

**PLAN OF MERGER, FIELD OF MEMBERSHIP BYLAW CHANGE
AND NOTICE OF SPECIAL MEETING OF THE MEMBERS OF**

**MEMBERS ADVANTAGE COMMUNITY CREDIT UNION
(Continuing Credit Union)**

NOTICE IS HEREBY GIVEN that a special meeting of the members of this credit union has been called and will be held at the Canadian Club, Route 14, Barre, VT 05641 and accessible by zoom video conferencing on Monday, October 19, 2020, at 6:00pm. The in-person option for this meeting will be contingent on the current State of Vermont social distancing guidelines and maximum number of attendees allowed per these guidelines. Pre-registration is requested no later than Thursday, October 15, 2020 at 5:00, by sending an e-mail to partnership@maccu.org or by calling 802-861-4572. Current meeting guidelines and a zoom meeting invite will be sent to registered attendees by Friday, October 16, 2020.

This special membership meeting is being held for the following purposes:

Purpose of the Meeting

The meeting has two purposes:

1. To consider and act upon a plan and proposal to merge this credit union (Members Advantage Community Credit Union, the continuing credit union), with River Valley Credit Union, the merging credit union, which includes an amendment to the field of membership requirements.
2. To ratify, confirm, and approve the action of the Board of Directors of this credit union in authorizing the officers of this credit union, subject to the approval of members, to do all things and to execute all agreements, documents, and other papers necessary to carry out the proposed merger and field of membership amendment.

If this merger is approved, our credit union will receive all of the assets and liabilities of the merging credit union. On the effective date of the merger, all members of the merging credit union will become members of the continuing credit union and will be entitled to and will receive shares in said continuing credit union for the shares they own in the merging credit union.

The Board of Directors of Members Advantage Community Credit Union encourages you to attend the meeting and vote on the proposed merger. Whether or not you expect to attend the meeting, we urge you to review this notice, understand the benefits gained from this merger and then cast your ballot. You may cast your ballot by mailing it to Members Advantage Community Credit Union, Attn: MACCU Merger Vote, P.O. Box 745, Barre, VT 05641. You may also attend the special meeting (as mentioned above) and cast your vote at the meeting.

Other Information Related to the Proposed Merger

The directors of the participating credit unions have made a careful analysis of the assets and liabilities of the participating credit unions. Financial statements of each credit union and financial statements of the combined credit unions will be available at the membership meeting and are also available upon request.

The directors of the participating credit unions have reached the conclusion that the proposed merger is desirable for the following reasons:

- Improve the level of service to the membership
- Enhance the products and services that the membership will receive
- Strengthen the financial position of the credit union
- Create operational efficiencies by increased economies of scale
- Added convenience to the membership

It is the opinion of the Board of Directors of this credit union that this merger should be completed without any adjustment in shares because of the financial strength of both credit unions.

Bylaw Amendments for the Continuing Credit Union:

One bylaw amendment is required due to this merger and field of membership request. People who live, work or worship in Franklin/Orleans/Essex/Caledonia/Addison/Rutland/Grand Isle/Bennington counties in Vermont, and Grafton/Sullivan/Cheshire counties in New Hampshire will be added to our field of membership. A full copy of the by-laws for Members Advantage Community Credit Union with both the proposed and current field of membership is provided www.maccu.org/bylaws. An additional copy will be mailed to members as requested.

QUALIFICATION FOR MEMBERSHIP

Section 1 The field of membership shall be limited to:

- Those who are employed by, or persons retiring or pensioners or annuitants from the school departments, public or private, in Washington County; the towns of Brookfield, Chelsea, Corinth, Orange, Topsham, Vershire, Washington and Williamstown, all in Orange County; all of Lamoille County; all of Franklin County; all of Grand Isle County; and the Orleans Southwest school district,
- Those who are employed by public and private school systems in Windsor County, Vermont and Orange County, Vermont from the townships of Windsor, West Windsor, Reading, Plymouth, Hartland, Woodstock, Bridgewater, Hartford, Pomfret, Barnard, Stockbridge, Norwich, Sharon, Royalton, Bethel, Rochester, Braintree, Randolph, Tunbridge, Strafford, Thetford, West Fairlee, Fairlee, Bradford, Brookfield, Chelsea, Vershire along with organizations composed primarily of said employees.
- Those employed by the town governments in Windsor County, Vermont and Orange County, Vermont from the townships of Plymouth, Woodstock, Bridgewater, Hartford, Pomfret, Barnard, Stockbridge, Norwich, Sharon, Royalton, Bethel, Rochester, Braintree, Randolph, Tunbridge, Strafford, Thetford, West Fairlee, Fairlee, Bradford, Brookfield, Chelsea, Vershire along with organizations composed primarily of said employees.
- Officials and employees of the Burlington Public School Department, the University of Vermont, Saint Michael's College, Champlain College, Vermont Student Assistance Corporation, Vermont Public Television, Burlington College, and like educational associations within Chittenden County.
- Employees of other approved occupational groups within Windsor and Orange counties.
- **People who live, work or worship in the following fourteen Vermont counties that we serve; Washington/Lamoille/Orange/Windsor/Chittenden/ Windham/Franklin/ Orleans/Essex/Caledonia/Addison/Rutland/Grand Isle/Bennington.**
- **People who live, work or worship in the following three New Hampshire counties that we serve; Grafton/Sullivan/Cheshire.**
- Employees of contracted services who are employed on an ongoing basis at the school departments listed above.
- Students from the school districts, universities and colleges we serve.
- Employees of this Credit Union.
- And, all of the above, together with their spouses, children, parents, grandchildren, grandparents, nephews, nieces, cousins, aunts, uncles, brothers, sisters, step-children, and step-grandchildren.

The name and office locations of the Continuing Credit Union will be:

This combined credit union will temporarily maintain the name of the continuing credit union. The name will be Members Advantage Community Credit Union. The credit union is actively pursuing a more suitable name that better reflects the combined organization. We are hopeful to announce a new name within the next 6-9 months.

Main Office
265 South Main St.
Barre, VT 05641

Full-Service Branch Office
614 North Hartland Rd.
Hartford, VT 05001

Full-Service Branch Office
383 River St.
Springfield, VT 05156

Full-Service Branch Office
34 Clinton Street
Springfield, VT 05156

Full-Service Branch Office
1154 VT Route 30
Townshend, VT 05353

Full-Service Branch Office
50 White St.
South Burlington, VT 05403

Full-Service Branch Office
105 Westminster Street
Bellows Falls, VT 05101

Full-Service Branch Office
820 Putney Road
Brattleboro, VT 05301

Full-Service Branch Office
52 Main Street
Putney, VT 05346

Full-Service Branch Office
160 Main St.
Windsor, VT 05089

Mortgage Lending Dept
820 Putney Road
Brattleboro, VT 05301

Operations/Loan Dept
36 Chickering Drive, Suite 100
Brattleboro, VT 05301

Continuing Board of Directors for Members Advantage Community Credit Union:

Name

Jeff Mobus, Chairperson
19 Orchard St.
Springfield, VT 05156

Michael Cooney, Vice Chair
146 Newfane Rd
Wardsboro, VT 05355

Michael Rogers, Treasurer
33 Norcross Landing
West Chesterfield, NH 03466

Mary Hull, Secretary
1 Pond St.
Barre, VT 05641

Gary Adamski
63 Woodland Dr.
Barre, VT 05641

Deborah Carpenter
190 Canoe Brook Rd
East Dummerston, VT 05346

Nancy Gilbert
15 Willow Dr.
Barre, VT 05641

Anne Marie Hestnes-Harris
5 Butternut Ln.
Taftsville, VT 05073

Bob Kendall
87 Litchfield Street
Springfield, VT 05156

John Sama
26 Windridge Rd.
Essex Junction, VT 05452

Owen Shindler
Box 15
Taftsville, VT 05073

Robin Sweetapple
84 Oak St
Brattleboro, VT 05301

James Valente
92 Green St
Brattleboro, VT 05301

Continuing CEO for Members Advantage Community Credit Union:

Sean Gammon
28 Heath St.
South Burlington, VT 05403

Current Credit Union CEO

Role of Previous CEO of River Valley Credit Union:

Jeff Morse will continue on with the credit union as a Branch Administrator/Strategy Advisor. He will manage the 10 branch offices and also work on continued growth objectives for the credit union. Jeff will also provide assistance to the CEO in other transition related areas.

Merger Related Financial Arrangement Disclosures:

Pertaining to Sean Gammon

There has not been any merger related financial arrangements for Sean Gammon, this includes both compensation and benefits. There has also not been any promised, planned or implied merger related financial arrangements for Sean Gammon. This statement also holds true for a period of two years prior to the date that the Board of Directors approved the merger plan. The Board of Directors has periodically discussed entering into an employment agreement with Sean Gammon that would have a goal of protecting and benefiting both parties. If such an agreement did take place in the future, it would not include any financial arrangements related to the merger and would be completed under normal competitive and business considerations.

Pertaining to Jeff Morse

Sean Gammon and Jeff Morse have mutually agreed to an employment arrangement that would allow Jeff Morse to continue working for the continuing credit union for a three-year period of time after the merger date, which is roughly his previously planned retirement timeframe. They have mutually agreed to a first-year total compensation of the same amount that he currently receives or is projected to receive, during the current employment year. In year two he will receive a 3% increase in compensation and in year three he

will also receive a 3% increase in compensation. These increases are approximately \$7,000 in each of year two and year three. He will not be receiving any additional benefits from what was already in place for him at River Valley Credit Union or what other employees would be eligible for. His current compensation and benefits have not been previously increased due to any considerations of this merger. It is mutually agreed that his total compensation after the merger will be exactly what is described within that three-year agreement and will not be lower than or higher than these amounts. There will be no compensation paid after the three-year agreement ends. There has not been any other merger related financial arrangements for Jeff Morse other than outlined in this agreement. There also has not been any other promised, planned or implied merger related financial arrangements for Jeff Morse. This statement also holds true for a period of two years prior to the date that the Board of Directors approved the merger plan.

Pertaining to other Executives and Volunteers

There has not been any merger related financial arrangements for any other executives or volunteers of either credit union.

All parties described in this section purely recommend approval of this merger because it is in the best interest of both memberships

Fidelity and Other Insurance:

Insurance for the Members Advantage Community Credit Union will be provided by CUNA Mutual Insurance Company and will be updated to provide coverage for the combined Credit Union as of the merger effective date.

Important Dates:

- *May 27, 2020 – River Valley Credit Union - Board of Directors reviews merger plan with Members Advantage Community Credit Union and votes on adoption of plan.
- *May 27, 2020 – Members Advantage Community Credit Union - Board of Directors reviews merger plan with River Valley Credit Union and votes on adoption of plan.
- *June 3, 2020 – Merger proposal delivered to the Vermont Department of Financial Regulation.
- *August 17, 2020 – Planned date to start notifying members of special membership meetings.
- *October 19, 2020 – Date of membership meeting for Members Advantage CCU.
- *October 21, 2020 – Date of membership meeting for River Valley CU.
- *November 1, 2020 – Anticipated effective date for proposed merger.

Pending Approval:

This merger plan and agreement is subject to final approval of the commissioner and of the members of each participating credit union.

Field of Membership Expansion:

This merger plan also includes a field of membership expansion request. We are requesting this expansion for several reasons. Our capacity and ability to service members in all of the expanded counties indicated within Vermont and New Hampshire is very strong. Several current members are already being serviced from these expanded areas and we feel that another financial services option would be beneficial to the communities. This expansion would also allow for a continued strategic focused controlled growth for the credit union. In addition, River Valley Credit Union currently has many members in these expanded areas. This field of membership expansion is in the Credit Unions best interest and in the best interest of these communities in Vermont and New Hampshire. Our business plan supports this request and our ability to service this expanded field of membership.

Dissenting Members:

If any members of either credit union wish to have their accounts and shares returned as a result of this merger, we will grant their request on the same business day in which they make the request. These members will receive their full shares and interest/dividends to date.

Statement of Service to the River Valley CU's Membership and Expanded Field of Membership:

We are dedicated to providing a high level of service to the current field of membership for River Valley Credit Union and for our expanding field of membership areas. Members will experience several positive

outcomes from this merger including: improved level of products and services, enhanced level of financial strength, added convenience, and overall membership value. A thorough analysis and evaluation has been conducted in regards to converting deposits, accounts, and shares into the continuing credit union. We have determined that overall there will be no material negative impact to the membership of either credit union. We have also done a complete evaluation on the impact of the products, services, rates, and fees once the credit unions have been combined. Through this evaluation process we have determined that there are a few nuances of differences between the two credit unions, but overall there will be no material negative impact to the membership of either credit union. In fact, there will be tremendous advantages by reduced fees, better rates, enhanced services and added convenience for the membership.

Capital and Member Shares:

Capital for River Valley CU as of 3/31/20 is \$11,542,603.

Capital for Members Advantage Community CU as of 3/31/20 is \$15,428,923.

Combined Capital for the two credit unions combined as of 3/31/20 is \$26,971,526.

Member Shares for River Valley CU as of 3/31/20 is \$117,303,824.

Member Shares for Members Advantage Community CU as of 3/31/20 is \$127,041,856.

Combined Member Shares for the two credit unions combined as of 3/31/20 is \$244,345,680.

Total Members for River Valley CU as of 3/31/20 is 18,540.

Total Members for Members Advantage Community CU as of 3/31/20 is 15,588.

Total Members for the two credit unions combined as of 3/31/20 is 34,128.

A current membership share at River Valley CU is \$25.00.

A current membership share at Members Advantage Community CU is \$5.00.

After the merger the membership share will remain at \$5.00. This benefits River Valley CU membership.

Total shares per member at River Valley CU as of 3/31/20 is \$6,327.

Total shares per member at Members Advantage Comm. CU as of 3/31/20 is \$8,150.

Total shares per member at the two credit unions combined as of 3/31/20 is \$7,160.

Capital ratio for River Valley CU as of 3/31/20 is 9.28%.

Capital ratio for Members Advantage Community CU as of 3/31/20 is 10.79%.

Combined capital ratio for the two credit unions combined as of 3/31/20 is 9.91%.

Capital per member for River Valley CU as of 3/31/20 is \$623.

Capital per member for Members Advantage Community CU as of 3/31/20 is \$990.

Combined capital per member for the two credit unions combined as of 3/31/20 is \$790.

No share adjustment is recommended at the time of merger since measurements indicate that member share values are strong and comparable at both credit unions and will continue to be strong after the merger. A strong member capital position remains for all members. Any capital inequity is offset by other factors supporting the strength of the two organizations combining.

Additional Information and Informational Meetings:

A copy of all public portions of the merger application are available upon request by e-mailing us at partnership@maccu.org. You may also e-mail any questions you have to that same address and we will be happy to answer them. We will also be having several informational sessions for members to provide a more detailed overview and to be available to answer any questions. These will be held through zoom video conferencing, unless otherwise noted, at the following schedule:

September 10th @ 12:00pm

September 23rd @ 12:00pm & 6:00pm

September 28th @ 6:00pm (At the Canadian Club)

October 6th @ 3:00pm

Pre-registration for any of these informational session opportunities is required and can be made up to 24 hours prior to the meeting by e-mailing us at partnership@maccu.org. or by calling 802-861-4572. Please note that the dates and times of these membership informational meetings may change based on pre-registration attendance.

A financial summary and official ballot for voting are also included with this notice.

BY ORDER OF THE BOARD OF DIRECTORS:

Jeff Mobus

President

August 17, 2020

Date

MACCU and RVCU

Individual and Combined Financial Statements

BALANCE SHEET as of March 31, 2020

	MACCU	RVCU	Combined
ASSETS			
Loans	\$61,866,917	\$108,487,432	\$170,354,349
Less: Allowance for Loan Loss	<u>-\$359,813</u>	<u>-\$971,014</u>	<u>-\$1,330,827</u>
Net Loans	\$61,507,104	\$107,516,418	\$169,023,522
Cash	\$19,146,394	\$15,567,798	\$34,714,192
Investments	\$52,444,224	\$346,600	\$52,790,824
Fixed Assets	\$5,428,472	\$4,131,535	\$9,560,007
Other Assets	<u>\$4,460,338</u>	<u>\$1,736,234</u>	<u>\$6,196,572</u>
Total Assets	\$142,986,532	\$129,298,585	\$272,285,117
LIABILITIES AND EQUITY			
Liabilities			
Members' Deposits	\$127,041,856	\$117,303,824	\$244,345,680
Accrued Expense and Other Liabilities	\$515,753	\$452,158	\$967,911
Equity			
Regular Reserves	\$1,648,690	\$1,522,193	\$3,170,883
Undivided Earnings & Net Income	<u>\$13,780,233</u>	<u>\$10,020,410</u>	<u>\$23,800,643</u>
Total Liabilities, Equity & Capital	\$142,986,532	\$129,298,585	\$272,285,117

INCOME STATEMENT as of March 31, 2020

	MACCU	RVCU	Combined
INCOME			
Interest on Loans	\$983,911	\$1,598,039	\$2,581,950
Investment Income	\$346,855	\$23,845	\$370,700
Other Operating Income & Fee Income	<u>\$283,166</u>	<u>\$571,573</u>	<u>\$854,739</u>
Total Income	\$1,613,932	\$2,193,457	\$3,807,389
EXPENSES			
Dividends on Shares	\$145,477	\$139,857	\$285,334
Interest on Borrowed Money	\$0	\$0	\$0
Provision for Loan & Lease & Other Losses	\$89,000	\$145,500	\$234,500
Employee Compensation and Benefits	\$711,317	\$960,684	\$1,672,001
Office Occupancy	\$107,719	\$127,508	\$235,227
Office Operations	\$172,119	\$405,188	\$577,307
Loan Servicing	\$46,488	\$59,747	\$106,235
Other Operating Expenses	<u>\$168,071</u>	<u>\$114,510</u>	<u>\$282,581</u>
Total Expenses	\$1,440,191	\$1,952,994	\$3,393,185
Non-Operating Income/(Expense)	(\$243)	\$1,634	\$1,391
Net Income	\$173,498	\$242,097	\$415,595

Ballot For Merger Proposal

Name of Member: _____

Account Number: _____

Members Advantage Community Credit Union must receive this ballot by October 16, 2020. Please mail it to:

Members Advantage Community Credit Union
Attn: MACCU Merger Vote
P.O Box 745
Barre, VT 05641

I have read the Notice of Special Meeting for the members of Members Advantage Community Credit Union. The meeting will be held on October 19, 2020 to consider and act upon the merger proposal described in the notice. I vote on the proposal as follows (check one box):

APPROVE the proposed merger and authorize the Board of Directors to take all necessary action to accomplish the merger.

DO NOT APPROVE the proposed merger.

Signed: _____

Member's Name: _____

Date: _____