



September 2, 2022

Dear Member,

On behalf of the Board of Central Oklahoma Federal Credit Union, the Merging Credit Union, I am pleased to share exciting news. We have received regulatory approval to pursue a merger with True Sky Federal Credit Union, the Continuing Credit Union. Please see the enclosed Notice of Special Meeting of the Members of Central Oklahoma Federal Credit Union for important information about the merger such as the benefits you can expect to receive as a result of the merger and voting instructions.

Unlike bank mergers that are designed to make money for stockholders, this merger is for you, our member. As discussed in the enclosed Notice of Special Meeting, this merger will result in a wider variety of competitive services, products, and conveniences. Beyond these immediate benefits, this merger will combine two established organizations that share similar values and commitment to their members, people, and culture. These two credit unions share a core purpose of advancing and promoting the interests of our member owners to empower people to achieve their financial goals. With the combined vision, people, and capabilities of these two organizations, members, communities, and employees will receive lasting benefits.

Central Oklahoma Federal Credit Union's Board of Directors and management support this merger. However, the final decision is up to you. Your vote to approve this merger is very important. The merger must have the approval of a majority of the members of the credit union voting on the proposal. There will be a special meeting to consider the merger proposal on October 19, 2022 at 5:30 PM at the Route 66 Interpretive Center, 400 E 1st St (HWY 66), Chandler, OK 74834. If you cannot attend the meeting to personally deliver your ballot, you can vote online at www.cofcu.net by selecting the Begin Voting button or complete the ballot and return it in the enclosed, postage-paid envelope so that it is received by the third-party auditing firm CU Ballot – Election Processing, E Space Communications, Inc., P.O. Box 3156, Dublin, OH 43016-9842 no later than October 19, 2022 at 5:30 PM.

To be counted, your ballot must reach us by the date and time announced for the meeting.

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/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 Central Oklahoma 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.

We greatly appreciate your membership and thank you for your support.

A handwritten signature in blue ink, appearing to read "Gary Robinson", is written over a light blue circular watermark.

Gary Robinson, Board Chairperson



Notice of Meeting of the Members of Central Oklahoma Federal Credit Union

The Board of Directors of Central Oklahoma Federal Credit Union have called a special meeting of the members of this credit union at the Route 66 Interpretive Center, 400 E 1st St (HWY 66), Chandler, OK 74834 on October 19, 2022 at 5:30 PM. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Central Oklahoma Federal Credit Union with and into True Sky Federal Credit Union (hereinafter referred to as the “Continuing Credit Union”), whereby all assets and liabilities of Central Oklahoma Federal Credit Union will be merged with and into the Continuing Credit Union. All members of Central Oklahoma 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 Central Oklahoma 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 Central Oklahoma 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 Central Oklahoma 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 vote either online at www.cofcu.net or sign, date and promptly return by mail the enclosed Ballot to vote on the proposed merger. Please follow the directions at the end of this notice or the attached cover letter.

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/credit-union-merger-resources/comments-proposed-credit-union-mergers> or mail to

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RE: Member-to-Member Communication For Central Oklahoma 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 it allows for a consolidation of energies and resources of the two credit unions to better serve the members in a competitive and secure environment. As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- **Additional Products**, such as enhanced digital banking, access to credit scores with SavvyMoney®, credit cards, money market accounts, and jumbo mortgages to name a few.
- **Increased Member Access/Community Impact**, the branch network would increase from 2-branches to 17-branches with plans for 2-additional branches in Central Oklahoma Federal Credit Union's market in the future. As a larger branch network, we would have even greater positive community impact opportunities.
- **Enhanced Digital Banking Solutions**, this partnership would allow us to provide upgraded digital banking solutions, such as online and mobile banking. True Sky is focused on implementing technology solutions that benefit members. Merging would allow us to advance our capabilities much faster than we could on our own.
- **More Responsive to Evolving Financial Need**, becoming a larger credit union with approximately \$900 million in assets provides opportunities to increase efficiencies and return those savings back to members in the form of greater access and value, new technology and services, competitive loan and deposit rates, and higher levels of community giving.
- **Volunteer Representation**, one member of Central Oklahoma Federal Credit Union's current board will have the opportunity to serve on the Continuing Credit Union's Board of Directors. In addition, the Continuing Credit Union will establish an Advisory Committee for five members of Central Oklahoma Federal Credit Union's current board to assist the Continuing Credit Union with community connection.
- **Leadership Representation** will be maintained as Tommy Smith will become the Central Oklahoma Market President/Advocacy Officer.
- **Same Knowledgeable, friendly employees**, the same friendly staff at our branches would be available to serve you.

The Continuing Credit Union's President/CEO, Sean Cahill, 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 more than \$900 million in assets and more than 55,000 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 innovation 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. Central Oklahoma Federal Credit Union does currently have a higher net worth ratio than True Sky Federal Credit Union.

Share adjustment or distribution: Central Oklahoma Federal Credit Union will not distribute a portion of its net worth to its members in the merger. 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 because once all one-time merger costs (including early contract termination fees, prepaid expenses, and depreciation) are accounted, and the Continuing Credit Union's extensive infrastructure and beneficial services and product offerings that will be available to Merging

Credit Union members is taken into consideration, the differences in the Credit Union's probable asset share ratios will not result in a material increase to the Continuing Credit Union's net worth ratio.

Locations of merging and continuing credit union: Central Oklahoma Federal Credit Union's main office located at 900 Broadway, Davenport, OK 74026 and branch located at 1906 East 1st (Hwy 66) Chandler, OK 74834 will remain open, subject to business necessity and subject to sound business practices and safety and soundness. True Sky Federal Credit Union has the following locations that are near Central Oklahoma Federal Credit Union:

- Main Office/Corporate Headquarters: 10201 South Western Avenue, Oklahoma City, OK 73139
- Western Branch: 10201 South Western Avenue, Oklahoma City, OK 73139
- Capitol Hill Branch: 3805 S. Western Avenue, Oklahoma City, OK 73109
- Edmond Branch: 2350 W. Danforth, Edmond, OK 73012
- Moore Branch: 630 SW 4th Street, Moore, OK 73160
- Mustang Branch: 361 E. HWY 152, Mustang, OK 73064
- Norman Branch: 1212 West Lindsey St., Norman, OK 73069
- Norman Tecumseh Branch: 3301 W. Tecumseh Rd., Norman, OK 73072
- Northeast Branch: 5029 N. Martin Luther King Avenue, Oklahoma City, OK 73111
- Northwest Branch: 8230 NW Expressway, Oklahoma City, OK 73162
- Yukon Branch: 1301 S. Ranchwood Blvd., Yukon, OK 73099
- FAA Branch: 6435 S. Denning Avenue, Building 30, Oklahoma City, OK 73169
- 23rd Street Branch: 1841 NE 23rd, Oklahoma City, OK 73111
- 2nd Street Branch: 1127 2nd Street, Edmond, OK 73034
- Midwest City Branch: 7607 E Reno Avenue, Midwest City, OK 73110
- Newcastle Branch: 761 NW 32nd Street, Newcastle, OK 73065

Merger-related financial arrangements: The Board of Directors of Central Oklahoma Federal Credit Union and True Sky Federal Credit Union believe it will be beneficial to the members of the combined Continuing Credit Union to retain the services of Central Oklahoma Federal Credit Union's senior executive team after the merger. The Boards wish to incent these individuals to remain after the merger and to reward them for their service, and increased responsibilities.

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 is reasonable and commonplace in the financial services industry:

Tommy Smith, President/CEO:

- Mr. Smith will remain with the Continuing Credit Union as the Central Oklahoma Market President/Advocacy Officer pursuant to the terms of a two-year employment agreement that will become effective as of the merger date. To recognize the additional responsibilities to be performed at a larger and more complex financial institution, over the two-year term, Mr. Smith will receive increases through pay increases and a guaranteed bonus totaling approximately \$135,000.00 (less lawful deductions). Mr. Smith has a potential severance opportunity if he is terminated not for "Cause" during the term of his employment.
- Mr. Smith and Central Oklahoma Federal Credit Union entered into a Supplemental Executive Incentive Agreement in April 2019 pursuant to which Mr. Smith is eligible to receive a reduced benefit equal to the amount already accrued if there is a change of control event, such as the merger between Central Oklahoma Federal Credit Union and True Sky. The reduced benefit amount as of the merger date is approximately \$126,666.54 (less lawful deductions).

- The total amount of annual increase, guaranteed bonus opportunity and SERP payout is \$261,666.54 (less lawful deductions).

YuVonda Greenfield, VP/Branch Manager:

- Ms. Greenfield will be eligible to receive a one-time bonus of \$7,500.00 (less lawful deductions) if she remains with the Continuing Credit Union through critical system integration.
- Central Oklahoma Federal Credit Union employees are eligible to receive a payout of unused accrued sick and vacation time prior to the merger date. Ms. Greenfield will receive \$13,333.25 (less lawful deductions) which equals a portion of her unused accrued sick and vacation time. This is not an increase in pay and is already accrued by Central Oklahoma Federal Credit Union.
- Ms. Greenfield and Central Oklahoma Federal Credit Union entered into a Supplemental Executive Incentive Agreement in April 2019 pursuant to which Ms. Greenfield is eligible to receive a reduced benefit equal to the amount already accrued if there is a change of control event, such as the merger between Central Oklahoma Federal Credit Union and True Sky. The reduced benefit amount as of the merger date is approximately \$31,666.92 (less lawful deductions).
- The total maximum amount Ms. Greenfield will be eligible to receive is \$52,500.17 (less lawful deductions).

Lisa Vail, Account/Deposit Operations Manager:

- Ms. Vail will be eligible to receive a one-time bonus of \$7,500.00 (less lawful deductions) if she remains with the Continuing Credit Union through critical system integration.
- Central Oklahoma Federal Credit Union employees are eligible to receive a payout of unused accrued sick and vacation time prior to the merger date. Ms. Vail will receive \$6,610.00 (less lawful deductions) which equals a portion of her unused accrued sick and vacation time. This is not an increase in pay and is already accrued by Central Oklahoma Federal Credit Union.
- The total maximum amount Ms. Vail will be eligible to receive is \$14,110.00 (less lawful deductions).

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 the address below:

Central Oklahoma Federal Credit Union
 c/o CUBallot-Election Processing
 E Space Communications, Inc.
 P. O. Box 3156
 Dublin, OH 43016-9842

To be counted, your Ballot must be received by October 19, 2022 at 5:30 PM.

You may also vote online at www.cofcu.net by selecting the Begin Voting button no later than October 19, 2022 at 5:30 PM.

BY THE ORDER OF THE BOARD OF DIRECTORS:

Gary Robinson, Board Chairperson

September 2, 2022

Date

MERGER OF TRUE SKY FEDERAL CREDIT UNION (CCU) AND CENTRAL OKLAHOMA FEDERAL CREDIT UNION (MCU)
 COMBINED INCOME STATEMENT
 6 Months Ended June 30, 2022

	TRUE SKY FCU	CENTRAL OKLAHOMA FCU	Total
Interest on Loans	\$ 11,582,398.00	\$ 526,000.00	\$ 12,108,398.00
Income from Investments	\$ 893,972.00	\$ 41,000.00	\$ 934,972.00
TOTAL INTEREST INCOME	\$ 12,476,370.00	\$ 567,000.00	\$ 13,043,370.00
Dividends on Shares	\$ 1,674,841.00	\$ 30,000.00	\$ 1,704,841.00
Interest on Borrowed Money	\$ 35,249.00	\$ -	\$ 35,249.00
TOTAL INTEREST EXPENSE	\$ 1,710,090.00	\$ 30,000.00	\$ 1,740,090.00
Provision (Credit) for Loan Losses (PLL)	\$ 1,516,241.00	\$ (14,000.00)	\$ 1,502,241.00
NET INTEREST INCOME AFTER PLL	\$ 9,250,039.00	\$ 551,000.00	\$ 9,801,039.00
Fee Income	\$ 2,015,918.00	\$ 119,000.00	\$ 2,134,918.00
Other Operating Income	\$ 4,134,986.00	\$ 124,000.00	\$ 4,258,986.00
Non-Operating Income	\$ 956,640.00	\$ -	\$ 956,640.00
Gain on Sale of Assets	\$ -	\$ 74,000.00	\$ 74,000.00
Gain from Bargain Purchase	\$ -	\$ -	\$ -
TOTAL NON-INTEREST INCOME	\$ 7,107,544.00	\$ 317,000.00	\$ 7,424,544.00
Total Employee Compensation & Benefits	\$ 6,904,021.00	\$ 538,000.00	\$ 7,442,021.00
Travel & Conference Expense	\$ 207,893.00	\$ 5,000.00	\$ 212,893.00
Office Occupancy Expense	\$ 1,267,199.00	\$ 39,000.00	\$ 1,306,199.00
Office Operations Expense	\$ 2,462,836.00	\$ 223,000.00	\$ 2,685,836.00
Educational & Promotional Expense	\$ 820,854.00	\$ 37,000.00	\$ 857,854.00
Loan Servicing Expense	\$ 1,120,799.00	\$ 19,000.00	\$ 1,139,799.00
Professional Services Expense	\$ 2,702,370.00	\$ 27,000.00	\$ 2,729,370.00
Operating Fees	\$ 64,965.00	\$ 3,000.00	\$ 67,965.00
Miscellaneous Operating Expense	\$ 339,086.00	\$ 23,000.00	\$ 362,086.00
TOTAL NON-INTEREST EXPENSE	\$ 15,890,023.00	\$ 914,000.00	\$ 16,804,023.00
NET INCOME	\$ 467,560.00	\$ (46,000.00)	\$ 421,560.00

Note: The above financial data excludes any necessary pre-merger accounting adjustments and any purchase accounting adjustments.

MERGER OF TRUE SKY FEDERAL CREDIT UNION (CCU) AND CENTRAL OKLAHOMA FEDERAL CREDIT UNION (MCU)
 Combined Balance Sheet and Probable Asset to Share Ratio
 As of June 30, 2022

	TRUE SKY FCU	CENTRAL OKLAHOMA FCU	Combined
<u>ASSETS</u>			
Cash & Equivalents	\$ 26,925,532.00	\$ 7,717,280.00	\$ 34,642,812.00
Investments	\$ 147,597,888.00	\$ 53,380.00	\$ 147,651,268.00
Total Cash and Investments	\$ 174,523,420.00	\$ 7,770,660.00	\$ 182,294,080.00
Total Loans	\$ 622,653,744.00	\$ 24,262,728.00	\$ 646,916,472.00
Allowance for Loan Losses	\$ 3,855,983.00	\$ 134,140.00	\$ 3,990,123.00
Net Loans	\$ 618,797,761.00	\$ 24,128,588.00	\$ 642,926,349.00
Other Assets	\$ 73,441,887.00	\$ 3,512,304.00	\$ 76,954,191.00
NCUSIF Deposit	\$ 6,157,326.00	\$ 279,473.00	\$ 6,436,799.00
Total Assets	\$ 872,920,394.00	\$ 35,691,025.00	\$ 908,611,419.00
<u>LIABILITIES & EQUITY</u>			
Notes Payable	\$ 25,500,000.00	\$ -	\$ 25,500,000.00
Accounts Payable & Other Liabilities	\$ 6,676,671.00	\$ 530,588.00	\$ 7,207,259.00
Total Liabilities	\$ 32,176,671.00	\$ 530,588.00	\$ 32,707,259.00
Checking Accounts	\$ 193,139,626.00	\$ 6,675,692.00	\$ 199,815,318.00
Regular Shares	\$ 240,648,218.00	\$ 12,811,145.00	\$ 253,459,363.00
Money Market Accounts	\$ 110,157,174.00	\$ -	\$ 110,157,174.00
Certificates	\$ 162,084,696.00	\$ 6,238,017.00	\$ 168,322,713.00
IRA/KEOGH Accounts	\$ 34,106,540.00	\$ 2,799,231.00	\$ 36,905,771.00
All Other Shares	\$ 51,093,030.00	\$ 2,244,618.00	\$ 53,337,648.00
Total Member's Shares	\$ 791,229,284.00	\$ 30,768,703.00	\$ 821,997,987.00
Regular Reserves	\$ -	\$ -	\$ -
Equity Acquired in Merger	\$ -	\$ -	\$ -
Unrealized Loss on AFS Investments	\$ (14,404,548.00)	\$ -	\$ (14,404,548.00)
Undivided Earnings	\$ 63,918,987.00	\$ 4,391,734.00	\$ 68,310,721.00
Total Equity	\$ 49,514,439.00	\$ 4,391,734.00	\$ 53,906,173.00
TOTAL LIABILITIES, SHARES & EQUITY	\$ 872,920,394.00	\$ 35,691,025.00	\$ 908,611,419.00
Probable Asset/Share (PAS) Ratio (1)	110%	116%	111%

Note: The above financial data excludes any necessary pre-merger accounting adjustments and any purchase accounting adjustments.

(1) The PAS ratio is the relative worth of each \$1 in shares.



Ballot for Merger Proposal

Name of Member: _____
Account Number: _____

Your credit union must receive this ballot or your online vote by October 19, 2022 at 5:30 PM.

Please vote by one of the following methods:

1. Online at www.cofcu.net by selecting the Begin Vote button;
2. Bring this ballot with you to the Special Meeting located at the Route 66 Interpretive Center, 400 E 1st St (HWY 66), Chandler, OK 74834 on October 19, 2022 at 5:30 PM; or
3. Mail this ballot in the enclosed, postage-paid envelope to:

Central Oklahoma Federal Credit Union
c/o CUBallot-Election Processing
E Space Communications, Inc.
P. O. Box 3156
Dublin, OH 43016-9842

I have read the Notice of Special Meeting for the members of Central Oklahoma 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)