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June 2023

PNU

Polish National Union of America

POLISH NATIONAL UNION OF AMERICA

Straż - The Guard

2023: The Year of Transformation Update



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Gregory Senkevitch

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Mari Jane Stankowski, Secretary; Paul Gorgol, David Petrosky, Stacey Shrive &
Michael Mietlicki

Education & Youth Commission: Mary Stankowski, Chair; Most Rev. Anthony A. Mikovsky; Martin Wachna, Jr.,
Very Rev. Robert Nemkovich, Jr. & Carol Mikovsky

Fraternal Activities Committee: Michael Mietlicki, Chairman; Very Rev. Lucian Urbaniak, Debbie Bilinski,
Henrietta Kleckner, George Urciuoli & Martin Wachna, Jr., Ex-officio

Internal Audit Committee: Very Rev. John Kowalczyk, Jr., Chairman; Henrietta Kleckner, Vice Chair &
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Katherine Gnat

2023: The Year of Transformation Update



Martin H. Wachna, Jr.

Chief Executive Officer - Polish National Union of America

The Board of Directors and Management Team are excited to announce that the Board of Directors have approved the language of a merger agreement between the Polish National Union and the Polish National Alliance.

On June 5, 2023 the Board of Directors met to discuss the merger agreement document prepared by our attorney Todd Martin. Attorney Martin was present at the meeting to witness the discussion and motion to adopt the document. The Polish National Union of America over the course of the last number of years has been losing surplus mainly due to the increase in regulations placed onto the organization by the states. At the end of 2022, the Risk Based Capital calculation that the states use to validate the strength of the organization, dropped to below 200%.

In 2022, the Board of Directors looked at numerous ways to raise additional capital to infuse the organization without placing members or the PNCC into a position that may be harmful. After careful research and negotiations, it was determined that the best alternative was to negotiate a merger on our terms rather than waiting to be told whom to merge with by the state regulators.

In early 2023, the Board of Directors invited eight organizations to discuss merger possibilities. From those eight organizations it was narrowed to three. The final three organizations were apart of individual in-depth discussions with the PNU Board. During the discussions, reporting was shared with one another to decide which organization would be the best fit for the PNU. The Board Merger Committee recommended in March to proceed with the Polish National Alliance. The PNA was the organization most closely aligned to that of the PNU and provided the members with the most positive benefits.

What happens now?

For the next 60 days the members may review the agreement here in the Straz. They may comment to the Board of Directors in written form if there are any concerns. The delegates from the 31st General Convention will be contacted to review and vote for the approval of the merger with the PNA.

The Management and Board of Directors urge the delegates of the 31st General Convention to approve the merger. As said previously, **the merger with the PNA is under our terms negotiated with them and not being forced by the regulators to merge with no recourse.**

Fraternally,
Martin Wachna
CEO, Polish National Union of America



Polish National Union of America

June 6, 2023

Dear Members of the Polish National Union of America,

Our 31st General Convention was held in the fall of 2019 and through discussions occurring during the business sessions a sense of renewal and direction was created by the delegates for the elected Board of Directors to follow. During the sessions delegates discussed many topics which included the potential of the PNU merging with another society to preserve expenses and enhance the benefits available to members. At the same time a sense of necessity arose to make preparations for stormy seas ahead. While we could see this storm gathering we could not anticipate the intensity of the rough seas hidden in the clouds. Just a short while after returning home the storm came upon us.

A perfect storm formed ahead of us lead by the COVID-19 outbreak, and the declaration of a worldwide pandemic which brought almost all meeting and fraternal activity to a halt. It also served to minimize the contact opportunities with prospective members. This event served to steer the Board to focus attention on a discussion that occurred during the 31st General Convention about merging with a suitable partner.

The PNU Board of Directors worked diligently on simultaneous projects which represented various possibilities for the PNU. This process culminated with the decision to seek a merger partner who would understand the need for the PNU to continue fraternal activities and member benefits.

During the many years that the PNU has operated as a fraternal benefit society it has been working with the Polish National Alliance in various ways which has helped our fraternal societies develop a positive relationship. The result of this is the announcement of the merger of the PNU with the PNA.

Therefore, on June 5, 2023, during a regular Board meeting held by the Board of Directors of the Polish National Union of America a unanimous vote was cast to approve a merger agreement with the Polish National Alliance of the United States of North America also referred to as the PNA.

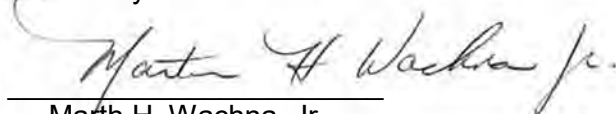
The merger document is provided to you in accordance with Pennsylvania Law 40 P.S. Section 1141-214(b). No less than 60 days from the date of this publication, the delegates from the 31st General Convention will be casting their vote to either approve or disapprove of the agreement.

As the executive officers of the Polish National Union of America we encourage you to review the merger document published in this Special Issue of the Straz and we recommend that this agreement in its published form be approved by our delegates.

If you have any questions or concerns, please feel free to contact the home office at 1-800-724-6352.

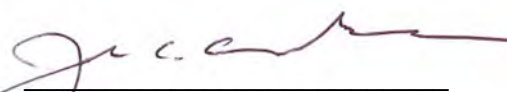
Thank you for taking the time to review this important document.

Fraternally on behalf of the PNU Board of directors,



Marth H. Wachna, Jr.

Chief Executive Officer.....



John C. Andrzejewski III, FIC

Chief Financial Officer and Secretary

1002 Pittston Ave., Scranton, PA 18505-4109 (570) 344-1513

Agreement of Merger

This Agreement of Merger ("Agreement") is entered into as of June 15, 2023 by and between Polish National Union of America ("PNU") and Polish National Alliance of the United States of North America ("PNA") (collectively the "Societies").

RECITALS

1. PNU is a fraternal benefit society organized and existing under the laws of the Commonwealth of Pennsylvania. Its principal place of business is Scranton, Pennsylvania.
2. PNA is a fraternal benefit society organized and existing under the laws of the State of Illinois. Its principal place of business is Chicago, Illinois.
3. The Boards of Directors of PNU and PNA have agreed that a merger of the two Societies would be in the interests of the Societies and their respective members and would provide increased financial security for members.

AGREEMENTS

1. **Form of Transaction.** PNU, will be merged with and into PNA (the "Merger") as of 12:01am October 1, 2023, or at such other time as the Societies may agree (the "Effective Time"). The Merged Society will continue as an Illinois domestic fraternal benefit society at the business address of PNA in Chicago, Illinois.
2. **Governing Documents.** The attached Articles of Incorporation and Bylaws of PNA will be the governing documents (the "Governing Documents") of the merged society (the "Merged Society") as of the Effective Time.
3. **Members.** On the Effective Time, the members of both Societies will be members of the Merged Society, with the rights, obligations and privileges of membership under the Governing Documents.
4. **PNU District.** The Merged Society will establish and charter a separate PNU fraternal District (the "PNU District"). Each of the PNU branches will be chartered as a subordinate lodge of the PNU District and will retain all members, officers and assets. All PNU members will become members of the PNU District. The Merged Society will maintain the PNU District as long as the PNU District membership exceeds 50% of the PNU District membership at the Effective Time of the Merger (the "PNU District Membership Requirement").

5. **PNU District Benefits.** The PNU District and members will be eligible for the benefits available to lodges and members from PNA including, but not limited to, lodge funding and scholarship programs. The PNU District and members will be subject to the same requirements as are applicable to lodges and members of PNA.

6. **PNU District Programs.** The Merged Society will permit the PNU District to continue its missions and objectives, subject to the requirements of the Governing Documents and applicable laws. This includes, but is not limited to, the PNU scholarship and stipend programs, religious based activities, and support of the Polish National Catholic Church ("PNCC"). The Merged Society will continue the PNU program permitting eligible PNCC clergy to obtain an annuity at a rate .5% higher than the applicable base rate of the Merged Society, subject to all program requirements and applicable law, for as long as the PNU District continues. All funds allocated by PNU to the PNU scholarship and stipend program will be transferred to the PNU District and the PNU District will be responsible for administration and additional fundraising for these programs.

7. **New PNU District Members.** New members submitted to the Merged Society by the PNU District or those indicating a desire to become a member of the PNU District will become members of the PNU District.

8. **PNU Historical Items.** PNU will designate certain historical items in its possession that will be returned/transferred to the PNCC. PNU or the Merged Society shall also grant to the PNCC a perpetual and exclusive license to future publication of the Straż – The Guard, provided that such publication shall not be a publication of the Merged Society.

9. **PNU District Directors.** PNU district directors will become area coordinators of the PNU District. Such positions are volunteer positions and any stipend or reimbursement provided would be the responsibility of the PNU District area.

10. **Name.** The name of the Merged Society as of the Effective Time will be Polish National Alliance of the United States of North America. The Merged Society will retain the right to use the names, trademarks and service marks of each of the Societies, including, but not limited to, "Polish National Union of America" and other names in use by PNU. PNU membership and identity may be referred to as a District of PNA.

11. Assets. The rights, privileges and interests of PNU, and all property, real, personal and mixed, and all debts due to PNU on whatever account, including without limitation premiums, will be taken and be deemed invested in the Merged Society without further act or deed. All property, rights, privileges and franchises, and every other interest will be thereafter the property of the Merged Society as they were of PNU. The title to any real estate or interest therein, vested by deed or otherwise in PNU, will not revert or be in any way impaired by reason of the Merger.

12. Liabilities. The Merged Society will assume all the liabilities and obligations of PNU, including, without limitation, the obligations to fund and perform on benefit contracts issued by PNU to its members, any agreements between PNU and third parties, such as reinsurers, vendors, lessors or employees, including any liability accruing under an employment agreement entered into by PNU. The rights of the creditors of PNU, or of any persons dealing with the Societies, will not be impaired by the Merger.

13. Endorsement. After the Effective Time, the benefit contract(s) for each PNU member that was in effect on the Effective Time will be endorsed with a Merger Endorsement, in the form agreed to by the Societies in writing, which will be attached to and become a part of the benefit contract(s) of each member.

14. Leadership. The Directors and Officers of PNA will be the Directors and Officers of the Merged Society. The PNU Board of Directors may designate a representative who will serve as an ex-officio member of the PNA Board of Directors until December 31, 2024.

15. Transition Agreements. Certain Employees have executed Transition Agreements with the PNU. Such agreements will be honored in accordance with their terms and conditions by the Merged Society.

16. Cost of Migration. The costs of migrating systems, processes, data and historical accounting and actuarial records to the Merged Society shall be paid for by the Merged Society.

17. Spojnia Credit Union ("SCU"). The Merged Society shall become a sponsoring organization of the SCU so that the members of the Merged Society are eligible for membership in the SCU. The Merged Society shall enter into a marketing agreement with SCU to market credit union services to the members of the Merged Society.

18. Maintenance of Depository Accounts With the SCU. The Merged Society shall maintain a minimum of \$250,000 in balances at the SCU for as long as the PNU District meets the PNU District Membership Requirement.

19. Certain Provisions Regarding Mortgages Held by the PNU. The cost of obtaining current appraisals for any mortgage held by the PNU shall be paid by the Merged Society. PNU will enter into agreements with PNCC whereby the PNCC will purchase the loan to Spojnia Inc. Our Lady of Mt. Carmel, and St. Francis of Assisi held by the PNU at the Effective Time at par.

20. Termination of Certain Rights of the PNU. Notwithstanding anything contained herein, all rights held by the PNU to: (a) designate representatives to the Supreme Council of the PNCC, (b) designate representatives to the board of directors of Spojnia Inc. (c) designate representatives to the Education and Youth Commission of the PNCC shall terminate upon the consummation of the Merger and the Merged Society shall take all actions necessary to relinquish such rights.

21. Cooperation. Each Society will take all reasonably appropriate actions and execute any additional documents, instruments and conveyances of any kind which may be reasonably necessary to carry out any of the provisions of this Agreement.

22. Confidentiality. The Societies will comply with the terms of the confidentiality agreement between the Societies entered into as of January 5, 2023, provided, however, that the obligations of Merged Society will expire on the Effective Time except to the extent required by applicable law.

23. Conditions. The obligations of a Society to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions:

- a. All government consents that are required for the consummation of the transactions contemplated by this Agreement have been obtained and will be in full force and effect. This includes, without limitation, required approvals by the Illinois Department of Insurance and the Pennsylvania Insurance Department.
- b. Any required third-party consents will have been obtained and will be in full force and effect; provided, however, that any such consents not obtained by a

Society, but waived by the other Society, will not be an unfulfilled condition.

- c. There is no pending action or proceeding, before any governmental entity, (i) challenging or seeking to make illegal, or to delay or otherwise directly or indirectly restrain or prohibit, the consummation of the transactions contemplated hereby or seeking to obtain material damages in connection with such transactions, (ii) seeking to prohibit direct or indirect ownership or operation by the PNA of all or a material portion of either Society's assets as a result of the transactions contemplated hereby, (iii) seeking to invalidate or render unenforceable any material provision of this Agreement or (iv) otherwise relating to and materially adversely affecting the transactions contemplated hereby.
- d. Each Society's supreme governing body, by a resolution duly adopted, has approved this Agreement and the transactions hereby contemplated pursuant to applicable law and their Articles of Incorporation and Bylaws.

24. Closing. The closing of the transactions contemplated by this Agreement will take place at a time mutually agreed to by the Societies ("Closing Date") after all conditions to the Society's obligations set forth in this agreement have been satisfied or waived by the Society entitled to the benefit of such condition.

25. Termination. This Agreement and the Merger contemplated thereby may be terminated at any time prior to the Closing Date in any of the following circumstances:

- a. By the mutual written consent of PNA and PNU.
- b. By either PNA or PNU if there has been a material misrepresentation or breach ("Breach") that has not been cured within thirty (30) days after receipt of written notice of the Breach, but only to the extent that the Breach would have a material adverse effect in excess 10% of admitted assets of the Society in Breach. The Society in Breach will have no right to terminate the Agreement under this section. Each Society acknowledges that it has received and reviewed all information it has requested regarding the finances and operation of the other Society.
- c. By either Society if the transactions contemplated hereby have not been consummated by July 1, 2024 or if a Society reasonably determines that the conditions described in section 23 will not be met.
- d. By either Society, if there is any order, injunction or decree of any governmental entity which prohibits or

restrains either Society from consummating the transactions contemplated hereby, and such order, injunction or decree is final and non-appealable.

26. Effect of Termination. In the event of the termination of this Agreement by either PNA or PNU all provisions of this Agreement will terminate, and there will be no liability on the part of PNA or PNU or their respective members, officers, directors, or agents except that the Societies will remain liable for breaches of this Agreement occurring prior to the time of such termination. The provisions of section 16 of this Agreement survive any such termination.

27. Amendment and Waiver. This Agreement may not be amended or waived except in a writing executed by the Society against which such amendment or waiver is sought to be enforced. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations under or by reason of this Agreement.

28. Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered or three days after being mailed, if mailed by first class mail, return receipt requested, or when receipt is acknowledged, if sent by electronic transmission device.

29. Assignment. This Agreement and all of its provisions are binding upon and inure to the benefit of the Societies and their respective successors and permitted assigns, and neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by a Society without the prior written consent of the other Society.

30. Third-Party Beneficiaries. Except for those rights and liabilities assumed by or vested in the Merged Society under this Agreement and applicable law, nothing in this Agreement will confer any rights upon or create any liabilities in any person or entity other than the Societies or permitted assignee of a Society.

31. Severability. Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or

invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

32. Complete Agreement. This Agreement contains the complete agreement of the Societies and supersedes any prior understandings, agreements or representations by or among the Societies, written or oral, which may have related to the subject matter if this Agreement in any way; provided. The section, paragraph and other headings of this Agreement are for reference purposes and will not affect the meaning or interpretation of the Agreement.

33. Signatures; Counterparts. This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one Society, but all such counterparts taken together will constitute one and the same instrument.

34. Governing Law. The laws of the State of Illinois will govern all questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement.

IN WITNESS WHEREOF, the Societies have executed this Agreement as of the day and year first above written.

POLISH NATIONAL UNION OF AMERICA

By: _____

Martin H. Wachna, Jr.
Chief Executive Officer

By: _____

John C. Andrzejewski, III
CFO/Secretary

Attest: _____

POLISH NATIONAL ALLIANCE OF THE UNITED STATES OF NORTH AMERICA

By: _____

Frank J. Spula
President and Chief Executive Officer

By: _____

Alija Kuklinska
National Secretary

Attest: _____