

# 85th ANNUAL (VIRTUAL) MEETING

## MINUTES

March 23, 2021

Chairman of the Board Stanley Walczyk welcomed all to the 86th Annual Meeting, and thanked everyone for joining virtually.

Walczyk – Called the Annual Meeting of Greylock Federal Credit Union to order at **5:03 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 then shown explaining how the voting process works.

A pre-recorded video from Chairperson, Stan Walczyk stated he has had the privilege of being the Chairman of the Greylock Board of Directors for the past three years. Walczyk introduced Cindy Shogry-Raimer, Vice President and Director of Community Development, who assisted with facilitating the meeting.

Video testimonials of Greylock members, a non-profit organization supported by Greylock and an employee enabled to work from home were shown.

- 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 three openings on the Board. 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:

- Colleen Holmes – President and CEO of Viability, Inc.
  - John Law – Recently retired Vice President of Administration and Finance and Chief Financial Officer of Berkshire Community College
  - Peter Lopez – Greylock's Clerk/Treasurer and Founder of the Fieldhouse (an indoor sports training facility) and Senior Manager of LTI SmartGlass
- 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.

Walczyk highlighted the impact of Covid-19 on the community and reviewed the first formal Impact Report showing many of the things Greylock did last year to help our members and neighbors succeed.

A pre-recorded message from President and CEO John Bissell expressing his sorrow to all for the pain and suffering and loss of life from the pandemic and thanked all the Greylock staff, Board of Directors, Supervisory Committee Members, Health Care Workers and all other essential workers. Bissell welcomed the new staff members acquired with the recent acquisition of the Butler Insurance Agency. Bissell previewed the Greenport/Hudson branch and announced the move of the Merrill Road branch to Allendale currently under construction and expecting to open in May. Announcing both locations will also offer extensions of the same services as our Community Empowerment Center located within our Kellogg St. branch.

Bissell highlighted the measures taken during 2020 to assist our members during the pandemic crisis, which included many loan modifications and payment deferrals; Paycheck Protection Program (PPP) loans to local businesses, which helped save over 5,000 jobs. In addition, Greylock continues to lend to credit challenged borrowers with products such as our New Road Loan, which saves the borrower on average \$900 in interest each year.

Michael Stoddard, Executive Vice President & Chief Financial Officer gave the financial report and 2020 Year-end highlights:

Even though we have seen significant economic volatility during 2020, the credit union's solid balance sheet enabled us to meet the financial needs of our members at a time when it was most needed. Strong capital and stable core earnings meant we had the capacity to fund substantial loan demand, emergency loan and payment deferral programs, temporarily eliminate several types of fees and handle the largest annual growth in deposits in our history. In more detail, loans and deposits grew in 2020 by \$40 million and \$163 million, respectively, which represented annual growth of 4% for loans and a record 15% for deposits. Residential mortgage lending fueled a portion of the loan growth while government pandemic stimulus in the form of the Paycheck Protection Program (PPP) and stimulus checks to our members provided both loan and deposit growth. This combination grew total assets to more than \$1.4 billion, which was 13% over 2019. The strong growth in assets reduced regulatory capital ratio from 10.66% to 9.93%, which is significantly higher than the regulatory minimum of 7.00% to be considered well capitalized. The quality of our loan portfolios also continued to improve as evidenced by our net loan charge off, which reduced from 0.25% to 0.14%, the lowest recorded by Greylock since 1995. Our 60 day+ loan delinquency percentage also declined from 0.92% to 0.72%, our lowest since 2006. Net income increased from \$7.6 million in 2019 to \$8.5 million in 2020. The credit union recorded a one-time gain from the sale of its Visa Class B shares that were issued to Visa card issuers like Greylock back in 2008 as part of Visa's public offering. The gain on the sale during 2020 was \$2.2 million. Without this sale gain, Greylock's core net income would have been \$6.3 million, which was \$1.2 million lower than the \$7.5 million comparable earnings in 2019. The reduction in core earnings, mostly pandemic related, includes an increase in provision for loan losses, reduced fee income, higher expenses for facilities cleaning, work from home setups, and other expenses to keep employees safe.

- Motion was made and seconded to accept the financial report of Greylock Federal Credit Union; **unanimously approved.**

Walczyk thanked the Supervisory Committee for their diligence. This year's report was delivered on behalf of the Supervisory Committee by James McGoff, of our independent audit firm Wolf & Co. Wolf & Company audits the credit union's financial statements annually and does business with approximately 300 financial institutions.

McGoff reported for 2020 Wolf & Co., issued an unmodified opinion of Greylock's financial statements, meaning the results were accurate and no adjustments were necessary.

In 2020 the credit union overcame many obstacles that were taken into consideration. The credit union provided short term modifications to many borrowers that needed payment relief and there are unique accounting consequences associated with this. The credit unions accounting and reporting was consistent with the regulatory guidance. As a qualified SBA Lender, the credit union issued Paycheck Protection Program (PPP) loans to help small businesses in the community, which also required unique accounting guidelines.

As an essential service the credit union remained open throughout the pandemic with many employees working remotely from home. Management facilitated the audit process providing all necessary documents in electronic format, as well as meeting virtually throughout the year to keep the auditors apprised of what was happening.

The credit union as a whole in 2020: The NCUA the primary regulator for credit unions issued an annual report and, in this report, acknowledged there was financial stress in 2020 for the credit union system. Loan demand was lower, interest rates were extremely low, which is disadvantages' for credit unions and there were lower earnings as credit unions prepared for expected loan loss due to the uncertainty of the economy. The report indicates the credit union system went into the pandemic very strong and remains healthy today. There are 124 million members in the credit union system. Total assets in the credit union system increased to \$1.85 billion as members maintained higher levels of savings during these uncertain times. The aggregate net worth of all credit unions in the country was 10.3%, which is considered well capitalized. Based on these results, the NCUA concluded the system remains healthy.

The 2020 audited financial statements of Greylock show the credit union to be well capitalized with positive operational results; loans increased by \$40 million or 3.8%, which includes \$20 million in PPP loans; total deposits increased \$163 million or 15.1% consistent with the trend seen with other Wolf & Co's regional client base and consistent with what the NCUA reported of savings increasing in 2020. The credit unions delinquency ratio is a measure of the borrowers who are not making their required payments. Delinquency remained below 1% in 2020. The credit union delinquency ratio is well managed and continues to trend in a positive direction. The credit union must maintain positive earnings in order to remain well capitalized as it grows and increases services. In 2020 net income was \$8.5 million. Capital or net worth (total assets minus liabilities) the NCUA considers 7% or higher for a credit union to be well capitalized. Greylock's net worth was 10% and well exceeds the regulatory requirement. In dollars the

excess above the threshold is \$42 million over and above well capitalized. This protects the credit union and allows for resiliency and continued growth.

The Grelock Management Team deserves a great deal of credit for the 2020 results, managing the institution, expanding services to members, insuring continued profitability and fortifying the capital position of the credit union.

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.

Member questions:

**Sunjay D.** - If we get control over the pandemic, will the annual meeting go back to a live meeting including dinner. **J. Bissell** replied we look forward to having this pandemic behind us and will work hard to offer a nice venue and dinner for our members.

**Thomas M.** - Can alerts be sent in real time, They come a day later. **J. Bissell** replied we are looking into other systems and hope to have implemented by 2022.

**Brian J.** – When will Greylock start giving higher interest rates on savings accounts. **J. Bissell** replied unfortunately the Fed has lowered rates due to the economic impact of the pandemic and these low rates are forecast for the foreseeable future.

**Claudia M.** – How many members are logged in to the Annual Meeting. **C. Shogry-Raimer** replied 161 members have logged in.

**Anonymous** – Will you be introducing other currency such as “Crypto” or “Berk Shares”. **J. Bissell** replied we have no immediate plans, the Fed is studying the role of other currency and we will keep in our “think tank”.

**William M.** – What is Greylock doing to promote diversity at its Board level. **J. Bissell** replied we have been committed to our IDEA (Inclusion, Diversity, Equity and Accessibility) for more than 5 years. We have had success with additions to our Board of Directors as well as Greylock staff. We have not achieved success with our management level and are working with a recruiter that specializes in the field. We are committed to hiring employees that reflect the communities we serve.

**Patti A.** - Is Greylock considering opening a branch in Cheshire, MA. **J. Bissell** replied this is not in our immediate plans. We do continue to focus on new opportunities.

**Claudia M.** – Does Greylock have plans to display local artist work. **J. Bissell** replied we currently display work done by artists of CATA.

**Ronald C.** - Greylock's online button is difficult for seniors to see. Can it be enlarged. **J. Bissell** replied he will contact Greylock's IT Dept. to see what can be done to enlarge this feature.

**James B.** - Can a Greylock Kiosk be installed in Cheshire, MA. **J. Bissell** replied this year we will be installing ITM's (Interactive Teller Machines) with the first one being installed at the Allendale location on Cheshire Rd.

**Claudia M.** - Has Greylock considered mutual funds. **J. Bissell** replied credit unions are not allowed, however discussions with the Greylock Investment Group and LPL may result in some other alternative.

**Joe B.** – Will there be a drive-up facility at the new Allendale branch. **J. Bissell** replied it was looked at carefully in the planning, but unfortunately was not feasible at this location.

- Motion was made and a seconded to adjourn; **unanimously approved**. Meeting adjourned at **6:04 p.m.**

Gift cards were awarded to ten members: