



TO: Credit Union Members

FROM: Santa Cruz Community Credit Union

DATE: August 27, 2021

RE: Verification of signatures submitted for Members-only meeting petition

On August 13, 2021, a members-only meeting was held by the Board of Directors to discuss the Credit Union's Member Access Plan and the sale of our Santa Cruz branch building.

It was noted during the meeting that the Board felt strongly the meeting should take place out of respect for those members who requested a meeting, acknowledging that a signature-gathering effort by some members fell short of the required number of verified signatures per the rules that were outlined to guide the signature-gathering process.

As part of the Credit Union's commitment to transparency and fairness, what follows is information about the signature-gathering process for a Special Meeting of the Members, as well as the independently verified number of verified signatures that were submitted and received by the Credit Union.

The signature-gathering effort was guided by a process and specific rules that are defined in the Credit Union's bylaws. These rules are important to ensure that the democratic process does not harm the Credit Union, its members, or its officials and employees." Per Section 402(c) from the bylaws, the rules are:

In order to call a Special Meeting of the members, you will need to obtain the "written request of ten (10) members or three percent (3%) of the membership, whichever is greater."

a. As of 5/31/2021, our total membership is 14,124. 3% of that is 424 members.

b. The Credit Union must be able to confirm the identity and membership status of the individuals requesting a meeting, and the petitions must clearly indicate that the members signed requesting the meeting topic.

c. Written requests must be very clear regarding the topic to be discussed at the Special Meeting, and only the topic in the request for the Special Meeting can be discussed at the Meeting.

After receiving a petition via email and a petition that was hand-delivered to the Credit Union, a secure, dual-custody process was used to count and verify all signatures. To ensure a fair and complete accounting of the tallying process, the Credit Union sought the assistance of a qualified, third-party auditing firm to review the petition and signatures and verify against the Bylaws and member account records. It was noted that there were non-members and duplicate signers included in the petition documents.

Turner, Warren, Hwang & Conrad AC (TWHC) is a well-respected auditing firm that audits financial institutions nationwide, including credit unions. TWHC's audited verification process concluded that 280 signatures were valid. TWHC's audit report concluded:

To meet the requirements of section 402 (c) [of the SCCC bylaws] the Lead Petitioner provided the credit union with 312 actual written signatures of which we were able to validate 280 to the credit union's membership records.

In addition, the Lead Petitioner provided 605 names of members collected via Google docs, which we were not able to validate since these were not actual written signatures and did not meet the definition of section 402 (c). Moreover, since the signatures were not written, there was no way to verify the validity of these names or their authenticity as there was no signature to compare to.

In order for an entry to be considered a valid signature the following criteria has to exist: (1) members must provide, in legible writing, their name and signature on a document requesting a special meeting, (2) the petitioner (member) must have a minimum of \$5 in their share account which constitutes one share, and (3) members are recommended to provide a unique characteristic (such as a phone number or email listed in the account) to assist in identifying their account. Of the 917 names received ultimately only 280 signatures were recognized as valid, short of the required 424 minimum written signatures.

In summary, the result of the signature gathering effort was submission of 917 names for receipt and verification by the Credit Union. A qualified third-party audited the verification process and determined 280 signatures were valid. Despite falling short by 144 valid signatures, the Credit Union Board of Directors was pleased to host a meeting of the members on August 13, 2021. A summary of the meeting is available on the Credit Union website: <https://scccu.org/about-us/member-access-plan>.