

Notice of Special Meeting of the Members on Proposal to Merge MWD Federal Credit Union

On June 12, 2018, the Board of Directors of your credit union approved a proposition to merge with Vons Employees Federal Credit Union. You are encouraged to attend a special meeting of your credit union at The Metropolitan Water District of Southern California, 700 North Alameda Street, Los Angeles, CA 90012 in the 1st Floor Cafeteria on September 26, 2018 at 2:00 p.m. to discuss the merger proposal in more detail.

Purpose of the Meeting

The meeting has two purposes:

1. To consider and act (VOTE) upon a proposal to merge our credit union with Vons Employees Federal Credit Union, the Continuing Credit Union.
2. To approve the action of the Board of Directors of our credit union in authorizing the officers of the credit union, subject to member approval, to carry out the proposed merger.

Enclosed with this notice is a ballot to vote on the proposed merger. If you cannot attend the meeting, you are encouraged to mail your ballot using the postage-paid, self-addressed envelope provided to: Richards and Associates, CPAs, an independent auditing firm; to be received no later than 2:00 p.m. on September 26, 2018.

If this merger is approved, our credit union will transfer all its assets and liabilities to the Continuing Credit Union. As a member of our credit union, you will become a member of the Continuing Credit Union. On the effective date of the merger, you will receive shares in the Continuing Credit Union for the shares you own now in our credit union at the time of the merger.

Other Information Related to the Proposed Merger

The directors of the participating credit unions 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.

Reasons for the Merger

The directors of the participating credit unions have concluded that the proposed merger is desirable for a number of reasons allowing for a consolidation of the energies and resources of the two credit unions to better serve the members.

As such, the Continuing Credit Union will be able to offer—and you will be able to expect:

- The Continuing Credit Union intends to retain MWD FCU's name after the merger such that MWD FCU will be referred to as "a division of" Vons Employees Federal Credit Union and subject, of course, to sound business practices and regulatory guidance.
- A wider variety of competitive services and products, including, for example enhanced loan and credit options, checking account products, enhanced web based services such as Online Banking, Online Bill Pay, eStatements, eAlerts, Webhelp, Mobile Banking App, Apple Pay®, and Mobile Check Deposit, as well as insurance/investment services, and financial education and literacy programs.
- Six (6) additional (new) branches (with longer hours of operation—see below) as well as continued access to the shared branch network, with continued access to over 5,000 credit union shared branch locations worldwide and 30,000 fee-free ATMs through the CO-OP Network.
- The Continuing Credit Union commits to maintaining the current branch located at 700 North Alameda Street, Los Angeles, CA 90012 provided that a branch in that location continues to be in the best interests of the members and subject to sound business practices and safety and soundness of Continuing Credit Union.
- The Board of the Continuing Credit Union will include representation from MWD FCU's current Board immediately after the merger by bringing one MWD FCU Board member to the Vons CU Board. In addition, MWD FCU Board members will have the opportunity to serve on an Advisory Board to the Continuing Credit Union for three months after the merger.
- MWD FCU employees will continue to be employed by the Continuing Credit Union following consummation of the merger.
- The Continuing Credit Union, and consequently the members, will benefit from the economies of scale (including a combined entity totaling approximately \$575 million in assets and approximately 48,000 members); translating into lower operating costs by allowing such costs to be spread over a wider membership base.
- Your accounts will continue to be federally insured through the National Credit Union Share Insurance Fund (NCUSIF), a U.S. Government Agency, to at least \$250,000 for regular deposits and \$250,000 for IRAs.
- All MWD FCU members' existing share certificates and IRA certificates will be converted to the Continuing Credit Union's current rates (which are higher than MWD FCU's rates) as of the merger date for the remainder of their term.

- The Board of Directors of our credit union has determined that a special member bonus disbursement, which in total shall not exceed \$410,650, will be distributed on a one-time (pro-rata) basis to members of MWD Federal Credit Union. This capital distribution is an adjustment that members will receive if the merger is approved. This one-time adjustment returns approximately one percent (1%) of MWD FCU's capital to our members to recognize them for maintaining their deposits with MWD FCU (as specified below). The distribution (in the form share balance/dividend distribution) will occur on or about the effective date of the merger and shall be provided to eligible members of record of MWD FCU as of December 31, 2017, and pro-rata based upon share balances at that date and who remain members in good standing and also maintain a share account with MWD FCU as of the merger date.
- Combining the foregoing with the fact that the Continuing Credit Union will be able to provide added convenience for the membership through more deposit and checking products, services, and the additional branch locations noted below, as well as the fact that the credit unions share a commitment in serving members in Southern California, makes this merger a "perfect fit."

As noted above, the Continuing Credit Union will provide the members with access to a greater number of credit union branches, including the following Branch locations:

Branch Locations and Hours (as well as Call Center):

Call Center

(626) 444-1972
7 a.m. to 7 p.m.
Monday – Friday

Brea Branch

200 N Puente St
Brea, CA 92821
M/T/Th/F: 9 a.m. – 3:30 p.m.
Wed: 11 a.m. – 5 p.m.

Commerce Branch

4820 S Eastern Ave, Ste L
Commerce, CA 90040
M-F: 9 a.m. – 5 p.m.

Commerce – Unified Branch

(limited access / accessible to company employees only)
5200 Sheila Street
Commerce, CA 90040
M/T/W/F: 8 a.m. – 2 p.m.
Th: 9 a.m. – 6 p.m.

El Monte Branch

4455 Arden Drive
El Monte, CA 91731
M – Th: 8:30 a.m. – 4:30 p.m.
Fri: 8:30 a.m. – 5:30 p.m.

Fullerton Branch – Limited

Access (located inside corporate office)
1421 Manhattan Ave
Fullerton, CA 92831
M – F: 8:30 a.m. – 4:30 p.m.

Granada Hills Branch –

Located in Vons Grocery Store
16830 San Fernando Mission Blvd
Granada Hills, CA 91344
M – Th: 8:30 a.m. – 4:30 p.m.
Fri: 8:30 a.m. – 5 p.m.

San Diego Branch – Located

in Vons Grocery Store
3550 Murphy Canyon Rd
San Diego, CA 92123
M – F: 8:30 a.m. – 4:30 p.m.

MWD – Alameda Branch

700 North Alameda Street,
Los Angeles, CA 90012
M – F: 7:30 a.m. – 4 p.m.

ATM Information: Please note that as a member of the Continuing Credit Union, the CO-OP ATM Network will continue to be available to you.

The main office of the Continuing Credit Union will be as follows:

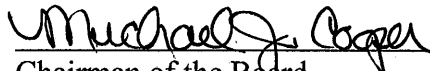
Vons Employees Federal Credit Union: 4455 Arden Drive, El Monte, CA 91731

Merger Related Financial Arrangement: The following disclosure is made pursuant to National Credit Union Administration Regulations:

MWD FCU's long time Accounting Manager, Ms. Maria Yu, will be retiring as of the merger effective date. The Board of Directors of Vons Employees Federal Credit Union and MWD Federal Credit Union believe it will be beneficial to the members of the combined credit union to retain the services of Ms. Yu during the completion of the merger. To reward her for her service and incent her to remain until the merger is complete, she will be offered a supplemental retirement bonus by the Continuing Credit Union, which is both reasonable and commonplace in the financial services industry. By virtue of the supplemental retirement bonus Ms. Yu will receive an amount equivalent to \$35,813 (gross) (approximately \$17,907 after applicable taxes at 50%) when her employment ends. On an after-tax basis, this equates to approximately \$1,791 for each year of service from Ms. Yu's first day with MWD FCU, through the merger effective date, thereby recognizing her 10 years of meritorious service.

The merger must have the approval of a majority of members of the credit union who vote on the proposal. 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-paid envelope so that it is received by the third-party auditing firm no later than 2:00 p.m., September 26, 2018. To be counted, your ballot must reach us by the date and time announced for the meeting.

BY ORDER OF THE BOARD OF DIRECTORS:


Chairman of the Board

8/29/2018
Date