

## **Notice of Special Meeting of the Members of City & Police Federal Credit Union**

The Board of Directors of City & Police Federal Credit Union (“**City & Police**”) have called a special meeting of the members of this credit union to be held at 4675 Sunbeam Road, Jacksonville, Florida 32257 on March 26, 2024, at 4:30 PM local time. The purpose of the meeting is:

1. To consider and act upon a plan and proposal to merge City & Police (the merging credit union) with and into Alive Credit Union, (hereinafter referred to as “**Alive**” or the “**Continuing Credit Union**”), whereby all assets and liabilities of City & Police will be merged with and into Continuing Credit Union (the “**Merger**”). All members of City & Police 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 City & Police on the effective date of the Merger.
2. To ratify, confirm and approve the action of the Board of Directors of City & Police in authorizing the officers of City & Police, 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 City & Police 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 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 (the “**NCUA**”) at <https://www.ncua.gov/services/Pages/resources-expansion/comments-proposed-merger.aspx> or mail to:

NCUA – Office of Credit Union Resources and Expansion  
1775 Duke Street  
Alexandria, VA 22314-3428

Re: Member-to-Member Communications for City & Police 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 of City & Police 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.

**Background:** Collectively, on August 24, 2023, City & Police and Alive entered into an Agreement and Plan of Merger (the “*Agreement*”), pursuant to which City & Police intends to merge with and into Alive based on the terms and conditions of the Agreement. Each party has determined that there is substantial member value and synergies between the City & Police and Alive and that consummating the Merger would provide better member services, offer expanded products and delivery systems, and create a combined financially stronger institution to effectively compete in the future.

Aaron Logue, President and Chief Executive Officer of City & Police, will continue as the President and Chief Executive Officer of the Continuing Credit Union.

**Reasons for the Merger:** The Board of Directors of City & Police has concluded that the Merger represents a strategic partnership between City & Police and Alive, each of whom are forward-thinking, well-capitalized credit unions. The Merger will result in the following benefits:

- ***Branch Expansion.*** The businesses and branch locations of each of the respective credit unions will be preserved and provide members of both credit unions expanded access.
- ***Employees.*** Staff development and career pathing opportunities for employees, including opportunities for increased salary, improved benefits and enhanced training and education, will expand since the Continuing Credit Union will be significantly larger.
- ***Technology.*** There will be economies of scale for operations and vendor contracts. Increased scale will enable the Continuing Credit Union to invest in digital enhancements, business development and improved member technology experiences, as necessary and appropriate to enhance the member experience and to be in a stronger position to compete against other financial institutions and financial technology companies.
- ***Cost Savings.*** The Continuing Credit Union will achieve cost savings due to increased efficiencies following the Merger, such as the reduction of costs and time to complete projects (that would otherwise be duplicative but for the Merger) and the consolidation of vendors and other service providers that provide services to each of the credit unions.
- ***Field of Membership.*** The Continuing Credit Union’s field of membership will retain all segments currently included in the field of membership of each of the credit unions and will consist of a growing segment of communities.

The Merger is desirable and in the best interests of members for the following reasons:

- The Merger will offer City & Police members an enhanced array of innovative financial products and services than they currently enjoy, while providing membership in a strong institution that is well capitalized. In addition, Alive and City & Police share a culture rooted in community. City & Police, originally Jacksonville Police Credit Union, was founded in 1935 to be dedicated to members by providing high quality, personalized financial services to Jacksonville Police employees and their families. Today, City & Police expanded its charter to serve Northeast Florida Law Enforcement and City of Jacksonville employees and retirees and their respective family members. To this day, City & Police has a rich history that overlaps with the legacy of Alive's foundation and core values of professionalism, responsiveness, integrity, dependability, and empathy to provide superior service to its members. Alive was founded in 1954 by a small group of BlueCross employees under the cooperative principle of People helping People. Today, Alive serves anyone who works in healthcare or real estate as well as their family members and select organizations, including Southeastern Grocers, Ferrara Fire and Allstate Workplace Division. The similar philosophical beliefs at City & Police and Alive create a strategic advantage for the combined institution committed to enhancing member service offerings, increasing assets, combining talent pools, and gaining operational efficiencies, leading to enhanced member value, additional opportunities for employees, and greater giveback potential to the community.
- This Merger will also allow both Alive and City & Police to each grow through the addition of a financially stable credit union with a solid membership base, additional offices, and qualified personnel. The additional personnel and offices will be particularly beneficial in expanding both Alive's and City & Police's membership base and market area while also helping serve current and future members. The combination of City & Police and Alive and the efficiencies gained will ensure mutual value to members through expanded products and services and greater investment in digital and technology solution.
- The Continuing Credit Union is committed to provide City & Police's signature products, services, and programs that are most beneficial to members, and financial education, mobile apps, and person to person options will continue to be offered through Alive's services that are of the same functionality. Furthermore, significant per-member cost savings will be created immediately by consolidating to one vendor such as core processing system, online and mobile banking, and debit and credit card processing.

In specific support of the Merger, the following is a list of some of the many financial products, services and benefits that Alive can provide to City & Police members include:

- Extended branch hours;
- Secure online and mobile platforms;
- Infrastructure built to serve an expanding field of membership;
- Additional enhanced share and checking account options;
- Financial education;
- Competitive credit card offerings;
- Competitive auto loans;
- Competitive business loans;
- Business services including merchant card processing, gift card issuance, and transaction processing;
- Broad residential and commercial real estate financing options;
- Enhanced online bill payment program;
- Employee Partnership Program for employers;
- Insurance products;
- Legal and Identity Protection;
- Access to an extensive surcharge free ATM network; and
- Overdraft protection.

Upon the Effective Time, Alive will offer its full suite of products and services to all members of City & Police in accordance with Alive's policies. The parties anticipate a smooth transition moving member data without interruption. The parties firmly believe that the Merger will materially benefit the membership of City & Police and is in the best interests of both credit unions. Overall, Alive will provide more advanced technology, broader services, and inside branch hours will be longer, giving City & Police members more convenient access.

**Net Worth:** The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. City & Police does not have a higher net worth than Alive. Both credit unions are well capitalized.

**Share Adjustment or Distribution:** City & Police 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 City & Police's net worth is unnecessary because Alive will issue all members of City & Police the same number of Alive shares as they own in City & Police at the time of the Merger.

### **Locations of merging and continuing credit unions:**

City & Police maintains the following branch offices, all of which will remain open following the Merger and will become branches of the Continuing Credit Union:

*Mandarin (Main)*

4675 Sunbeam Road  
Jacksonville, FL 32257

*Downtown*

501 E Bay Street, #205  
Jacksonville, FL 32202

*Northside*

2409 Dunn Avenue  
Jacksonville, FL 32218

*Southside*

5546 Beach Boulevard  
Jacksonville, FL 32207

*Westside*

4830 Waller Street  
Jacksonville, FL 32254

Alive maintains the following branch offices, all of which will remain open following the Merger and will become branches of the Continuing Credit Union:

*Home Office*

9790 Touchton Road  
Jacksonville, FL 32246

*Atlantic*

6131 Atlantic Boulevard  
Jacksonville, FL 32211

*Baptist Health System*

820 Prudential Drive  
Jacksonville, FL 32207

*Baymeadows*

8367 Baymeadows Way  
Jacksonville, FL 32256

*St. Vincent's Riverside*

1 Shircliff Way  
Jacksonville, FL 32204

*Northside*

655 8th Street West  
South Garage  
(Jefferson St. Entrance)  
Jacksonville, FL 32209

*West Jacksonville*

3003 Lenox Avenue  
Jacksonville, FL 32254

*Gulf South*

2739 West Church Street  
Hammond, LA 70401

**Changes to services and member benefits:** Your savings will continue to be federally insured by the National Credit Union Share Insurance Fund to the maximum limit allowed by applicable law.

The current services offered by City & Police will cease to be provided and be replaced by Alive's branch services. As an Alive member, you will be eligible to apply for any Alive product that is offered to its members.

**Merger-Related Financial Arrangements:** NCUA Regulations require merging credit unions to disclose certain increases in compensation that any of the merging credit union’s chief executive officer or manager, each of the four most highly compensated employees other than the chief executive officer or manager; and any member of the board of directors or supervisory committee (each a “*covered person*”) have received or may receive in connection with the Merger. The following individuals have received or will receive such compensation:

Covered Person	Title	Description of Increase	Amount
Aaron Logue	President and Chief Executive Officer	Pursuant to Mr. Logue’s employment agreement with the Continuing Credit Union, his base salary will increase to \$175,000 per annum, which was established based on peer group benchmarking (conducted by a third-party consultant) of executive officer base compensation for comparable-sized credit unions.	\$50,000
		Pursuant to Mr. Logue’s employment agreement with the Continuing Credit Union, he is entitled to receive a one-time signing bonus of \$15,000, provided, however, that if, prior to December 31, 2024, Mr. Logue: (i) is terminated for cause; or (ii) voluntarily quits, then he must repay the signing bonus amount in full.	\$15,000

***Employment Agreement with Aaron Logue.*** In connection with the Merger, Mr. Logue has agreed to serve as President and Chief Executive Officer of the Continuing Credit Union pursuant to an employment agreement between the parties that will become effective upon the effective time of the Merger (the “*Employment Agreement*”). Pursuant to the Employment Agreement, Mr. Logue is entitled to: (i) base salary of \$175,000 per annum; (ii) a one-time signing bonus of \$15,000, as described in the table above; and (iii) receive performance bonuses based upon attainment of strategic goals and upon the Continuing Credit Union’s performance, as determined by the Board of Directors of the Continuing Credit Union from time to time.

Mr. Logue is also entitled to participate in all employee benefit plans, arrangements and perquisites offered to employees and officers of the Continuing Credit Union and the reimbursement of reasonable travel and other business expenses incurred in the performance of his duties. Mr. Logue will be provided with a monthly car allowance of up to \$600 and reimbursed up to \$50 per month for the cost of a cell phone.

The Continuing Credit Union provides all of its employees group medical/health insurance coverage and will pay 100% of Mr. Logue’s family premium under such policy. The estimated annual value of this benefit that is not available to other employees is \$18,587 per annum. Additionally, the Continuing Credit Union provides all of its employees life insurance under a group policy. In the event that this group life insurance is terminated, the Continuing Credit Union will purchase a term life insurance for Mr. Logue that is equal to two years’ base salary.

Mr. Logue will enter into a Split Dollar Life Insurance arrangement that will be life insurance policy owned by the Continuing Credit Union with death benefits in the amount of \$821,826, a portion of which (the “*Net Death Benefits*”) that will be paid to Mr. Logue’s designated beneficiaries. The Net Death Benefits means the death benefits of the policy minus the greater of (i) the cash surrender value or (ii) the aggregate premiums paid by the Continuing Credit Union. However, if Mr. Logue is terminated for cause, then he forfeits any right to receive a benefit under the Split Dollar Life Insurance policy.

In the event of Mr. Logue's termination without cause (other than due to death or disability) or within nine months following a change in control of the Continuing Credit Union, the Continuing Credit Union must pay Mr. Logue a cash severance equal to one year's base salary. The estimated potential severance payable to Mr. Logue in the event of his qualifying termination event immediately after the effective date of the Merger is \$175,000.

***Potential Severance for Other Covered Persons.*** As an additional commitment from the Continuing Credit Union, if any former City & Police or Alive employee (without an employment agreement or similar type of severance arrangement, such as Mr. Logue) is terminated as an employee by the Continuing Credit Union within the first six (6) months following the Merger for any reason other than for cause, then the Continuing Credit Union will pay cash severance to such employee in an amount equal to two (2) weeks of base pay for each employee's year of service with City & Police or Alive, as applicable, with a minimum of four (4) weeks of severance and a maximum of 26 weeks of severance), with such amount payable in a lump sum on the next regularly scheduled payroll date of the Continuing Credit Union following such qualifying termination event. Payment of severance is contingent upon the affected employee's execution of a general release and waiver of claims with the Continuing Credit Union.

Such severance is not a guaranteed payment, as the employee would not be eligible for severance upon his or her voluntarily resignation or retirement unless it was due to a qualifying termination event. If each covered person has a qualifying termination event immediately after the effective date of the Merger, each covered person would be entitled to severance as follows:

<b>Covered Person</b>	<b>Estimated Potential Severance Payment</b>
Kristin Madole	\$ 26,050
Julia Ivey	13,932
Nicolas Tsoutsos	34,632
Leisa Hogan	30,004

No member of the Board of Directors of Supervisory Committee of City & Police is entitled to receive any payments or benefits pursuant to any merger-related financial arrangement.

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 the Merger Proposal. If you cannot attend the meeting, please complete the Ballot and return it to the Teller of Election using the enclosed self-addressed and prepaid envelope provided. To be counted, your Ballot must reach us no later than 11:59 PM local time on March 25, 2024.

**BY ORDER OF THE CITY & POLICE FEDERAL CREDIT UNION  
BOARD OF DIRECTORS:**

By: Gregory H. Strickland  
Gregory H. Strickland (Jan 24, 2024 11:59 EST)  
Name: Greg Strickland  
Title: Chairperson, Board of Directors



# Notice of Special Meeting of the Members on the Proposal to Merge (City Police) (00435446xC2E8D)

Final Audit Report

2024-01-24

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## "Notice of Special Meeting of the Members on the Proposal to M erge (City Police) (00435446xC2E8D)" History

-  Document created by Rose Gunter (rgunter@alivecu.coop)  
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-  Document e-signed by Gregory H. Strickland (gregjso@comcast.net)  
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