



Notice of Meeting of the Members of Cities Credit Union

The Board of Directors of Cities Credit Union have called a special meeting of the members of this credit union at Jimmy's Food & Drink, Vadnais Room, 1132 County Road E East, Vadnais Heights, MN 55110 on Tuesday, November 26, 2024, at 5:30 PM CST. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Cities Credit Union with and into Minnco Credit Union (hereinafter referred to as the "Continuing Credit Union"), whereby all assets and liabilities of Cities Credit Union will be merged with and into the Continuing Credit Union. All members of Cities 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 Cities 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 Cities 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 Cities 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 Cities 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 carefully evaluated all aspects of both credit unions and has concluded that the proposed merger is desirable and in the best interest of members. Despite having a long history and being profitable, Cities Credit Union has recognized the challenges of continuing as a standalone financial institution in today's economy, the challenging interest rate environment we are in and the increased competition in the financial services industry. Together, the combined Continuing Credit Union will be able to provide a wider range of products and services with added locations to better serve the membership.

As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- **Increased Access:** The Continuing Credit Union will include eight (8) full service locations including seven (7) ATMs that accept deposits of checks and cash, a dedicated contact center (including phone and advanced text, chat and video functionality), video calls for loan products, state-of-the-art online and mobile banking platforms, ability to send and receive money with friends and family through online and mobile banking, first time homebuyer program, and the Shared Branching Network (over 5400 shared branch locations throughout the United States)

- **Additional Products and Services:** The Continuing Credit Union has additional products and services to deliver higher value solutions to meet your growing and diverse financial needs such as competitive rates on deposit accounts including high-yield checking products, home equity lines of credit and commercial loans.

- **Continued Leadership Representation:** Cities Credit Union's President/CEO, Michael R. Enright, will continue to be employed with the Continuing Credit Union after the merger.

- **The Same Knowledgeable and Friendly Employees:** The same friendly staff at our branches would be available to serve you. All employees of Cities Credit Union will be offered a position at the Continuing Credit Union.

Minnco Credit Union's President/CEO, Doug Hallstrom, will continue to be the President/CEO of the Continuing Credit Union after the proposed merger.

The Continuing Credit Union, and consequently the members, will benefit from the economies of scale including a combined entity totaling nearly \$560 million in assets and more than 35,000 members, translating into lower operating costs by allowing such costs to be spread over a wider membership base.

Beyond these immediate benefits, this merger will combine two established entities that share similar values and commitment to their members, people, and culture. These two organizations share a core purpose of advancing and promoting the interests of the public to empower people to achieve a brighter financial future. With the combined vision, people, and capabilities of these two organizations, the members, communities, and employees will receive lasting benefits. The combined entity will leverage its leadership and technology to offer members competitive products and services, even better than they have today.

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

Share adjustment or distribution: The Board of Directors of the Merging Credit Union has determined a share adjustment or other distribution of the Merging Credit Union's net worth is unnecessary as the merger will not result in an increase to the Continuing Credit Union's net worth. In making this determination, the Board of Directors accounted for all one-time merger costs (including early contract termination fees, prepaid expenses, and depreciation) together with the Credit Union's relative net worth and carefully considered the Continuing Credit Union's extensive infrastructure and beneficial services and product offerings that will be available to Merging Credit Union members after the merger.

Locations of merging and continuing credit union: Cities Credit Union's main office located at 3625 Talmage Circle, Vadnais Heights, Minnesota 55110 will remain open after the merger, subject to sound business practices and safety and soundness concerns for the Continuing Credit Union.

Minnco Credit Union has the following locations:

Andover Office

2121 Station Parkway NW
Andover, MN 55304

Big Lake Office

613 Rose Drive
Big Lake, MN 55309

Cambridge Office

235 W. First Avenue
Cambridge, MN 55008

Isanti Office

311 Credit Union Drive
Isanti, MN 55040

Minnco Center Office

2215 3rd Avenue NE
Cambridge, MN 55008

North Branch Office

38877 10th Avenue
North Branch, MN 55056

Princeton Office

1912 5th Street N
Princeton, MN 55371

Merger-related financial arrangements: The Board of Directors of Cities Credit Union and Minnco Credit Union believe it will be beneficial to the members of the combined Continuing Credit Union to retain the services of Cities Credit Union employees after the merger.

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 are

eligible to receive such compensation, which in this case is compensation for unused accrued annual leave time, as follows:

- Mike Enright, CEO will be eligible to receive \$17,150.52 (less lawful deductions), which equals a portion of his unused accrued “annual leave” time. This is not an increase in pay and is already accrued by Cities Credit Union.
- Kristine Heuer, Vice President will be eligible to receive \$23,401.68 (less lawful deductions), which equals a portion of her unused accrued “annual leave” time. This is not an increase in pay and is already accrued by Cities Credit Union.

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 Cities Credit Union, c/o Wipfli, LLP, 150 S. 5th Street, Suite 2000, Minneapolis, MN 55402 by Tuesday, November 26, 2024, at 5:30 PM CST.

BY THE ORDER OF THE BOARD OF DIRECTORS:



Board Chairperson

October 7, 2024

Date