

SCHOOL DISTRICT 218 EMPLOYEES FEDERAL CREDIT UNION

Notice of Special Meeting of the Members of School District 218 Employees Federal Credit Union

The Board of Directors of School District 218 Employees Federal Credit Union approved a proposition to merge with Credit Union 1 and have called a special meeting of the members of this credit union at School District 218 Employees Federal Credit Union located at 4625 W. 107th Street, Oak Lawn, IL 60453 on Friday September 20, 2024, at 4:00 pm.

Purpose of the Meeting:

1. To consider and act upon a proposal to merge School District 218 Employees Federal Credit Union with Credit Union 1, (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of School District 218 Employees Federal Credit Union will be merged with and into the Continuing Credit Union. All members of School District 218 Employees 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 School District 218 Employees 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 School District 218 Employees Federal Credit Union, subject to approval of members, to carry out and execute all agreements, documents, and other papers necessary to carry out the proposed merger.

The Board of Directors of School District 218 Employees 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 submit them to the National Credit Union Administration (NCUA) at the following link:

<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 School District 218 Employees Federal Credit Union

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

Other Information Related to the Proposed Merger

The Board of Directors has carefully analyzed the assets and liabilities of the participating credit unions and appraised each credit union's share values. The appraisal of the share values appears on the attached individual and consolidated financial statements of the participating credit unions. In addition, the following information applies to the proposed merger:

Reasons for merger: The Board of Directors concluded that the proposed merger is desirable and in the best interest of members because Credit Union 1 operates with the technology and systems that align with our members' needs. Their internal core values align with our own and give us confidence our membership will experience a much-needed upgrade in the quality of service we are unable to provide in this economic environment. We believe a synergy exists between the two credit unions and this partnership will benefit all involved.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. School District 218 Employees Federal Credit Union has a lower net worth ratio than Credit Union 1.

Share adjustment or distribution: School District 218 Employees 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 School District 218 Employees Federal Credit Union's net worth is unnecessary because the members of School District 218 Employees Federal Credit Union will have a host of updated services and options with Credit Union 1 that we are unable to provide in this economic environment.

Locations of merging and continuing credit union: School District 218 Employees Federal Credit Union main office at 4625 W. 107th Street, Oak Lawn, IL will remain open and become a part of Credit Union 1's nationwide branch locations. The continuing credit union branch locations will be as follows:

1. 200 E. Champaign Avenue, Rantoul, IL
2. 828 S. Wolcott, Chicago, IL (UIC)
3. 750 S. Halsted, Room 220C, Chicago, IL (UIC)
4. 9441 Kedzie Avenue, Evergreen Park, IL
5. 4749 Lincoln Mall Drive, Ste. 101, Matteson, IL
6. 863 N. Milwaukee Avenue, Unit 500, Vernon Hills, IL
7. 450 E 22nd Street, Suite 250, Lombard, IL (Corporate Headquarters of CU1)
8. 6 West North Avenue, Suite 100, Northlake, IL
9. 2466 W. Wabash, Suite 240, Springfield, IL
10. 2032 N. Halsted, Chicago, IL
11. 1140 East Howard Street, B3, South Bend, IN (Notre Dame)
12. 2651 Paseo Verde Parkway, Henderson, NV (West Operations Center)
13. 1237 Clairmont Road, Decatur, GA (East Operations Center)
14. 680 Union Street, Hobart, IN 46342

15. 604 13th Avenue E, Bradenton, FL 34208
16. 15850 W. Bluemound Road, Brookfield, WI 53005 (pending merger)
17. 4625 W. 107th Street, Oak Lawn, IL 60453 (SD218EFCU Branch)

ATM information: Please see www.creditunion1.org for ATM related information.

Changes to services and member benefits: In addition to your current service(s), you will have expanded service offerings in the form of consumer and commercial lending, which includes real estate lending services. In addition, a refreshed and recently updated online and mobile banking platform.

Effective date of merger: The proposed effective date of this merger is October 31, 2024, or such earlier or subsequent date as approved by the Parties, Directors, Division of Financial Institutions for the State of Illinois and the National Credit Union Administration or any successor agency thereto.

Employee Representation: Employees of School District 218 Employees Federal Credit Union will be offered employment with Credit Union 1.

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 none.

Please note that the proposed merger must be approved by the majority of the 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 School District 218 Employees Credit Union, Attn: Supervisory Committee, 4625 W. 107th Street, Oak Lawn, IL 60453.

To be counted, your Ballot must be received by Friday, September 20, 2024, at 4:00pm.

BY ORDER OF THE BOARD OF DIRECTORS:



President of School District 218
Employees Federal Credit Union

July 15, 2024

Ballot for Merger Proposal

Name of Member: _____

Account Number: _____

School District 218 Employees Federal Credit Union must receive this ballot by Friday, September 20, 2024, at 4:00 pm.

Please mail it to the following address (or bring it to the Special Meeting):

School District 218 Employees Federal Credit Union
Attn: Supervisory Committee
4625 W. 107th Street
Oak Lawn, IL 60453

I have read the Notice of Special Meeting for the members of School District 218 Employees 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.

Signed: _____

Member's Name

Date: _____

Balance Sheet
As of March 31, 2024

	<u>CU1</u>	<u>SD218EFCU</u>	<u>Combined</u>
Current Assets:			
Total Loans	\$ 1,183,351,570	\$ 2,626,378	\$ 1,185,977,948
Deferred Costs/Fees	4,390,441	-	4,390,441
Allowance	(11,609,922)	(14,131)	(11,624,054)
Total Loans (Net)	1,176,132,089	2,612,247	1,178,744,335
Cash	321,488,173	119,192	321,607,364
Investments	49,180,847	12,030,863	61,211,710
Other Assets	118,295,903	171,768	118,467,671
Total Current Assets:	1,665,097,011	14,934,070	1,680,031,081
Fixed Assets Net	20,719,112	-	20,719,112
Total Assets	1,685,816,123	14,934,070	1,700,750,193
Current Liabilities:			
Accounts Payable	61,793,807	5,612	61,799,418
Notes Payable	50,138,224	-	50,138,224
Members Equity:			
Regular Shares	434,352,824	13,543,690	447,896,514
Money Market Shares	118,914,701	-	118,914,701
High Yield Savings	248,678,346	-	248,678,346
Checking	347,700,517	-	347,700,517
Certificates	248,459,198	-	248,459,198
IRA Shares and IRA Certificates	40,815,371	-	40,815,371
Total Shares:	1,438,920,957	13,543,690	1,452,464,646
Reserves	17,531,207	278,546	17,809,752
Undivided Earnings	115,391,605	1,096,182	116,487,787
Unrealized G/L - AFS	-	-	-
Net Income	2,040,324	10,041	2,050,365
Total Capital:	134,963,136	1,384,768	136,347,905
Total Liabilities	\$ 1,685,816,123	\$ 14,934,070	\$ 1,700,750,193

Income and Expense Statement
Year-to-Date March 2024

	<u>CU1</u>	<u>SD218EFCU</u>	<u>Combined</u>
Loan Income	\$ 15,271,807	\$ 29,701	\$ 15,301,507
Investment Income	5,113,594	49,698	5,163,292
Other Income	4,644,124	950	4,645,074
Total Income	25,029,525	80,349	25,109,874
Compensation/Benefits	8,972,389	29,732	9,002,121
Meetings, Travel & Conference	117,097	300	117,397
Office Occupancy	1,585,666	-	1,585,666
Office Operations	3,234,261	3,289	3,237,550
Educational & Promotional	341,208	-	341,208
Loan Servicing Expense	812,473	1,378	813,851
Professional Services	877,133	4,844	881,977
Provision for Loan losses	691,478	-	691,478
Member Insurance	-	-	-
Operating Fees and Association Dues	-	3,562	3,562
Depreciation & Amortization	795,840	-	795,840
Misc Operating Expenses	2,074	-	2,074
Total Operating Expenses	17,429,621	43,104	17,472,725
Operating Income/(Loss) Before Dividends	7,599,904	37,244	7,637,149
NCUA Stabilization	-	-	-
Gain/(Loss) on Disposition of Assets	-	-	-
Other Non-Operating Income/(Loss)	-	-	-
Income/(Loss) Before Dividends	7,599,904	37,244	7,637,149
Dividend Expenses	5,006,087	-	5,006,087
Interest on Borrowed Money	553,493	-	553,493
Net Income	\$ 2,040,324	\$ 37,244	\$ 2,077,569
Probable Asset/Share Ratio	1.09	1.10	1.09
Net Capital/Asset Ratio	9.28%	9.27%	9.28%
Net Capital/Asset Ratio (excluding AFS)	9.28%	9.27%	9.28%
Delinquency Ratio	1.14%	1.31%	1.14%

Form 6311 - Probable Asset/Share Ratio
Proposed Merger between School District 218 Employees Credit Union and Credit Union 1
As of March 31, 2024

	<u>Credit Union 1</u>	<u>SD218EFCU</u>	<u>Combined</u>
Additions:			
Cash	\$ 321,488,173	\$ 119,192	\$ 321,607,364
Loans (Net)	1,176,132,089	2,612,247	1,178,744,335
Investments	49,180,847	12,030,863	61,211,710
Fixed Assets	20,719,112	-	20,719,112
Other assets	118,295,903	171,768	118,467,671
Total (A)	1,685,816,123	14,934,070	1,700,750,193
Deductions:			
Notes Payable	50,138,224	-	50,138,224
Accounts Payable	61,793,807	5,612	61,799,418
Other recorded Liabilities	-	-	-
Contingent and/or Unrecorded Liabilities	-	-	-
Subsidiary Ledger Differences (Losses)	-	-	-
Other Losses	-	-	-
Total (B)	111,932,030	5,612	111,937,642
Net Value of Assets (A-B)	\$ 1,573,884,093	\$ 14,928,458	\$ 1,588,812,551
Total Shares	1,438,920,957	13,543,690	1,452,464,646
Probable Asset/Share Ratio	1.09	1.10	1.09