

**PLAN OF MERGER AND NOTICE OF SPECIAL MEETING OF THE MEMBERS OF
VERMONT VA FEDERAL CREDIT UNION
(Merging 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 Fireside Inn and Suites, 25 Airport Road, West Lebanon, NH 03784 on Tuesday, May 23, 2023, at 5:30pm. Pre-registration is requested no later than Friday, May 19, 2023 at 5:00, by sending an e-mail to partnership@vtvafcu.com or by calling 802-295-5104. Current meeting guidelines and pertinent information will be sent to registered attendees by Monday, May 22, 2023.

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 (Vermont VA Federal Credit Union), with 802 Credit Union, the continuing credit union.
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.

If this merger is approved, our credit union will transfer all its assets and liabilities to the continuing credit union. As a member of our credit union, you will become a member of the continuing credit union. On the effective date of the merger, you will receive shares in the continuing credit union for the shares you own now in our credit union.

The Board of Directors of Vermont VA Federal 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 Wojeski & Company CPA's PC, Attn: VTVAFCU Merger Vote, 159 Wolf Road, Albany, NY 12205. You may also attend the special meeting (as mentioned above) and cast your vote at the meeting.

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 MTMMail@ncua.gov or NCUA, CURE Office, 1775 Duke Street, Alexandria, VA 22314. The NCUA will post comments received from members on its website, along with the member's name, subject to the limitations and requirement of its regulations.

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 additional operational efficiencies by increased economies of scale, supporting sustainability
- 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 as a strong financial position will remain for all members.

Field of Membership for the Continuing Credit Union:

A copy of the continuing Credit Unions bylaws is available at www.802cu.com/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 a 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:

The name of the continuing Credit Union will be 802 Credit Union.

Main Office 265 South Main St. Barre, VT 05641	Full-Service Branch Office 614 North Hartland Rd. Hartford, VT 05001	Full-Service Branch Office 160 Main St. Windsor, VT 05089
Full-Service Branch Office 34 Clinton St. 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 St. Bellows Falls, VT 05101	Full-Service Branch Office 820 Putney Rd. Brattleboro, VT 05301	Full-Service Branch Office 52 Main St. Putney, VT 05346
Mortgage Lending Dept 820 Putney Rd. Brattleboro, VT 05301	Operations/Loan Dept 36 Chickering Drive, Suite 100 Brattleboro, VT 05301	

*Temporary Only - This office is expected to remain open for 3-6 months following the merger.
Full-Service Branch Office
1285 VA Cutoff Rd.
White River Jct., VT 05001*

Continuing Board of Directors for 802 Credit Union:Name

Jeff Mobus, Chairperson 19 Orchard St. Springfield, VT 05156	Michael Cooney, Vice Chair 146 Newfane Rd. Wardsboro, VT 05355	John Sama, Treasurer 26 Windridge Rd. Essex Junction, VT 05452
Mary Hull, Secretary 1 Pond St. Barre, VT 05641	Gary Adamski 63 Woodland Dr. Barre, VT 05641	Gladys Berry 25 School St. Cornish Flat, NH 03746
Anne Marie Hestnes-Harris 5 Butternut Ln. Taftsville, VT 05073	Bob Kendall 87 Litchfield St. Springfield, VT 05156	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 802 Credit Union:

Sean Gammon 28 Heath St. South Burlington, VT 05403	Current Credit Union CEO
---	--------------------------

Role of Previous CEO of Vermont VA Federal Credit Union:

Tom Crapo will continue employment with the credit union as the Merger Transition Manager for 3-6 months after the merger is completed. He will then have the option to continue his employment as a part-time BSA Compliance Specialist or equivalent role in the organization.

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.

Pertaining to Tom Crapo

There has not been any merger related financial arrangements for Tom Crapo, this includes both compensation and benefits. There has also not been any promised, planned or implied merger related financial arrangements for Tom Crapo. This statement also holds true for a period of two years prior to the date that the Board of Directors approved the merger plan. Tom Crapo's annual salary from 2022 will increase by 3% in 2023. His salary will be maintained at that rate for 3-6 months after the merger, while he is acting as the Merger Transition Manager. If he decides to continue on as a part-time BSA Compliance Specialist or equivalent role, his salary will be reduced to reflect his part-time status and reduced responsibilities. Tom will be eligible for all of the standard benefits that are available to employees of 802 Credit Union. Tom Crapo plans on retiring within 18 months of the merger date.

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 802 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:

- *November 15, 2022 – VT VA Federal Credit Union - Board of Directors review merger plan with 802 Credit Union and votes on adoption of plan.
- *November 15, 2022 – 802 Credit Union - Board of Directors review merger plan with VT VA Federal Credit Union and votes on adoption of plan.

- *December 2, 2022 – Delivery of the merger proposal to the Vermont Department of Financial Regulation and the National Credit Union Association.
- *March 20, 2023 – Date for notifying members of special membership meetings.
- *May 23, 2023 – Date of membership meeting for VT VA FCU.
- *May 25, 2023 – Date of membership meeting for 802 CU.
- *July 1, 2023 – 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.

Bylaw Amendments for the Continuing Credit Union:

No bylaw amendments are necessary and there is no field of membership change for the continuing Credit Union.

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 VT VA FCU's Field of Membership:

We are dedicated to providing a high level of service to the current field of membership for VT VA Federal Credit Union and our entire field of membership. 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 several advantages by reduced fees, better rates over time, enhanced services and added convenience for the membership. A significantly enhanced and integrated digital experience will also become available shortly after the merger.

Capital and Member Shares:

Capital for VT VA FCU as of 6/30/22 is \$2,469,831.

Capital for 802CU as of 6/30/22 is \$30,985,845.

Combined Capital for the two credit unions combined as of 6/30/22 is \$33,455,676.

Member Shares for VT VA FCU as of 6/30/22 is \$31,008,260.

Member Shares for 802CU as of 6/30/22 is \$345,858,662.

Combined Member Shares for the two credit unions combined as of 6/30/22 is \$376,866,922.

Total Members for VT VA FCU as of 6/30/22 is 2,361.

Total Members for 802CU as of 6/30/22 is 34,152.

Total Members for the two credit unions combined as of 6/30/22 is 36,513.

A current membership share at VT VA FCU is \$5.00.

A current membership share at 802CU is \$5.00.

After the merger the membership share will remain at \$5.00.

Total shares per member at VT VA FCU as of 6/30/22 is \$13,133.

Total shares per member at 802CU as of 6/30/22 is \$10,127.

Total shares per member at the two credit unions combined as of 6/30/22 is \$10,321.

Capital ratio for VT VA FCU as of 6/30/22 is 7.36%.

Capital ratio for 802CU as of 6/30/22 is 8.18%.

Combined capital ratio for the two credit unions combined as of 6/30/22 is 8.11%.

Capital per member for VT VA FCU as of 6/30/22 is \$1,046.

Capital per member for 802CU as of 6/30/22 is \$907.

Combined capital per member for the two credit unions combined as of 6/30/22 is \$916.

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@vtvafcu.com. 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 video conferencing, unless otherwise noted, at the following schedule:

April 13, 2023 @ 6:00pm

April 26, 2023 @ 12:00pm (In-Person)

May 1, 2023 @ 6:00pm

May 2, 2023 @ 12:00pm

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@vtvafcu.com or by calling 802-295-5104.

Please note that the dates, times and format 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:

Gladys Berry

Board Chairperson

March 20, 2023

Date

Ballot For Merger Proposal

Name of Member: _____

Account Number: _____

We have hired an independent audit firm to tabulate and report on the written ballot results. Wojeski and company must receive this ballot by May 19, 2023. Please mail it to:

Wojeski and Company CPA's PC
Attn: VTVAFCU Merger Vote
159 Wolf Road
Albany, NY 12205

I have read the Notice of Special Meeting for the members of Vermont VA Federal Credit Union. The meeting will be held on May 23, 2023 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: _____