.13

Capital base 9.17%

New product lines since 2020 - Commercial Lending, Indirect Auto Lending, and the Har-co card

1. When and where will the 2024 Annual Meeting be held?  
A. The 2024 Annual meeting will be held at the Bel Air branch located at 30 N. Hickory Ave., Bel Air, MD 21014 on Wednesday, March 20, 2024 at 5:00pm.
2. Is Har-co Credit Union allowed to pay Board and Supervisory members?  
A. Yes, as a State Chartered credit union under the Maryland Code and Statute, we are allowed to pay an Honorarium with the approval of our members and having met the Maryland Code and Statute requirements.
3. How will these payments be made?  
A. Monthly checks will be distributed to each Board and Supervisory member.
4. Are the credit union members responsible for contributing to these payments?  
A. No, the payments come out of the net income of Har-co Credit Union.
5. Are the Board and Supervisory members currently compensated?  
A. No, currently Board and Supervisory members receive no compensation for their service.
6. Do members have to be at the meeting to vote on the Honorarium payments?  
A. Yes, all members in good standing and present at the annual meeting may vote on the Honorarium payments.
7. Who are our Board and Supervisory members?  
A. A list of our current Board and Supervisory members can be found on our website at [About Us \(harcocu.org\)](http://harcocu.org).
8. When will these payments start if approved and how long will they continue?  
A. If approved the payments would start in March of 2024 and continue monthly through February 2025 when the membership will have the opportunity to vote on payments for the next twelve months.
9. How long is the Board and Supervisory meeting?  
A. On average Board and Supervisory meetings are 2 to 3 hours. Please see the Chairman's letter on our website for further explanation of the knowledge, training, and requirements to serve on Har-co's Board and Supervisory Committee.

10. Why has the Credit Union decided to pay this Honorarium to Board and Supervisory members?

A. Please see the Chairman's letter on our website for insight into the decision to offer this Honorarium payment.