



Dear KGC Member,

Knox Glass Containers Federal Credit Union started in 1960 with 8 charter members: Robert McElhattan, Ford Knight, John Blair, Edgar Hulings, Edgar Henry, Joseph Webb, Alfred Craft, and Raymond Young. The original credit union operations started in Charles Black's garage and he was the credit union's first Treasurer. In 2008, we expanded to a community charter and we have grown to 1700 members with assets of \$9 million. Our philosophy remains to provide our members with quality products and services along with the personal touch of being a small, local institution. With the credit union philosophy "Not for profit, not for charity, but for service" we strive to serve our members in the best ways that we can.

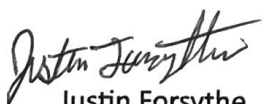
Over the years it has become more and more difficult to stay on top of new technology and advances while still providing the financial services needed by our members. Additionally, the loss of key staff last year made it even tougher to meet those standards. During this time, the board reached out to other credit unions and Priority First Federal Credit Union agreed to provide operational and staffing assistance. With their assistance, we were able to bring back Lisa Renfrew to manage and lead our operations.


However, we still do not have the resources necessary to offer some of the products and services needed by our members. Therefore, after much thought and discussion, our board has concluded that our members would be best served by forming a permanent partnership with Priority First and have started the process to merge with them.

Priority First FCU, has five branches located in Brookville, Brockway, Clearfield, DuBois, and Punxsutawney. They have assets of \$130,000,000 and over 13,000 members. They are equally committed to serving their members and share our beliefs on what a credit union should be. This partnership will accomplish many of our long-range goals that were previously unattainable including making much needed improvements to our facilities and being able to offer services like: real estate loans, indirect auto loans, commercial loans and business services, certificates of deposit, IRAs, mobile banking, remote deposit, and bill pay.

A membership vote is required to move forward, and we request your support at a Special Membership Meeting for this purpose as outlined in the enclosed notice. Our federal regulators have already given their approval for the merger. Our board and staff appreciate your trust in us and we hope you will support this merger proposal as the best path forward.

Sincerely,


Justin Forsythe
Board Chairman


William Peck
Vice Chairman


Elaine Bigley
Secretary


Lee Stewart
Treasurer


Lisa Renfrew
Manager

Notice of Meeting of the Members of KGC Federal Credit Union

The Board of Directors of KGC Federal Credit Union have called a special meeting of the members of this credit union at the Knox Volunteer Fire Company located at 514 E. Railroad St, Knox, PA on February 12, 2024, at 5:00 pm ET.

The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging KGC Federal Credit Union with and into Priority First Federal Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of the KGC Federal Credit Union will be merged with and into the Continuing Credit Union. All members of KGC 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 KGC 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 KGC 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 KGC 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://www.ncua.gov/support-services/credit-union-resources-expansion/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 KGC 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:

- Members will continue to be serviced at the existing branch office and by the same employees as they do now. All KGC employees will become Priority First employees and be eligible for benefits not currently offered by KGC.

- Priority First has 5 branch locations and offers access to 6,500 ATMs surcharge free. Additionally, all their branches have an ATM and drive through and their goal is to implement those at our Knox office.
- Members will have access to additional lending products and services we are not currently able to offer including: real estate loans, indirect auto loans, commercial loans and business services, IRAs and share certificates.
- Priority First utilizes the same data processor and Online Banking platform as KGC, so the transition for members and staff will be very easy. Additional, Priority First offers electric services not available to our members including mobile banking, remote deposit, and bill pay.
- By partnering together, we will achieve economies of scale and lower operating costs which will allow us to better compete in an increasingly competitive financial services industry.
- Your deposits will remain federal insured by the National Credit Union Administration to at least \$250,000 and backed by the full faith and credit of the United States Government.

Net Worth:

The net worth of a Merging Credit Union at the time of a merger transfers to the Continuing Credit Union. KGC Federal Credit Union does not have a higher net worth ratio than Priority First Federal Credit Union

Share Adjustment or Distribution:

KGC Federal Credit Union will not distribute a portion of its net worth to its members in the merger. The board of directors has determined a share adjustment, or other distribution of KGC Federal Credit Union's net worth is unnecessary because the net worth of the Continuing Credit Union is greater than KGC Federal Credit Union's current net worth.

Locations of Merging and Continuing Credit Union:

KGC Federal Credit Union's office at 778 Beatty Ave Knox, PA will remain open.

Priority First Federal Credit Union's has the following locations. All locations are full-service with an ATM.

- 364 Midway Drive, DuBois, PA (Main Office)
- 550 Main Street, Brockway, PA
- 909 Route 28, Brookville, PA
- 422 East Mahoning Street, Punxsutawney, PA
- 1935 Daisy Street, Clearfield, PA

Changes to services and member benefits:

- No products or services are being eliminated
- Priority First offers all members \$1,000 in free AD&D coverage through TruStage, who is also their carrier for protection insurance. Both TruStage products are currently available to KGC members.
- Access to more service locations and approximately 6,500 surcharge free ATMs
- All Priority First products and services currently not offered by KGC including: mobile banking, remote deposit, bill pay, real estate loans, indirect auto loans, commercial loans and business services, certificates of deposit, and IRAs

Merger-related financial arrangements:

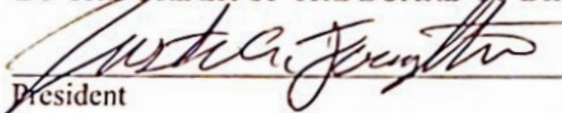
NCUA Regulations require merging credit unions to disclose certain increases in compensation that any of the merging credit union's officials or the five most highly compensated employees have received or will receive in connection with the merger. The following individuals have received or will receive such compensation:

Name	Title	Description of increase	Amount
N/A	N/A	N/A	N/A

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, please complete the Ballot and return it to KGC Federal Credit Union 778 Beaty Ave Knox, PA 16232. To be counted, your Ballot must be received by February 12, 2024, at 5:00 pm ET.

BY THE ORDER OF THE BOARD OF DIRECTORS:



President

12/9/2023
Date

Ballot for Merger Proposal

Name of Member: _____

Account Number: _____

Your credit union must receive this ballot by February 12, 2024, at 5:00 pm ET.

Please mail or bring it to:

KGC Federal Credit Union
Attention: Board of Directors
778 Beaty Ave
Knox, PA 16232

I have read the Notice of Special Meeting for the members of KGC Federal Credit Union. .
The meeting will be held on the above date to consider and act upon the merger proposal described in the notice. I vote on the proposal as follows (check one box):

☐ **Approve** the proposed merger and authorize the Board of Directors to take all necessary action to accomplish the merger.

☐ **Do not approve** the proposed merger.

Member Signature

Date

Member Name (printed)