



PRIVILEGED AND CONFIDENTIAL: NOT APPROVED FOR EXTERNAL DISTRIBUTION

August 9, 2021

Dear Members of the Board of Trustees:

We received your July 12, 2021 letter that outlined the District's concern related to the diversity of the SchoolsFirst FCU Board of Directors. We always welcome communication from our Membership, and believe this type of dialogue is a positive way to build understanding and education between SchoolsFirst FCU and the school employees, schools and districts we serve. In particular, we value our longstanding relationship and shared history with Santa Ana College, Santiago Canyon College and Rancho Santiago Community College District, and appreciate the opportunity to respond to your concern.

Just as RSCCD has a longstanding commitment to diversity, equity and inclusion, so too is diversity, equity and inclusion at the core of the culture at SchoolsFirst FCU. For many years, our organization has built an incredibly diverse and inclusive leadership, management team and employee base. We also recognize that changes to our volunteer Board of Directors have taken more time to evolve, but we continue to be committed to change through a process that is appropriate for an organization of our size in a highly regulated industry.

Our volunteer Board of Directors is comprised of 13 well-qualified individuals who are nominated and voted on by our Membership for their experience, capabilities, and support of the mission, culture and values of SchoolsFirst FCU. Their contributions, along with our two Associate Directors, have permitted all Members to thrive through many economic cycles, including the one we are experiencing today. In addition to our Board, we have three advisory councils and a forum chaired by our President whose Members have diversity in experience, gender, age, culture and geography to help us represent and serve our Membership.

The combination of the strict government regulation under which SchoolsFirst FCU operates, along with our stewardship of the assets of 1.2 million Members, requires a certain skill set, training and experience to manage an asset class of more than \$26 billion. The individuals who comprise our Board of Directors have served the Credit Union in a variety of volunteer positions prior to joining the Board of Directors. That initial volunteer experience provided them with an understanding of our history, philosophy, and an appreciation of the uniqueness of the credit union movement.

While your letter requests that we replace six current Board Members within the next 90 days, such a move would raise serious concerns with regulators, and the loss of valuable experience and knowledge that has helped our Credit Union succeed would not benefit our Members or the communities we serve. Our Board is committed to creating, maintaining, and growing a culture that strives to go beyond ethnic and cultural diversity. Each Member of our Board believes that we can and will strengthen our inclusive culture.

We are always looking for volunteer Members who can help us continue to represent the diversity of our Membership, and we welcome your offer to suggest potential new volunteers. We have included information on how a Member can become a volunteer on our website.

We are proud of the valuable experience, institutional knowledge and understanding of our Credit Union's strategy by our Board of Directors and volunteers, and look forward to continuing to build greater diversity among this group of leaders who operate with the greatest integrity to benefit our Members and their families.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Marchant". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Greg Marchant
Chairman of the Board

A handwritten signature in black ink, appearing to read "Bill Cheney". The signature is cursive and includes a long horizontal stroke at the end.

Bill Cheney
President/CEO