

85th ANNUAL (VIRTUAL) MEETING MINUTES September 22, 2020

Chairman of the Board Stanley Walczyk welcomed all to the 85th Annual Meeting, and thanked everyone for joining virtually. Walczyk stated he has had the privilege of being the Chairman of the Greylock Board of Directors for the past two years.

A video message featuring Greylock's President and CEO John Bissell was presented.

Walczyk – Called the 85th Annual Meeting of Greylock Federal Credit Union to order at **5:08 PM** and announced the Assistant Clerk, JamieEllen Moncecchi confirmed a quorum was present.

Walczyk provided instructions to members logged in on how to address the assembly. He also announced those logged in were eligible for a chance to win a door prize.

A video was shown explaining how the voting process works.

Walczyk announced Attorney, Dennis Egan's participation to answer any legal questions. Cindy Shogry-Raimer, Vice President and Director of Community Development assisted with facilitating the meeting.

Motion was made and seconded to waive the reading of last year's Annual Meeting minutes and accept them; **unanimously approved**.

Walczyk advised the membership that we have an uncontested election for the four openings on the Board and Supervisory. Walczyk introduced the nominees and commented how fortunate we are to have a group of diverse community leaders serving on the Board and Supervisory Committee. Their backgrounds cover education, health care, management, IT, human resources, finance, accounting, community development and much more. Walczyk stated it is this level of diversity that ensures the integrity of our credit union as we continue to move forward. Walczyk introduced the slate put forth by our Nominating Committee and recognized the following:

- **John Bissell** – Greylock's President and CEO
- **Gerard Burke** – President and CEO of Hillcrest Education Centers
- **Kelly Krok** – Senior Advanced HR advisor for General Dynamics Mission Systems
- **Sheila LaBarbera** – Executive Director of Berkshire County Retirement Board

Motion was made and seconded to cast one ballot for the slate of candidates as nominated; **unanimously approved.**

Walczyk thanked the rest of our Board of Directors along with Members of the Supervisory Committee:

- **John Law**, Greylock's Vice Chairman who recently retired as the VP for Administration and Finance and CFO of Berkshire Community College
- **Peter Lopez**, Greylock's Clerk/Treasurer and Founder of the Fieldhouse (an indoor sports training facility) and Senior Manager at LTI SmartGlass
- **Krystle Blake**, Project Manager at General Dynamics Mission Systems
- **Colleen Holmes**, President and CEO of 18 Degrees
- **Tyrone Jackson**, founder of Big Head Books, LLC and co-founder of Read or Else
- **Anthony Rinaldi**, Executive Vice President of Fairview Hospital for Berkshire Health Systems

Supervisory Committee Members:

- **Ozias "Chuck" Vincelette**, Supervisory Committee Chairperson and retired CEO of Credit Union of the Berkshires
- **Allison Bedard**, Audit Director at Adelson & Co. PC
- **Krystle Blake**, Project Manager at General Dynamics
- **Angelo Borsello**, Retiree from General Dynamics
- **Lori Broderick-Bean**, Senior Accountant at McMahon & Vigeant PC

A pre-recorded video from Chairperson, Stan Walczyk, was presented.

Michael Stoddard, Executive Vice President & Chief Financial Officer gave the financial report and 2019 Year-end highlights.

- Overall 2019 was a very strong year.
- \$34 million in loan growth.
- \$54 million in deposit growth; which was the highest growth level for us since 2009. This growth in deposits allowed us to fund our new loans while at the same time pay down borrowed funds by \$27 million.
- Asset Quality - Our loan portfolio remained very healthy. We continue to see improvements with delinquent loans improving to 0.92% of total loans, our lowest level since 2008. Net charge-offs dropped down to 0.25% of average loans, the lowest we have seen since 1995.

- Regulatory capital grew from 10.44% to 10.66%. This is our highest level of capital since 1997, which is certainly proving valuable in allowing us to continue to meet our member's needs during the economic challenges that this pandemic has presented so far in 2020.
- Net income declined from \$8.4 million in 2018 to \$7.6 million in 2019, yet still resulted in the second highest earnings total in the Credit Union's history. The decline was essentially due to a smaller dividend refund from the National Credit Union Share Insurance Fund in 2019 compared to 2018.
- All of this give us the ability to: make improvements to our facilities; meet our loan demand, upgrades to our online banking, mobile banking, provide Shared Branching, and reduce member fees.
- At the same time we were achieving strong financial results in 2019, we also completed a number of major projects including the renovation of our Kellogg St. branch, the creation of our Community Empowerment Center, and the expansion and renovation of our Allendale operations center. These projects plus continued investment in technology and data security raised our property and equipment value up by nearly \$5 million.
- In summary, at the close of 2019 our loan and deposit totals are at new all time heights, our earnings amounted to the second best recorded in our history and our capital and asset quality ratios were the best we've experienced in over a decade.
- What this means is that we were well prepared to weather economic storms, like the one we are navigating through right now.
- As we move forward with historically low interest rates, our net interest margin will be challenged and will likely result in lower earnings for 2020 and 2021. However, through these times we expect to continue to meet your financial needs while maintaining the safety and soundness that your credit union has experienced through our entire history.
- Please know, the board and management team are working diligently to adapt to changing conditions and new ways to meet your needs while keeping you and our employees safe. Our capital is strong and our team is well prepared to produce the best possible financial results during these uncertain times.

Motion was made and seconded to accept the Chief Financial Officer's Report; **unanimously approved.**

Member William Densmore, Jr. asked if Greylock could provide some guidance about what is happening financially in 2020 so far? M. Stoddard responded earnings will not be as high as last year, however we did prepare well and expect our earnings will be in the \$5 - \$6m range.

Walczyk thanked the Supervisory Committee for their diligence, especially the Committee Chair Chuck Vincelette. This year's report was delivered on behalf of the Supervisory Committee by James *McGoff*, our independent audit firm Wolf & Co.

Wolf & Company audits the credit union's financial statements annually and does business with approximately 300 financial institutions.

With so much change in 2020 we need to remember what was happening in 2019 to give context for Greylock's 2019 financial statements. 2019 was a strong year by many measurements for the US and the credit union industry.

- Economic growth as measured by the change in GDP was 2.30%, which was the 11th year of economic expansion, the longest on record.
- National unemployment was at a record low of 3.5%.
- The stock market, as measured by the S&P 500, increased 28% in 2019.
- Based on statistics from the NCUA the credit union industry as a whole performed well in 2019:
 - CU membership grew to 120.4 million members
 - CU total assets increased to \$1.57 trillion
 - The aggregate capital to assets ratio was 11.4%, which is considered well capitalized

These positive 2019 trends are reflected in your Credit Union's financial statements. The audited 2019 financial statements show your credit union to be well capitalized and profitable.

- **Loans** increased by \$34 million or 3.3% consistent with the trend that we have seen in our client base regionally.
- Total **deposits** increased \$54 million or 5.3%.
- Loan **delinquency** decreased to less than 1% [\$9.8 million or 0.92%] of total loans at Dec 2019 compared to 1.01% prior year. The Credit Union's delinquency ratio is well managed and continues to trend in a positive direction.
- **Capital (or Net Worth)** equals the Credit Union's assets less its liabilities.
 - Often referred to as the economic shock absorber, it is one indicator of the health of your financial institution.
 - Your Credit Union's capital position increased 8% in 2019, outpacing asset growth of 3%
- The National Credit Union Administration, the credit union's regulator and insurer, would consider your credit union to be well capitalized if your capital ratio was 7% or higher.
 - Your credit union's capital to assets ratio at 10.66% well exceeded the regulatory requirement
 - In dollars the excess is \$45 million which protects the Credit Union and allows for resiliency and continued growth.
- **Continued Profitability** – The Credit Union must maintain positive earnings to remain well capitalized as it grows. In 2019, net income was \$7.6 million.
- The Management Team of your Credit Union deserves a great deal of credit for managing the institution, expanding services, ensuring continued profitability, and fortifying the capital position.

The preceding update does not include 2020 events. The unique and evolving situations caused by the Coronavirus Disease is creating challenges for all financial institutions. Greylock Federal Credit Union has a strong management team and is well capitalized to withstand financial stress.

Motion was made and seconded to accept the Supervisory Committee's Report; **unanimously approved.**

Walczyk thanked the incredible Greylock team for all their great service and hard work, especially during these challenging times. He also thanked members for participating this evening and for their loyalty to Greylock.

Walczyk asked if there was any other business to come before the Membership; no new business was proposed.

Motion was made and a seconded to adjourn; **unanimously approved.**

Meeting adjourned at 5:59 p.m.

Gift cards were awarded to the following members:

John Morelli
Dennis Powell
Judith Burghardt
Lexi Shumsky
William Densmore Jr
Merle Ferber
Jenise Lucey
Marsha Mikuszewski
Katherine Roy
Peter White