



The Board of Directors of **High Sierra Credit Union** have called a special meeting of the members of this credit union at **Bishop Country Club at 1325 US-395, Bishop, CA 93514** on **October 30th, 2024, at 5:00pm**.

The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging **High Sierra Credit Union** with and into **Desert Valleys Federal Credit Union** (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of the **High Sierra Credit Union** will be merged with and into the Continuing Credit Union. All members of **High Sierra 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 **High Sierra 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 **High Sierra 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 **High Sierra 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
RE: Member-to-Member Communication for **High Sierra CU – Merger**
1775 Duke Street
Alexandria, VA 22314

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 and reasons for merger:

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because the demand and cost of additional products and services with better access have made it imperative for High Sierra CU to merge to continue serving its membership. The fact that both Desert Valleys FCU and High Sierra CU serve similar fields of membership, i.e., Eastern Sierra CA, this merger would not only permit the financial benefits but will make for a smooth transition from both a cultural and administrative viewpoint. Desert Valleys has the financial capacity to accommodate and provide beneficial and desirable services to the 600 new members that it would gain through this merger.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. High Sierra Credit Union **HAS** a higher net worth ratio than Desert Valleys Federal Credit Union. As a result, High Sierra Credit Union **WILL** distribute a portion of its net worth to its members in the merger. The Board of Directors has determined a share dividend of \$285,000 will be distributed to members based on the number of years of membership and will be paid upon completion of the merger. In addition, Desert Valleys Federal Credit Union will provide immediate access to an expanded variety of products and services not currently available to the High Sierra CU Members.

Locations of merging and continuing credit union:

High Sierra's main office at 136 W Line St., Bishop, CA 93514 will remain open as a branch office. The following are additional service branch offices to serve the combined membership:

Desert Valleys Corporate Office – 100 E Ward Ave, Ridgecrest, CA 93555

The following are the financial products and services that are already available to the Desert Valleys membership that will become immediately available to High Sierra's membership upon completion of merger: Checking Accounts with Benefits, Desert Kids & Desert Teens Savings Programs, Save-To-Win Prize Savings Accounts, Traditional and Roth IRA Accounts, Debit Cards & COOP ATM Network, Credit Card Program w/Cash Rewards, Mobile & Online Banking, Remote Deposit, Mortgage Lending (1st TD and HELOC), Bill Pay, Business Banking/Commercial Lending, and Digital Communication (Website, Social Media, and E-Statements).

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. **There are no merger-related financial arrangements for this merger.**

Please note that the proposed merger must have the approval of the majority of members who vote. Also, if required, the Credit Union will submit an application to the Commissioner of the California Department of Financial Protection and Innovation for approval of the merger pursuant to California Financial Code Section 15201(b).

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal found below. If you cannot attend the meeting in person, please complete the Ballot and return it to: **Richards & Associates, CPAs; PO Box 2373; Venice, CA 90294**

To be counted, your Ballot must be received by **Wednesday, October 30th, 2024 at 5:00pm.**

BY THE ORDER OF THE BOARD OF DIRECTORS:



Tim Shultz, Chairman

08/21/2024

Date

NCUA 6305A

Name of High Sierra Member: _____

Account Number: _____

Your mailed ballot must be received by **Wednesday, October 30, 2024 at 5:00pm.** Please mail to:
Richards & Associates, CPAs; PO Box 2373; Venice, CA 90294

I have read the Notice of Special Meeting for the members of High Sierra 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)

NCUA 6306A

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HIGH SIERRA CREDIT UNION



DESERT VALLEYS FEDERAL CREDIT UNION & HIGH SIERRA CREDIT UNION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

March 31, 2024

BALANCE SHEET

ASSETS

	<u>DESERT VALLEYS FEDERAL CREDIT UNION</u>	<u>HIGH SIERRA CREDIT UNION</u>	<u>COMBINED</u>
Cash and cash equivalents	\$ 8,298,016	\$ 1,202,389	\$ 9,500,405
Investments	\$19,329,385	\$ 5,689,613	\$ 25,018,998
Loans receivable	37,844,772	\$ 4,825,200	\$ 42,669,972
Discount/Premium on loans	0	\$ (51,456)	\$ (51,456)
Allowance for loan losses	\$ (493,779)		\$ (493,779)
Land & building	\$2,031,955	\$ 117,502	\$ 2,149,457
All other assets	\$ 1,904,204	\$ 137,456	\$ 2,041,660
Core deposit intangible		\$ 209,665	\$ 209,665
<u>TOTAL ASSETS</u>	<u>\$ 68,914,553</u>	<u>\$ 12,130,369</u>	<u>\$ 81,044,922</u>

LIABILITIES AND EQUITY

Members' share and savings accounts	\$ 61,333,706	\$ 8,386,590	\$ 69,720,296
Accounts payable and other liabilities	\$ 1,990,557	\$ 1,034,979	\$ 3,025,536
Borrowings, notes & interest payable	\$ -	\$ -	\$ -
<u>TOTAL LIABILITIES</u>	<u>\$ 63,324,263</u>	<u>\$ 9,421,569</u>	<u>\$ 72,745,832</u>

Members' equity, substantially restricted

Regular Reserve	\$ 1,802,022	\$ 198,301	\$ 2,000,323
Undivided Earnings	\$ 3,682,611	\$ 1,417,636	\$ 5,100,247
Equity Acquired in Merger		-	-
Net Income (Loss)	\$ 105,657		\$ 105,657
Unrealized Gain/Loss securities		\$ 361,581	\$ 361,581
Gain on merger		\$ 731,283	\$ 731,283
<u>TOTAL MEMBERS' EQUITY</u>	<u>\$ 5,590,290</u>	<u>\$ 2,708,801</u>	<u>\$ 8,299,091</u>

<u>TOTAL LIABILITIES AND MEMBERS' EQUITY</u>	<u>\$ 68,914,552</u>	<u>\$ 12,130,370</u>	<u>\$ 81,044,922</u>
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INCOME STATEMENT

Interest on loans	\$ 631,447	\$ 68,877	\$ 700,324
Interest on investments	\$ 187,096	\$ 19,478	\$ 206,574
Other Income	\$ 442,244	\$ 2,349	\$ 444,593
<u>TOTAL INCOME</u>	<u>\$ 1,260,787</u>	<u>\$ 90,704</u>	<u>\$ 1,351,491</u>
Interest expense	\$ 105,064	\$ 27,653	\$ 132,717
NCUSIF Assessment	\$ 0	\$ 0	-
Operating expenses	\$ 967,941	\$ 126,899	\$ 1,094,840
NonOper G/L	\$ 0	\$ 0	-
Provision for loan losses	\$ 70,046	\$ 0	\$ 70,046
<u>Total Expense</u>	<u>\$ 1,143,051</u>	<u>\$ 154,552</u>	<u>\$ 1,297,603</u>
<u>Net Income (Loss)</u>	<u>\$ 117,736</u>	<u>\$ (63,848)</u>	<u>\$ 53,888</u>

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