



Notice of Meeting of the Members of NE PA Community Federal Credit Union

The Board of Directors of NE PA Community Federal Credit Union has called a special meeting of the members of this credit union at 337 Clay Avenue, Stroudsburg, PA 18360 on December 19, 2024, at 6:00 p.m. The purpose of this meeting is:

1. To consider and act upon a plan and proposal for merging NE PA Community Federal Credit Union (“NE PA”) with and into Utilities Employees Credit Union (hereinafter referred to as the “Continuing Credit Union” or “UECU”), whereby all assets and liabilities of NE PA will be merged with and into the Continuing Credit Union. All members of NE PA will become members of the Continuing Credit Union and will be entitled to and will receive shares in the Continuing Credit Union on the effective date of the merger.
2. To ratify, confirm and approve the action of the Board of Directors in authorizing the officers of NE PA, 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 NE PA Community Federal Credit Union encourages you to attend the meeting and vote on the proposed merger. Even if you do not plan to attend the meeting, we urge you to vote by submitting the enclosed ballot electronically or by mail.

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://ncua.gov/support-services/credit-union-resources-expansion/credit-union-merger-resources/comments-proposed-credit-union-mergers> or mail to:

NCUA - Office of Credit Union Resources and Expansion
1775 Duke Street
Alexandria, VA 22314
RE: Member-to-Member Communication for NE PA Community Federal 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.

Other Information Related to the Proposed Merger:

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, follow as separate documents. In addition, the following information applies to the proposed merger.

Reasons for merger: The Board of Directors has concluded that the proposed merger is desirable and in the best interests of members because it allows for a consolidation of energies and resources of the two credit unions to better serve the members in a competitive and secure environment. As a result of the proposed merger, the Continuing Credit Union will be able to offer, and you will be able to expect:

- **Same knowledgeable, friendly employees.** The same friendly staff at our branches would continue to be available to serve members.



- **Expanded Products/Services.** Through this partnership, members would have access to expanded products and services. A few examples of those are:
 - Gaining access to UECU's Member VantagePoints™ Reward Program, a robust rewards program that rewards points for activities. Members can save their points for something big or redeem them in smaller amounts along the way.
 - Visa Credit Card benefits, such as Travel and Emergency Assistance Services, Extended Warranty Protection, Travel Accident Insurance, and Personal Identity Theft assistance, to name a few.
 - Visa Debit Card benefits, such as Nationwide ATM surcharge rebates, Porch Piracy Protection, and Personal Identity Theft assistance, to name a few.
 - Expanded Loan Options, such as a Flex HELOC with Visa Card and rewards along with Home Equity Term Loans.
- **Enhanced Member Experience.** Through streamlined processes, expanded products and service offerings, and innovative digital solutions, we would enhance member satisfaction and loyalty. By leveraging the strengths of both credit unions and reducing our costs we would provide an unparalleled level of service and convenience and return more value in the form of products, services, and community involvement to existing and future members.
- **Community Impact.** As community-based financial institutions, we are committed to making a positive impact on the communities we serve. Through combined resources and expanded outreach programs, we would strengthen our ability to support local initiatives, promote financial literacy, and foster economic growth throughout Monroe and Pike counties.
- **Stability and Security.** Combining our organizations positions us with greater financial strength and stability. By joining forces with UECU, members can benefit from a stronger institution with increased capital reserves and robust risk management practices, providing greater peace of mind and security for their deposits.
- **More responsive to evolving financial needs.** This partnership is a strategic decision aimed at ensuring the long-term sustainability and prosperity of both credit unions and would allow the credit union to better anticipate and meet the financial needs of members in a competitive financial services industry.
- **Enhanced digital banking products.** This partnership would allow us to constantly assess and improve our technology solutions and make sure we're providing "the best" digital banking solutions we can for members now and into the future.
- **Continued Support for the NE PA Community FCU Foundation.** The Continuing Credit Union will continue to promote and support the education goals of students from our service area through financial assistance for their post-secondary education by contributing \$25,000 annually to the NE PA Community FCU Foundation for a minimum of five (5) years following the merger, subject to sound business practices as well as safety and soundness concerns for the Continuing Credit Union.
- **Volunteer Representation.** NE PA volunteer representation will be maintained as two (2) members of NE PA's Board of Directors will serve on the Continuing Credit Union's Board of Directors after the Merger.



- **Leadership Representation.** UECU's President/CEO, Bret Krevolin, will continue to be the President/CEO of the Continuing Credit Union after the Merger. NE PA's long-time Executive Vice President, Donald Carr, will join UECU's Executive Team. NE PA's long-time President/CEO, Mark Filbert, will be retiring.

Becoming a larger credit union would provide opportunities to leverage resources, position us for continued growth, and increase efficiencies. This would also allow us to provide even more value to members in the form of greater access to expanded products and services along with robust evolving technologies, all while continuing our current impactful community presence in our service area.

Beyond these immediate benefits, this merger will combine two established entities that share similar values and commitment to their members, people, and culture. These two organizations share a core purpose of advancing and promoting the interests of the public to empower people to achieve a brighter financial future. With the combined vision, people, and capabilities of these two organizations, the members, communities, and employees will receive lasting benefits. The combined entity will leverage its leadership and innovation to offer members competitive products and services even better than they have today.

Net worth: The net worth of a merging credit union at the time of a merger transfers to the continuing credit union. NE PA does not have a higher net worth ratio than UECU.

Share Adjustment or distribution: NE PA will not distribute a portion of its net worth to its members in the merger. The Board of Directors of the Merging Credit Union has determined a share adjustment, or other distribution of NE PA's net worth, is unnecessary because once all one-time merger costs (including early contract termination fees, prepaid expenses, and depreciation) are accounted for coupled with NE PA's relative net worth ratio, the Continuing Credit Union's net worth ratio will not increase as a result of the Merger.

Locations of merging and continuing credit union: NE PA's headquarters at 337 Clay Avenue Stroudsburg, PA 18360 will remain open after the merger as a branch location (or similar designation).

Our Mt. Pocono location at 1235 Pocono Boulevard, Mt. Pocono, PA 18344 and our Brodheadsville location in Kinsley's Market at 107 Kinsley Drive, Brodheadsville, PA 18322 will remain open after the merger. The foregoing is subject to serving the best interests of the members, good business practices, and safety and soundness of the Continuing Credit Union.

As a result of the merger, the Continuing Credit Union's headquarters and branch location at 11 Meridian Boulevard, Wyomissing, PA 19610 will also be available to you.

Merger-related financial arrangements: The Board of Directors of NE PA and UECU wish to recognize and reward critical NE PA employees and recognize the additional work they have incurred during the merger process. These arrangements are reasonable and commonplace in the financial services industry. NCUA Regulations require merging credit unions to disclose certain compensation that any of the merging credit union's officials or the five most highly compensated employees have received or may receive in connection with the merger when such "increases" are *above a certain threshold*. The following individuals are eligible to receive amounts requiring disclosure.

NE PA's long-time President/CEO, Mark Filbert, has meritoriously served the Credit Union for 31 years and will retire as of the Merger Date. To recognize Mr. Filbert's service to our members, Mr. Filbert will be eligible to receive a one-time bonus of \$53,000.00 (gross) (\$31,800.00 after taxes assuming a 40%

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tax rate). Mr. Filbert will also receive a projected payout of \$31,512.07 (gross) (\$18,907.24 after taxes assuming a 40% tax rate), which represents his already accrued, unused personal time due to Mr. Filbert as of the merger date, which will be paid in accordance with NE PA's policies and procedures. This already accrued personal time does not represent an increase in Mr. Filbert's pay, salary or bonus.

NE PA's long-time Executive Vice President, Donald Carr, will be employed by the Continuing Credit Union on an "at-will" basis as a member of its Executive Team. Mr. Carr's current pay is below the Continuing Credit Union's pay scale for his new position given the size and complexity of the Continuing Credit Union. To equalize his pay, Mr. Carr will receive a one-time annualized pay increase of \$17,025 (gross) (\$10,215.00 after taxes assuming a 40% tax rate). To incentivize Mr. Carr to remain with the Continuing Credit Union through technology systems consolidation, Mr. Carr will be eligible to receive a total retention bonus of \$46,500.00 (gross) (\$27,900.00 after taxes assuming a 40% tax rate) if he remains with the Continuing Credit Union until technology systems are integrated. Mr. Carr will also receive a projected payout of \$27,647.38 (gross) (\$16,588.43 after taxes assuming a 40% tax rate), which represents his already accrued unused personal time due Mr. Carr as of the merger date, which will be paid in accordance with NE PA's policies and procedures. This already accrued personal time does not represent an increase in pay, salary or bonus.

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

Enclosed with this Notice of Special Meeting is a Ballot for Merger Proposal. If you cannot attend the meeting, you can vote online at <https://nepafcu.cuballot.com> or complete the Ballot and return it to

NE PA Community Federal Credit Union
CUBallot – Election Processing
E Space Communications, Inc.
P. O. Box 3156
Dublin, OH 43016-9842

To be counted, your Ballot must be received by December 19, 2024 at 6:00 p.m.

BY THE ORDER OF THE BOARD OF DIRECTORS:

A handwritten signature in blue ink that reads "Judd W. Weitzman".

Board Chairperson

November 1, 2024
Date