

## **NOTICE OF SPECIAL MEETING OF THE MEMBERS OF LIGHTHOUSE COMMUNITY CREDIT UNION**

The Board of Directors of Lighthouse Community Credit Union has called a Special Meeting of the Members of Lighthouse Community Credit Union at 1910 West Fourth Plain Blvd, Vancouver, WA 98660 on May 27, 2021, at 6:00 p.m. You may attend the meeting virtually via the following link: <https://us02web.zoom.us/meeting/register/tZMod-usrDwvHtTcy2oauoijoprOcrKH08z> or by contacting the branch directly, in advance of the meeting (no later than 4:00 pm the day of the meeting) for the registration link.

### **Purpose of Special Meeting & Member Action**

The purpose of the Special Meeting & Member Action is:

1. To consider and act upon a Merger Plan and proposal for merging Lighthouse Community Credit Union of Vancouver, Washington with Rivermark Community Credit Union of Beaverton, Oregon (Continuing Credit Union) whereby all assets and liabilities of Lighthouse Community Credit Union will be merged with and into the Continuing Credit Union. All members of Lighthouse Community 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 Lighthouse Community 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 Lighthouse Community 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 Lighthouse Community 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 mail ballot to vote on the proposed Merger. You may also cast your vote electronically before 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/services/Pages/resources-expansion/comments-proposed-merger.aspx> or NCUA, Credit Union Resources and Expansion, 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.

You have the right to vote on the proposed merger by written or electronic ballot prior to the Special Meeting.

## 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 in the best interests of members. The proposed merger will benefit their respective memberships by achieving operational cost savings and improving the operational and financial strength of the Continuing Credit Union, ultimately enhancing member value.

Benefits to the LHCCU Membership will include:

- Increased convenience and improved service resulting from RCCU's additional 8 branches and 2 standalone video teller kiosks (including 1 drive-up) in Oregon, and the convenience of video banking.
- Expanded accounts & services of credit and debit cards, commercial deposit accounts, loan products, and more extensive business services to serve local businesses and members.
- Access to the CO-OP ATM networks.
- Expansion of home mortgage and commercial real estate loan services through more robust first mortgage products and programs.

Benefits to RCCU Credit Union membership will include:

- Increased convenience and improved service resulting from the additional facility of RCCU in Vancouver, Washington.
- Increased returns to members from additional capital and savings and efficiencies of the merged credit unions.

Benefits to the Combined Organization will include:

- Increased capital and financial strength ensuring long-term sustainability.
- Enhanced member value through expanded financial product and service offerings, distribution channels, and competitive rates and fees.
- Additional cost savings in operations, resulting from consolidated back office support functions, and greater market presence and bargaining power.

Banking and financial services is a competitive industry. By joining together, RCCU and LHCCU will be better positioned to offer competitive financing and enhanced services for members. Merging these two strong organizations will combine shared values and will provide members additional financial protection against future economic downturns.

**Net Worth.** RCCU's net worth as of September 30, 2020 was \$103,364,428 and net worth ratio was 9.73% with LHCCU's at \$1,000,754 and 10.54% supported by \$500,000 subordinated debt added to regulatory capital. The combined net worth projection for the Continuing Credit Union as of September 30, 2020 is \$104,365,182 or 9.69% net worth ratio. Upon the merger, the net worth of LHCCU, as merging credit union will transfer to the Continuing Credit Union.

**No Share Adjustment.** Lighthouse Community 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 Lighthouse Community Credit Union's net worth is unnecessary. The Directors of RCCU and LHCCU have carefully analyzed the assets and liabilities of the Credit Unions and have appraised each Credit Union's share values. It is the opinion of the Board of Directors of RCCU and LHCCU that the merger should be completed without any adjustment in shares of the members of LHCCU upon completion of the merger. Based on the current financial and statistical reports, the Credit Unions have made a joint appraisal of assets and liabilities to determine the value of shares in each Credit Union. An analysis of the share values of RCCU, LHCCU, and the combined probable asset/share ratio value of the Continuing Credit Union are as follows: RCCU 112%; LHCCU 117%; and Continuing Credit Union 112%. The Credit Unions have determined that the shares in each Credit Union are substantially equal in value and no share adjustments are warranted.

**Locations of Merging and Continuing Credit Union.** LHCCU's main office at 1910 W. Fourth Plain Blvd., #100, Vancouver, WA will remain open. RCCU's branches and teller kiosks at the following locations will remain open:

2537 NE Hawthorne Blvd, Portland, OR  
14985 SW Barrows Road, Beaverton, OR  
1058 Sleret Avenue, Gresham, OR  
501 Deschutes Avenue, Maupin, OR  
2905 SW Cedar Hills Blvd, Beaverton, OR  
15963 SE Happy Valley Town Center Dr., Happy Valley, OR  
1240 W 6th Street, The Dalles, OR  
8235 SW Tualatin-Sherwood Road, Tualatin, OR  
4875 SW Griffith Drive, Beaverton, OR (drive up teller kiosk)  
2414 Portland Road, Newberg, OR (teller kiosk)

**Changes to Services and Member Benefits.** The Credit Unions have made no post-merger plans to reduce branch facilities, ATM network access, or existing accounts and services offerings currently offered or available to Lighthouse Community Credit Union members. The Continuing Credit Union may analyze the future branching and ATM network offering to 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 officials, CEO or the four most highly compensated employees have received or will receive in anticipation of or upon completion of the Merger.

In consideration for his continued employment with the merging credit union through the effective date of the merger, Steve Bernhoft, President & CEO of LHCCU, will be paid benefits pursuant to a Retention Bonus Agreement in the amount of \$25,000. Except as disclosed, no merger related financial arrangement or other financial incentive has been offered or provided to any official (Board or Supervisory Committee Member) management staff or employee of RCCU or LHCCU in connection with the approval or consummation of the Merger.

**Summary of Merger Plan.** In addition enclosed is a Summary of the Merger Plan which provides important Merger information including: the organization of the Board of Directors and Supervisory Committee; information on Senior Management and existing contracts and benefit plans; information on products and services anticipated after the Merger; and an itemized estimate of the direct costs of the merger.

**Effective Date.** Subject to approval by the Oregon DFR, Washington DFI, NCUA and members of LHCCU, the Credit Unions have planned an effective date for the merger of May 31, 2021.

**Merger Approval and Ballot.** In order to accomplish the merger, it is necessary to obtain approval of a simple majority of the members of LHCCU who vote on the proposal. In accordance with its Bylaws, LHCCU is conducting the member vote on the merger proposal through a mail and electronic ballot to the LHCCU members. The ballot distribution, collection, custody and tabulation will be conducted entirely by an independent third-party company. Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. Please complete the Ballot and return by U.S. Mail to CU Ballot Election Processing, P O Box 3156, Dublin, OH 43016-9842. Your mail ballot must be received by no later than midnight of the third (3rd) business day prior to the Special Meeting, May 27, 2021. Mail Ballots received after this date and time will not be counted. You may also cast your vote electronically at <https://lhccu.cuballot.com>.

BY THE ORDER OF THE BOARD OF DIRECTORS:

  
\_\_\_\_\_, Board Chair

Date: March 26, 2021

## **Summary Plan of Merger of Lighthouse Community Credit Union and Rivermark Community Credit Union**

### **Introduction**

The Board of Directors of Lighthouse Community Credit Union ("LHCCU"), as Merging Credit Union, and Rivermark Community Credit Union ("RCCU"), as Continuing Credit Union, approved the Merger of the two Credit Unions and have entered an agreement to merge, subject to the approval of the members of LHCCU and final approval by the Oregon Division of Financial Regulation ("DFR"), Washington Department of Financial Institutions ("DFI") and the National Credit Union Administration ("NCUA"). In connection with the Merger, the following information is provided in addition to the Merger and financial information set forth in the Notice of Special Meeting.

### **Board of Directors**

On the effective date of the merger, the Board of Directors will consist of eleven (11) Directors including nine (9) current members of RCCU, one (1) current member of LHCCU, and one (1) member selected based on established RCCU Board Policy.

### **Supervisory Committee**

The Continuing Credit Union plans to retain the current size of its Supervisory Committee of five (5) members. On the effective date of the merger, the Supervisory Committee of the Continuing Credit Union shall be comprised of the five (5) current members of the RCCU Supervisory Committee.

### **Management and Employees**

The Credit Unions intend to offer employment to all employees of LHCCU as of the merger date, subject to RCCU's current employment policies and procedures and the future business needs of the Continuing Credit Union. LHCCU employees will be offered a compensation and benefit package that is consistent in value and benefit, to the extent reasonably possible, as offered by RCCU to its employees. Seth Schaefer, currently the President and CEO of RCCU, will continue as President/CEO of the Continuing Credit.

### **Insurance**

There will be no changes in the \$250,000 of federal share insurance coverage of members' accounts through the National Credit Union Share Insurance Fund unless a member has accounts at both RCCU and LHCCU in excess of the share insurance limit. In this case, affected members will receive a separate notice explaining the federal share insurance coverage related to their account(s). Credit Union staff will encourage the affected members to meet with appropriate Credit Union staff who will attempt to work with the members in an effort to maximize their deposit insurance coverage.

### **Branch Offices**

After the merger, the Continuing Credit Union will continue all current full service branches of RCCU and LHCCU. The following is a list of the locations of all current and planned branches of RCCU and LHCCU:

Current Rivermark Community Credit Union Office	
Portland Branch	2537 NE Hawthorne Blvd, Portland, OR 97214
Progress Ridge Branch	14985 SW Barrows Road, Beaverton, OR 97007
Gresham Branch	1058 Sleret Avenue, Gresham, OR 97030
Maupin Branch	501 Deschutes Avenue, Maupin, OR 97037
Cedar Hills Branch	2905 SW Cedar Hills Blvd, Beaverton, OR 97005
Happy Valley Branch	15963 SE Happy Valley Town Center Drive Happy Valley, OR 97086
The Dalles Branch	1240 W 6 <sup>th</sup> Street, The Dalles, OR 97058
Tualatin Branch	8235 SW Tualatin-Sherwood Road, Tualatin, OR 97062
Newberg Video Teller Kiosk	2414 Portland Road, Newberg, OR 97132
Beaverton Drive-up Teller Kiosk	4875 SW Griffith Drive, Beaverton, OR 97005

Current Lighthouse Community Credit Union Offices	
Fruit Valley Branch	1910 W. Fourth Plain Blvd., #100, Vancouver, WA 98660

### Merger Expenses

The estimated expenses paid or to be incurred by the Credit Unions in connection with conducting the Merger including the special meeting costs and postage, printing, marketing and printing and postage, accounting fees, environmental assessments, consulting fees, legal fees and regulatory filing fees is \$87,000.

### Financial Information of RCCU and LHCCU

#### Regulatory Call Report (5300) Information

The following is key financial information from the Call Reports (5300) of RCCU and LHCCU as of September 30, 2020:

Key Information	RCCU	LHCCU
Total Loans	\$585,379,217	\$7,250,290
Total Assets	\$1,062,800,894	\$14,233,716
Total Deposits	\$940,564,714	\$12,665,349
Total Equity	\$109,322,045	\$1,000,754
Average Shares per Member	2.57	1.81
Average Loan per Member,	0.52	0.43
<b>Ratios</b>		
Net Worth/Total Assets	9.73%	10.54%
Delinquent Loans/Total Loans	0.25%	0.59%
Loan/Shares	62.24%	57.25%

The following is an overview of the combined year to date income statement for September 30, 2020:

<b>Key Information</b>	<b>RCCU</b>	<b>LHCCU</b>
Total Interest Income	\$26,569,802	\$404,491
Total Interest Expense (COF)	\$2,578,967	\$45,443
Fee and Other Operating Income	\$13,037,327	\$376,753
Operating Expense	\$30,633,872	\$586,556
Provisions for Loan Losses	\$3,844,676	\$73,048
Net Income	2,549,613	\$76,197
<b>Ratios</b>		
Net Charge Offs	0.49%	0.87%
ROA YTD	0.35%	0.71%
Net Operating Expense	4.23%	5.47%

The complete 5300 Regulatory Reports for Rivermark Community Credit Union and Lighthouse Community Credit Union are available at [www.ncua.gov](http://www.ncua.gov).

## Combined Financial Information

The following is an overview of the individual balance sheets of RCCU and LHCCU as of September 30, 2020, and a combined balance sheet showing what the Continuing Credit Union would have held at September 30, 2020.

SOURCE: CALL REPORT 9/30/2020	RIVERMARK	LIGHTHOUSE	Combined	Fair Value Adjustments	Combined Fair Value
<b>ASSETS:</b>					
Cash & Equivalents	\$ 150,468,259	\$ 3,164,083	\$ 153,632,342	\$ (500,000)	\$ 153,132,342
<b>TOTAL INVESTMENTS</b>	<b>\$ 269,403,948</b>	<b>\$ 3,274,482</b>	<b>\$ 272,678,430</b>	<b>\$ 835,260</b>	<b>\$ 273,513,690</b>
Loans Held for Sale	\$ 25,839,465	\$ -	\$ 25,839,465	\$ -	\$ 25,839,465
<b>TOTAL LOANS</b>	<b>\$ 585,379,217</b>	<b>\$ 7,250,290</b>	<b>\$ 592,629,507</b>	<b>\$ 64,620</b>	<b>\$ 592,694,127</b>
(Allowance for Loan & Lease Losses)	\$ (5,890,023)	\$ (86,830)	\$ (5,976,853)	\$ 86,830	\$ (5,890,023)
Land And Building	\$ 11,272,156	\$ 117,300	\$ 11,389,456	\$ -	\$ 11,389,456
Other Fixed Assets	\$ 1,963,534	\$ 301,881	\$ 2,265,415	\$ -	\$ 2,265,415
NCUSIF Deposit	\$ 8,525,409	\$ 128,383	\$ 8,653,792	\$ -	\$ 8,653,792
All Other Assets	\$ 15,838,929	\$ 84,127	\$ 15,923,056	\$ -	\$ 15,923,056
Goodwill	N/A	N/A	N/A	\$ -	\$ -
Identifiable Intangible Assets	N/A	N/A	N/A	\$ 126,797	\$ 126,797
<b>TOTAL ASSETS</b>	<b>\$ 1,062,800,894</b>	<b>\$ 14,233,716</b>	<b>\$ 1,077,034,610</b>	<b>\$ 613,507</b>	<b>\$ 1,077,648,117</b>
<b>LIABILITIES &amp; CAPITAL:</b>					
Notes & Interest Payable	\$ 2,000,000	\$ 7,700	\$ 2,007,700	\$ -	\$ 2,007,700
Accounts Payable & Other Liabilities <sup>3</sup>	\$ 10,914,135	\$ 59,913	\$ 10,974,048	\$ -	\$ 10,974,048
Subordinated Debt Included in Net Worth	\$ -	\$ 500,000	\$ 500,000	\$ (500,000)	\$ -
<b>TOTAL SHARES &amp; DEPOSITS</b>	<b>\$ 940,564,714</b>	<b>\$ 12,665,349</b>	<b>\$ 953,230,063</b>	<b>\$ -</b>	<b>\$ 953,230,063</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 953,478,849</b>	<b>\$ 13,232,962</b>	<b>\$ 966,711,811</b>	<b>\$ -</b>	<b>\$ 966,711,811</b>
Accumulated Unrealized Gains (Losses)	\$ 5,957,617	\$ -	\$ 5,957,617	\$ -	\$ 5,957,617
<b>TOTAL NET WORTH</b>	<b>\$ 103,364,428</b>	<b>\$ 1,000,754</b>	<b>\$ 104,365,182</b>	<b>\$ (1,000,754)</b>	<b>\$ 104,978,689</b>
Fair Value of Equity		N/A	N/A	\$ 1,032,998	
Bargain Purchase Fair Value	N/A	N/A	N/A	\$ 1,081,263	
<b>TOTAL LIABILITIES, SHARES, &amp; EQUITY</b>	<b>\$ 1,062,800,894</b>	<b>\$ 14,233,716</b>	<b>\$ 1,077,034,610</b>	<b>\$ 613,507</b>	<b>\$ 1,077,648,117</b>
<b>INCOME &amp; EXPENSE</b>					
Loan Income*	\$ 23,446,619	\$ 366,222	\$ 23,812,841		
Investment Income*	\$ 3,123,183	\$ 38,269	\$ 3,161,452		
Other Income*	\$ 12,779,066	\$ 174,494	\$ 12,953,560		
Total Employee Compensation & Benefits*	\$ 17,517,394	\$ 268,817	\$ 17,786,211		
Total Other Operating Expenses*	\$ 13,116,478	\$ 317,739	\$ 13,434,217		
Non-operating Income & (Expense)*	\$ 258,261	\$ 202,259	\$ 460,520		
Provision for Loan/Lease Losses or Total Credit Loss	\$ 3,844,676	\$ 73,048	\$ 3,917,724		
Cost of Funds*	\$ 2,578,967	\$ 45,443	\$ 2,624,410		
<b>Net Income (Loss)*</b>	<b>\$ 2,549,614</b>	<b>\$ 76,197</b>	<b>\$ 2,625,811</b>		
<b>Combined Reportable Delinquency</b>	<b>\$ 1,453,136</b>	<b>\$ 42,818</b>	<b>\$ 1,495,954</b>		

\* Income/Expense items are year-to-date while the related %change ratios are annualized.

<sup>1</sup> Prior to September 2010, this account was named Net Income (Loss) Before NCUSIF Stabilization Expense. From December 2010 forward, NCUSIF Stabilization Income, if any, is excluded.

<sup>2</sup> Prior to September 2010, this account was named NCUSIF Stabilization Expense. For December 2010 and forward, this account includes Temporary Corporate CU Stabilization Expense and NCUSIF Premiums.

<sup>3</sup> March 2014 and forward includes "Non-Trading Derivative Liabilities.

<sup>4</sup> December 2011 and forward includes "Subordinated Debt Included in Net Worth.

<sup>5</sup> Prior to 3/31/19, Total Liabilities did not include Total Shares and Deposits.