

**NOTICE OF MEETING OF MEMBERS  
TO CONVERT FROM A FEDERAL TO A  
STATE CHARTERED CREDIT UNION**

**SESLOC FEDERAL CREDIT UNION**  
**San Luis Obispo, California**

**THIS PROPOSITION WILL BE DECIDED BY A MAJORITY OF THE MEMBERS WHO VOTE.**

Notice is hereby given that a meeting of the members of SESLOC Federal Credit Union has been called and will be held at:

**SESLOC Headquarters**

3855 Broad Street  
San Luis Obispo, CA 93403

On December 19, 2023  
At 4:00 p.m. to 5:00 p.m. PST

for the purpose of considering and voting upon the following resolution:

“RESOLVED, That SESLOC Federal Credit Union be converted to a credit union chartered under the laws of the State of California and that its operation under Federal charter be discontinued.

RESOLVED FURTHER, That the board of directors and the officers of this credit union and are hereby authorized and directed to do all things necessary to effect and to complete the conversion of this credit union from a Federal to State-chartered credit union.”

The board of directors of this credit union has given careful consideration to the advantages and the disadvantages of the proposed conversion and believes it to be in the best interest of the members for the following reasons:

- The conversion will allow for field of membership growth into adjacent service areas not available under a federal community charter. California law allows for both community areas and employer groups to be maintained in one charter, and allows for multiple counties to be served; federal regulations place limitations on the scope of our community charter, and service throughout the central coast counties is more easily attained and maintained under a California charter.
- Conversion will thus allow for continuation of excellent service in our existing footprint, while providing opportunity for increased efficiencies and better value for members.
- There will be no adverse impact on the quality of service or the economic value of service to Members.
- The Credit Union will maintain National Credit Union Share Insurance Fund (NCUSIF) insurance of all share accounts at the same levels you have enjoyed under our Federal charter.

The proposed conversion would result in the following disadvantages or adverse changes in service and benefits to the Members of the Credit Union.

- As a state chartered credit union, the word “federal” must be removed from the name of the Credit Union on all of the following items: signs, placards, posters, stationery, share drafts, credit cards and ATM cards. These one-time expenses will not be material to the Credit Union’s financials.
- The impact of a conversion to a state charter involves the expense incurred of California sales tax on Credit Union purchases and some unrelated business income tax. The anticipated tax impact is estimated at \$300,000.00 per year. This tax represents potential obligations of the Credit Union.

In conjunction with the conversion, the Credit Union is proposing to adopt an audit committee, in lieu of a supervisory committee, to maintain the Board’s appointment of the auditing and assurance volunteers. At least the majority of the audit committee will be directors of the Credit Union. The Credit Union’s Bylaws will not prohibit proxy voting, except as to matters submitted to members for their written mail ballots.

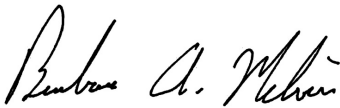
The board of directors recommends that the members approve the proposal to convert to a State charter.

You are urged to bring your ballot to the meeting and to cast your vote after hearing the discussion of the proposal. If you cannot attend the meeting, you are urged to mark your vote, date and sign your ballot, and return it no later than the date and the time announced for the meeting of the members:

**BY ORDER OF THE BOARD OF DIRECTORS**



**Tom Lebens**  
Board Chair



**Barbara Melvin**  
Board Secretary

Issued November 15, 2023

