



NOTICE OF SPECIAL MEETING OF THE MEMBERS OF VERMONT STATE EMPLOYEES CREDIT UNION AND PLAN OF MERGER

The Board of Directors of Vermont State Employees Credit Union have called a special meeting of the members of this credit union at Barre Opera House, 6 N. Main St. Barre, VT 05641 on November 8, 2022, at 5:30 PM. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging Vermont State Employees Credit Union (VSECU) with and into New England Federal Credit Union (NEFCU, hereinafter referred to as the "continuing credit union"), whereby all assets and liabilities of VSECU will be merged with and into the continuing credit union. All members of VSECU will become members of the continuing credit union and will be entitled to and will receive shares in the continuing credit union for the shares they own in VSECU on the effective date of the merger; and
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of VSECU, 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.

The Board of Directors of VSECU 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 cast your ballot online or return the enclosed ballot to vote on the proposed merger.

If you wish to submit comments about the merger to share with other members, you may submit them to the National Credit Union Administration (NCUA) at <https://www.ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> or by mail to:

NCUA – Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
Re: Member-to-Member Communication for Vermont State Employees Credit Union

The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirements of its regulations.

Plan of Merger and Other Information Related to the Proposed Merger

The following is the Plan of Merger of VSECU and NEFCU as required by the Vermont Credit Union Act and other information as required by NCUA regulations. Also included is a ballot to vote on the merger and instructions for paper or electronic voting.

The Board of Directors has carefully evaluated and analyzed the assets and liabilities of the credit unions and the value of shares in both credit unions. The financial statements of both credit unions as well as the projected combined financial statement of the continuing credit union are included in this booklet on pages 10 and 11. In addition, the following information applies to the proposed merger.

Reasons for merger and the continuing business plan: The Board of Directors has a legal and fiduciary duty to act in good faith and in the best interests of VSECU's membership. In carrying out these duties, our Board of Directors has concluded that the proposed merger is beneficial and in the long-term best interest of members today and for future generations. Although both credit unions are financially strong, they face many of the same obstacles and challenges, including an aging Vermont population with slow to no growth; rapid and accelerated technology challenges; environmental, economic, and social change; and increased competition from out-of-state financial institutions. By combining VSECU and NEFCU's collective 135+ year experience in servicing Vermonters and shared mission of empowering and improving the lives of members, the combined institution will continue to offer a local alternative to big banks more in-touch with the financial needs of its membership while being better equipped to tackle the challenges facing financial institutions in a rural state.

To achieve this combined vision, the continuing credit union is committed to providing the best of what each credit union currently offers to create greater value, affordability, and benefit for members. Economies of scale and combined resources will allow for further improvement and opportunities in the following areas:

- Expanded branch and ATM access;
- Improved homeownership and financing initiatives to reduce energy consumption and environmental impact;
- Increased investment in business intelligence and digital and app development;
- Improved information technology and data infrastructure;
- Improved financial initiatives and assistance for early-stage and small businesses, including merchant and payroll services;
- Expanded and improved financial education;
- More efficient operating costs; and
- Favorable rates and lower fees to members.

In addition, each of VSECU and NEFCU is deeply committed to the advocacy and well-being of its members, employees, and communities. As a result, the continuing credit union will retain all VSECU employees at their current salary and comparable benefits and continue to foster a culture that is inclusive and provides for professional growth and development. Our shared community principles and philanthropy are aligned and will continue to support the essential needs of people in the areas of housing, food, heat, environment and financial access and capability.

With the combined mission and capabilities of VSECU and NEFCU, members, employees, and communities will experience long-lasting benefits from a stronger and more resilient local organization, operating within the framework of our continuing cooperative principles and values.

Continuing credit union: While the legal name of the continuing credit union at the time of the merger closing will be New England Federal Credit Union, the Boards of both VSECU and NEFCU have unanimously and enthusiastically agreed to rebrand the continuing credit union under a new corporate name. The process for selecting a new name is expected to take approximately six months following the approval of the merger by VSECU membership.

Net worth: The net worth of VSECU at the time of a merger transfers to the continuing credit union. VSECU does not have a higher net worth ratio than NEFCU.

Capital and Shares Outstanding: The total amount of capital of the continuing credit union is \$322,821,000. The total amount of capital of VSECU is \$95,315,000. The total amount of capital of NEFCU is \$227,506,000. There are 71,106 VSECU members each holding one share. There are 95,701 NEFCU members each holding one share. The shares of VSECU will be converted on a 1:1 basis in to shares of the continuing credit union.

Share adjustment or distribution: VSECU will not distribute a portion of its net worth to its members in the merger. Both VSECU and NEFCU are financially solvent and adequately capitalized. NEFCU has a higher net worth than VSECU. The board of directors has determined a share adjustment, or other distribution of VSECU's net worth, is unnecessary because the net worth is adequate, but not excessive, and VSECU members' interest will be better served through the investments of a higher combined capital through the merged entities.

Locations of merging and continuing credit union: The existing branches and administrative facilities of VSECU will be retained and the continuing credit union’s headquarters will remain at 88 Tech Park Way, South Burlington, Vermont. Combined, facility and branch locations will consist of:

LOCATION	INTENDED USE	OWNED/LEASED
88 Tech Park Way, So. Burlington, VT	Operations Center and Credit Union Headquarters	Owned (NEFCU)
141 Harvest Lane, Williston, VT	Branch	Owned (NEFCU)
1000 Shelburne Rd., South Burlington, VT	Branch	Owned (NEFCU)
74 Pearl Street, Essex Jct., VT	Branch	Leased (NEFCU)
295 Tuckers Way, St. Albans, VT	Branch	Owned (NEFCU)
111 Colchester Ave, Burlington, VT	SEG Service Center	Leased (NEFCU)
Robinson Parkway, Essex Jct., VT	SEG Service Center	Leased (NEFCU)
18 Lower Mtn View Dr., Colchester, VT	Community Service Center	Leased (NEFCU)
600 Lafayette East, Detroit, MI	SEG Service Center	Leased (NEFCU)
20956 Mack Avenue, Grosse Pointe Woods, MI	Mortgage Center	Leased (NEFCU)
One Bailey Ave., Montpelier, VT	Branch and Operations Center	Owned (VSECU)
365 Paine Turnpike No., Berlin, VT	Branch	Owned (VSECU)
125 St. Paul St., Burlington, VT	Branch	Leased (VSECU)
1775 Essex Road, Williston, VT	Branch	Owned (VSECU)
27 So. Main St., Waterbury, VT	Branch	Owned (VSECU)
1036 Memorial Dr., St. Johnsbury, VT	Branch	Owned (VSECU)
194 North St., Bennington, VT	Branch	Leased (VSECU)
489 Canal St., Brattleboro, VT	Branch	Leased (VSECU)
72 Seward Rd., Rutland, VT	Branch	Owned (VSECU)
109 Demeritt Pl., Waterbury, VT	Operations Center	Leased (VSECU)

Directors and Officers of continuing credit union: Upon consummation of the merger, the Board of Directors of the continuing credit union will be composed of eleven members, five of whom will be from and selected by the current VSECU Board of Directors and six of whom will be from and selected by the current NEFCU Board of Directors. The Board will consist of three classes of staggered terms. The five appointed Directors from VSECU will serve until the election of the board at the 2023 annual meeting of members and three of the six NEFCU directors will serve until the election of the board at the 2023 annual meeting of members.

The names, addresses, and occupations of the continuing credit union's directors are as follows:

1. **Spencer Newman**, VSECU, 1 Bailey Avenue, Montpelier, VT, financial management and small business growth consultant;
2. **Michael Hogan**, VSECU, 1 Bailey Avenue, Montpelier, VT, retired state employee;
3. **Stephanie Meunier**, VSECU, 1 Bailey Avenue, Montpelier, VT, business operations and human resources professional;
4. **George Sales**, VSECU, 1 Bailey Avenue, Montpelier, VT, business owner and Certified Project Management Professional;
5. **Julie Lineberger**, VSECU, 1 Bailey Avenue, Montpelier, VT, architecture and accessible housing manufacturer;
6. **Arthur G. Woolf**, NEFCU, 88 Tech Park Way, So. Burlington, VT, Emeritus Associate Professor of Economics at the University of Vermont;
7. **Margaret H. O'Donnell**, NEFCU, 88 Tech Park Way, So. Burlington, VT, retired attorney;
8. **Frank G. Harris, III**, NEFCU, 88 Tech Park Way, So. Burlington, VT, retired information technology executive;
9. **Kathleen S. Emery-Ginn**, NEFCU, 88 Tech Park Way, So. Burlington, VT, retired technology executive;
10. **Amy Vaughan**, NEFCU, 88 Tech Park Way, So. Burlington, VT, health care finance professional;
11. **Evan Langfeldt**, NEFCU, 88 Tech Park Way, So. Burlington, VT, real estate management and development.

The names and addresses of the continuing credit union's officers following the consummation of the merger are as follows:

1. **John J. Dwyer Jr.**, Chief Executive Officer, 88 Tech Park Way, So. Burlington, VT;
2. **Robert D. Miller**, President and Chief Operating Officer, 1 Bailey Avenue, Montpelier, VT;
3. **Susan E. Leonard**, Chief Financial Officer, 88 Tech Park Way, So. Burlington, VT;
4. **Terence Field**, Senior Vice President, 1 Bailey Avenue, Montpelier, VT;
5. **Susan French**, Chief People Officer, 88 Tech Park Way, So. Burlington, VT;
6. **Yvonne Garand**, Chief Brand & Marketing Officer, 1 Bailey Avenue, Montpelier, VT;
7. **William Smith**, Chief Strategy Officer, 88 Tech Park Way, So. Burlington, VT;
8. **Richard Hommel**, Chief Retail Officer, 109 Demeritt Place, Waterbury, VT;
9. **Mark Ackerly**, Chief Information Officer, 88 Tech Park Way, So. Burlington, VT;
10. **Valerie Beaudin**, Co-Chief Lending Officer, 1 Bailey Avenue, Montpelier, VT;
11. **Gregory Hahr**, Co-Chief Lending Officer, 88 Tech Park Way, So. Burlington, VT;
12. **Gregory Huysman**, Business Lending, 365 Paine Turnpike North, Berlin, VT.

Changes to services and member benefits: Members will continue to utilize their existing VSECU products, services, and branch and ATM locations after the close of the merger until a conversion plan is implemented. It is anticipated that a conversion plan to implement systems integration, establish the name and branding for the continuing credit union, and combine the various product suites from each credit union will be finalized within six to twelve months following the effective date of the merger. Until the conversion is completed, members will continue to do their banking as usual with VSECU, a division of New England Federal Credit Union. No changes will be made to the terms of existing VSECU loan and deposit contracts and accounts. If there are any account-related shifts or enhancements that occur, there will be no cost to the member to make such changes.

The combined credit union, upon implementation of the final conversion plan, will provide increased benefits and greater value with expanded branch access, wealth-management services, energy related loans, expanded mortgage offerings, member business loans, after-hour call center support, and future improvements in digital and technological capabilities and convenience.

Organizational Document Amendments: NEFCU's charter and bylaws will govern, as it will be the continuing credit union. NEFCU has amended its charter and bylaws to convert to a Federal Multiple Common Bond (MCB) field of membership (FOM) to be effective upon the closing of the merger. This change is necessary to effectuate the merger, in part, because the merging and continuing credit unions must have compatible fields of membership.

Post-merger Field of Membership of continuing credit union: Upon closing of the merger, all current members of NEFCU and VSECU will be members of the continuing credit union and persons in their immediate family or household and also the surviving spouse or party to a civil union of a deceased member will be eligible for membership.

The continuing credit union's FOM will not be based on geography or residency, but on multiple common bonds related to membership in certain Select Employee Groups (SEGs) or certain associations described below.

The continuing credit union's amended FOM, effective as of the merger, will include employees or members of the following SEGs and associations: all employees of the State of Vermont; Vermont State Employees Association; Vermont State Colleges; Vermont Foodbank; Vermont Community Loan Fund; Green Mountain United Way; employees of International Business Machines Corporation (IBM) who work in ME, MA, RI, VT, or Hartford or Litchfield counties in CT; employees of UVM Health Network who work or are paid from Burlington, VT; and members of the Vermont General Assembly; the Northeast Sustainable Energy Association, Washington Electric Cooperative, American Consumer Council (ACC), and the Financial Fitness Association (FFA).

Residents of Vermont and other states may qualify for membership by joining the ACC or FFA with the assistance of the continuing credit union.

In addition, in connection with NEFCU's purchase and assumption of Health One Credit Union in 2014, the following persons are also a part of the continuing credit union's FOM: (i) members of Health One Credit Union as of December 12, 2014; (ii) persons who live, work, worship, volunteer, or attend school in, and businesses or legal entities located in, the Michigan counties of Macomb, Oakland, Washtenaw, or Wayne; and (iii) employees or pensioners of certain Michigan-related Blue Cross Blue Shield organizations and certain employees of a food service provider whose permanent work station is located in the buildings of one of the related Blue Cross Blue Shield organizations.

The FOM will also include associations and organizations of individuals, the majority of whom are eligible for membership, partnerships in which the majority of the partners are individuals who are eligible for membership, corporations in which the majority of shareholders are individuals who are eligible for membership, and such entities in which a majority of the employees are individuals who are eligible for membership.

Regulatory and Membership Approval Required: The merger of the credit unions was approved by the NCUA on August 15, 2022. Under the NCUA regulations and Vermont law, the merger must also be approved by a majority of VSECU members who vote on the merger proposal.

Rights of Dissenting Members: In the event a member of VSECU dissents against the merger, that member shall have the right to withdraw all funds on deposit with the continuing credit union that are not otherwise pledged, together with interest to the date of withdrawal; provided however, that a member with an outstanding loan balance must remain a member as evidenced by the ownership of one share until the loan is paid in full.

Merger-related financial arrangements: NCUA Regulations require that VSECU and NEFCU disclose merger-related financial arrangements that any of VSECU's or NEFCU's officials or either of their five most highly compensated employees have received or will receive in connection with the merger. None of VSECU's nor any of NEFCU's officials or employees have received or will receive merger-related financial arrangements.

Effective Date: The anticipated Effective Date of the merger shall be January 1, 2023.

Please note that the proposed merger must have the approval of the majority of VSECU members who vote.

Enclosed with this Notice of Special Meeting and Plan of Merger is an Official Ballot for Merger Proposal.

The financial statements of both credit unions as well as the projected combined financial statement of the continuing credit union are included in this booklet.

Frequently Asked Questions about the merger are also included on page 12 of this booklet. To learn more about the proposed merger visit www.vsecu.com/merger.

If you cannot attend the meeting, you are encouraged to cast your vote by following the instructions on the enclosed ballot and returning it to Survey & Ballot Systems, P.O. Box 46430, Eden Prairie, MN 55344. To be counted, your paper ballot must be received by 5:00 pm on November 8, 2022. Electronic voting will close at 5:00 pm on November 8, 2022.

BY THE ORDER OF THE BOARD OF DIRECTORS:



Spencer Newman, Chair
August 18, 2022