



PROSPECTORS

FEDERAL CREDIT UNION

1310 So. Valley Vista Dr., Diamond Bar, CA 91765 • T (909) 396-9688 • F (909) 396-6226 • www.prospectorsfcu.org

Notice of Meeting of the Members of Prospectors Federal Credit Union

The Board of Directors of Prospectors Federal Credit Union have called a special meeting of the members of this credit union at 1310 Valley Vista Drive, Diamond Bar, CA 91765-9943 on October 16, 2024 at 5:00 p.m. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Prospectors Federal Credit Union with and into Certified Federal Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of Prospectors Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Prospectors Federal Credit Union will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit Union for the shares they own in Prospectors Federal Credit Union on the effective date of the merger.

2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of Prospectors Federal Credit Union, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger.

The Board of Directors of Prospectors Federal Credit Union encourages you to attend the meeting and vote on the proposed merger. Whether or not you expect to attend the meeting, we urge you to sign, date and promptly return the enclosed Ballot to vote on the proposed merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> or mail to

NCUA – Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
RE: Member-to-Member Communication for Prospectors Federal Credit Union

The NCUA will post comments received from members on its website, along with the member’s name, subject to the limitations and requirements of its regulations.

Other Information Related to the Proposed Merger:

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions, as well as the projected combined financial statement of the Continuing Credit Union, follow as separate documents. In addition, the following information applies to the proposed merger.

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because it allows for a consolidation of energies and resources of the two credit unions to better serve the members in a competitive and secure environment. As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- Nine (9) additional (new) branches with longer hours of operation as well as continued access to the shared branch network, with access to over 5,000 credit union shared branch locations worldwide and 30,000 fee-free ATMs through the CO-OP Network.

- A wider variety of competitive services and products, including, for example enhanced loan and credit options, checking account products, enhanced web-based services such as Online Banking, Online Bill Pay, eStatements, eAlerts, Mobile Banking App, Apple Pay®, and Mobile Check Deposit, as well as insurance/investment services, and financial education and literacy programs.
- Subject to applicable law, and terms and conditions of the products, during the first six (6) months after the merger date, Prospectors Federal Credit Union members will be offered a 50 basis point discount on new closed-end Consumer Loans and a 25 basis point discount on new First or Second Real Estate Loans.
- All Prospectors Federal Credit Union's members' existing share certificates and IRA certificates will be converted to the Continuing Credit Union's current rate as of the merger date (for the remainder of the term of such certificate) if the Continuing Credit Union's rate is higher than the current rate. Subject to the other terms and conditions of the products, and applicable law, Prospectors Federal Credit Union members can also add new non-credit union funds to that Certified Federal Credit Union Certificate (again for the remainder of the term of such Certificate), to enjoy the higher rates for the remainder of the term. A special 25 basis point bonus will be added for any new non-credit union funds for the first six (6) months after the merger date.
- The Continuing Credit Union, and consequently the members, will benefit from the economies of scale, including a combined credit union with more than \$895 million in assets and serving more than 62,000 members translating into lower operating costs by allowing such costs to be spread over a wider membership base.
- Continuing Credit Union's Board of Directors and Supervisory Committee will include representation from Prospectors Federal Credit Union as current Board Member, Gordon Burgess, will serve as a non-voting advisory "Director Emeritus" to the Board of Directors for 12 months following the merger as well as to the Supervisory Committee for 24 months following the merger.
- Rest assured that your savings with the combined Continuing Credit Union will continue to be federally-insured by the National Credit Union Share Insurance Fund (NCUSIF). Also, the Continuing Credit Union will continue to offer additional coverage through American Share Insurance (ASI), subject to coverage limits, terms and conditions.
- The same knowledgeable and friendly staff would be available to serve you after the merger. All Prospectors Federal Credit Union employees will be offered employment with the Continuing Credit Union.

Certified Federal Credit Union's President/CEO, Stephen E. Weakley, will continue to be the President/CEO of the Continuing Credit Union after the proposed merger.

Combining the foregoing with the fact that the Continuing Credit Union will be able to provide added convenience for the membership through more deposit and checking products, services, and the additional branch locations noted below, as well as the fact that the credit unions share a commitment in serving members in Southern California, makes this merger a "perfect fit."

Net worth: The net worth of a merging credit union at the time of a merger transfers to the Continuing Credit Union. Prospectors Federal Credit Union does not currently have a higher net worth ratio than Certified Federal Credit Union.

Share adjustment or distribution: The Board of Directors of our credit union wish to recognize our members for maintaining deposits with Prospectors Federal Credit Union. The Board of Directors has determined

that a special member bonus disbursement in the form of a share balance/dividend distribution will be distributed on a one-time (pro-rata) basis to return a portion of Prospectors Federal Credit Union's capital to eligible members of Prospectors Federal Credit Union based upon share and certificate totals as of December 31, 2023. If the merger is approved, the total share balance/dividend distribution will total not more than \$1.1 million and each eligible member can expect to receive an adjustment equal to approximately 1.59% of their share balances and certificate holdings as of December 31, 2023. The distribution will occur on or about the effective date of the merger and will be provided to eligible members of record of Prospectors Federal Credit Union as of December 31, 2023 who remain members in good standing and maintain a share account with Prospectors Federal Credit Union as of the merger date.

Locations of merging and continuing credit union: The Continuing Credit Union intends to maintain Prospectors Federal Credit Union's two existing locations provided a branch in such location continues to be in the best interest of the members and subject to sound business practices as well as safety and soundness concerns for the Continuing Credit Union:

Main branch:	West Covina Branch:
1310 Valley Vista Dr	1230 Lakes Dr, Ste 108
Diamond Bar, CA 91765	West Covina, CA 91790

In addition, Certified Federal Credit Union has the following locations:

Headquarters and Main branch:	Brea Branch:	Commerce Branch:
4455 Arden Dr	200 N Puente St	4820 S Eastern Ave, Ste L
El Monte, CA 91731	Brea, CA 92821	Commerce, CA 90040
Costa Mesa Branch:	Fullerton Branch:	Granada Hills Branch:
3333 Fairview Rd	1421 Manhattan Ave	16830 San Fernando Mission Blvd
Costa Mesa, CA 92626	Fullerton, CA 92831	Granada Hills, CA 91344
MWD Branch:	San Bernardino Branch:	San Diego Branch:
700 N Alameda St	420 E Hospitality Ln, Ste A6	3550 Murphy Canyon Rd
Los Angeles, CA 90012	San Bernardino, CA 92408	San Diego, CA 92123

Merger-related financial arrangements: The Board of Directors of Prospectors Federal Credit Union and Certified Federal Credit Union wish to recognize and reward Prospectors Federal Credit Union employees for the additional work they have incurred during the course of the merger and believe it is appropriate to provide incentives to encourage them to stay with the Continuing Credit Union after the merger. These arrangements are reasonable and commonplace in the financial services industry.

NCUA Regulations require merging credit unions to disclose certain "increases" in compensation that any of the merging credit union's officials or the five most highly compensated employees have received or may receive in connection with the merger when such "increases" are *above a certain threshold*. The following individuals may receive amounts that are above the threshold requiring disclosure.

- The Continuing Credit Union and Ms. Barrera will enter into an employment agreement and Ms. Barrera will become the Vice President, Strategic Initiatives until December 31, 2027. Ms. Barrera will be eligible to receive severance in a maximum potential amount of \$860,040.00 (gross) (\$516,024.00 after taxes assuming a 40% tax rate) if her employment is terminated prior to December 31, 2027 due to death, disability, or not for "Cause." The potential severance amount naturally diminishes through the term of employment.
- With the exception of Ms. Barrera, all Prospectors Federal Credit Union employees will be eligible to receive a one-time retention bonus if they remain with the Continuing Credit Union for at least 45 days after technology systems migration/consolidation. The following individuals will be eligible to receive retention bonuses that require disclosure:

- Eva Rueda, Marketing/IT/Special Projects, will be eligible to receive a one-time retention bonus of \$22,000.00 (gross) (\$13,200.00 after taxes assuming a 40% tax rate).
- Denise Thibault, Vice President of Lending, will be eligible to receive a one-time retention bonus of \$22,000.00 (gross) (\$13,200.00 after taxes assuming a 40% tax rate).
- Rose Jauregui, Controller, will be eligible to receive a one-time retention bonus of \$22,000.00 (gross) (\$13,200.00 after taxes assuming a 40% tax rate).
- Brenda DeAnda, Vice President of Operations, will be eligible to receive a one-time retention bonus of \$22,000.00 (gross) (\$13,200.00 after taxes assuming a 40% tax rate).

Please note that the proposed merger must have the approval of the majority of members who vote.

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting to personally deliver your Ballot, please complete the Ballot and return it in the enclosed postage-prepaid envelope to Prospectors Federal Credit Union, c/o Richards and Associates, CPAs, P. O. Box 2373, Venice, CA 90294.

BY THE ORDER OF THE BOARD OF DIRECTORS:



John Forrest, Board Chairperson

August 20, 2024

Date