



LIBERTY BAY
CREDIT UNION

2022 Virtual Annual Meeting

Tuesday, April 26



Annual Meeting Agenda *April 26, 2022, 4:00 pm*

Opening of the Meeting

Establishing a Quorum

Chairman's Opening Remarks

President / CEO's Remarks

Approval of Routine Matters

- Consent Calendar:
 - Announcement
 - Previous Year's Minutes
 - Audit Committee Report

Election of Directors

- Report of the Nominating Committee
- Nominees: Gerard L. Burm | Thomas J. Flynn | Patrick J. Foley | Michael F. McCarthy
- Vote of the Clerk to Elect Candidates
- Administration of the Oath

By-Law Changes

- Proposed Modifications ~ Modernization Act

Financial Presentations

- Treasurer's Report

Scholarship Recipients

Open Discussion

Adjourn Annual Meeting

2022 ANNUAL MEETING

TO BE HELD ONLINE TUESDAY, APRIL 26 AT 4:00 PM

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**LIBERTY BAY CREDIT UNION MEMBERS ARE INVITED TO
ATTEND THE 105TH ANNUAL MEETING VIRTUALLY.**

Registration to attend is required. To learn more and register, please visit www.lbcu.org.
Registration will be open from March 1 through April 19.

The meeting is called for the following purposes: Annual Report and Meeting; Elections to the Board of Directors; any other business as may properly come up before the meeting.

There are four nominees to the Board of Directors to be considered and voted upon;
each director position is for a term of three (3) years:

Gerard L. Burm
Thomas J. Flynn
Patrick J. Foley
Michael F. McCarthy



LIBERTY BAY
CREDIT UNION

Liberty Bay Credit Union
Minutes - Annual Meeting of Members
Tuesday, April 20, 2021

The 104th annual meeting of the members was held via Zoom Webinar due to the current stay at Home Advisory issued by Governor Baker in response to the coronavirus pandemic.

George Kelly, Senior Vice President and Chief Strategy Officer introduced Chairman Edward R. Foley. The Annual Meeting of Members of Liberty Bay Credit Union was then called to order by Chairman Foley at 4:00pm. Chairman Foley asked for a moment of silence to remember those in need.

Chairman Foley asked Sean Cashman, Clerk of the Credit Union, to attest that there was a quorum present, which he did. Chairman Foley then requested a motion to appoint Liberty Bay Senior Vice President and Chief Strategy Officer George Kelly to serve as moderator for the meeting. President and CEO Lyn Matteson made a motion which was seconded by Ms. Cassie Brown. Chairman Foley then invited all in attendance to register their vote to appoint Mr. Kelly as moderator by responding to the polling option which was made available on their screen. The motion carried. Director Foley then gave the floor to Mr. Kelly.

Mr. Kelly welcomed those in attendance to the meeting and noted that attendees would be muted throughout the duration of the meeting. Mr. Kelly provided details of how attendees could register a question during the meeting advising a response would be provided at the end of the meeting. Mr. Kelly then invited Chairman Foley to deliver the Chairman's Opening Remarks.

Chairman Foley opened his remarks noting the affects of the coronavirus and the impact it has had on our economy, our political landscape and how we conduct our lives. He praised the credit union for demonstrating a high level of adaptability and responsiveness, tailoring operations to best respond to the crisis and reduce the risk of Covid-19 exposure to our employees and members. On behalf of the Board of Directors, Chairman Foley extended well wishes for continued health and prosperity to all in attendance. He thanked the employees of Liberty Bay for their hard work and dedication, stating that is what makes Liberty Bay such a special place. He congratulated the management team and all employees for having such strong financial results during such troubling times and expressed his hope that in 2022 the credit union will be hosting the annual meeting in person. Chairman Foley invited President and CEO Lyn Matteson to provide the President / CEO's Remarks.

Mr. Matteson opened his remarks stating he never imagined his first full year in the CEO position would be during a global pandemic. With the onset of the pandemic, the strategic objectives of the credit union were keeping staff and members safe, meeting member needs and following prudent asset liability management practices to weather the storm. Protecting the staff and members was the priority. Liberty Bay was among the first credit unions in the area to shift branch operations to drive up and interactive teller machine only service to reduce the likelihood of virus transmission between the branch staff and the membership. Steps were taken to quickly ramped up remote work capabilities resulting in more than 80% of the staff being equipped to work from

home. Consistent monitoring of the statistics produced by the State determined when the branches could be open for business, or should be offering reduced, appointment-only service. Prior technology investments, such as ITMs, mobile banking and VPN access for remote work, were extremely important success factors.

Mr. Matteson continued noting that while the credit union worked to ensure the safety of employees and members, management was also keenly aware of the financial impacts of COVID-19 on the Liberty Bay membership. Steps taken to assist the membership during the pandemic included PPP lending to small business members, mechanisms to support members dealing with hardships and, when COVID-19 caused interest rates to fall, a record number of mortgages and refinances were processed. Asset and Liability Management philosophy adjusted to the changing times as well. When appropriate, mortgages were sold on the secondary market, and borrowings were repaid. Mr. Matteson noted that although both activities act to reduce the assets on the balance sheet, the credit union still completed the year above the \$700 million mark. Working against headwinds caused by record low interest rates, margin compression and the need to make significant provisions against potential future loan losses, Liberty Bay had a fantastic year, earning \$1.3 million. Mr. Matteson closed his remarks reflecting on the year, noting the credit union was well poised to handle the challenges that were presented with the pandemic. Liberty Bay Credit Union employees are resilient and dedicated to their members. The management team is highly experienced and works well together. The Board of Directors remained highly engaged during the pandemic, albeit through remote meetings and phone calls. Mr. Matteson expressed his gratitude and thanks to the credit union members, for their understanding and appreciation of the steps taken during this unprecedented time. Mr. Matteson turned the floor back over to Mr. Kelly.

Mr. Kelly outlined the agenda for the business portion of the meeting. All documents had been previously distributed for consideration by those in attendance. Mr. Kelly provided a brief explanation of the statutory requirements of each of the reports included in the consent calendar and their content, namely, the Annual Meeting Announcement, Prior Year Annual Meeting Minutes, Audit Committee Report, Directors Expense Report, and the Maximum Amount of Loans to One Member. There being no questions or comments from the membership, Mr. Kelly called for a motion to waive the readings of the Annual Meeting Announcement, Prior Year Annual Meeting Minutes, Audit Committee Report, Directors Expense Report, and the Maximum Amount of Loans to One Member. Mr. Fred Williams made a motion which was seconded by Mr. Chris Kokorus. Mr. Kelly then invited all in attendance to approve the motion to waive the reading of the Announcement of Annual Meeting, Previous Annual Meeting Minutes, Audit Committee Report, Directors Expense Report, and Maximum Amount of Loans to One Borrower Report by responding to the polling option available their screen. The motion carried. Mr. Kelly followed with a request for a motion to approve the consent calendar. Director Cashman made a motion which was seconded by Ms. DiBenedetto. Mr. Kelly then invited all in attendance to register their vote to approve the consent calendar by responding to the polling option available on their screen. The motion carried.

The second matter of business was the Election of Directors. Mr. Kelly read the Report of the Nominating Committee that had been submitted in due form to the Clerk. Since the nominees were running unopposed, Mr. Kelly then called for a motion to allow the Clerk of the credit union, Sean Cashman, to cast a single ballot to elect the slate of nominees consisting of Peter S. Lincoln, Robert B. Foley, Jr., Stephen Kelley, Eugene Leahy, and William Murphy for terms of three years

each. Ms. Cassie Brown made the motion to accept the Nominating Committee Report, seconded by Mr. Fred Williams. Mr. Kelly then invited all in attendance to approve the motion to allow the Clerk to cast a single ballot to elect the slate of nominees proposed. The motion carried. Mr. Kelly read a statement requesting Director Cashman, Clerk of the credit union, to cast a single vote to elect the slate of nominees. Mr. Cashman responded in the affirmative. Mr. Matteson administered the oath of office and the election concluded.

As the final matter of business, Mr. Kelly called on Senior Vice President and Chief Financial Officer Fred Williams to read the Treasurer's Report. Once Mr. Williams read the report in its entirety, Mr. Kelly made a motion to accept the Treasurer's Report. It was seconded by Ms. Maria DiBenedetto. Mr. Kelly then invited all in attendance to approve the motion to accept the Treasurer's Report. The motion carried.

Following that last vote, Mr. Kelly made mention of the list of 2021 scholarship award recipients who were listed on the screen. He then announced the conclusion of the 104th Annual Meeting of the Liberty Bay Credit Union and thanked all attendees for joining.

Respectfully submitted:

Sean Cashman, Clerk of the Credit Union



Report of the Audit Committee
April 26, 2022

To the Members of the Credit Union:

We hereby certify that pursuant to the requirements of Massachusetts General Laws, Chapter 171, Section 17, we caused an audit to be made of the financial statements of Liberty Bay Credit Union by Wolf & Company, P.C. The audit comprised the balance sheet as of September 30, 2021, the related statements of net income, comprehensive income, changes in members' equity, and cash flows for the years then ended, and related notes to the financial statements.

Wolf & Company has expressed its opinion that the financial statements referred to above present fairly, in all material aspects, the financial position of Liberty Bay Credit Union as of September 30, 2021 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

We have examined the audit report and met to discuss it with Wolf & Company representatives and management of the credit union. We further certify that the contents of the audit report were presented to the Board of Directors at its March 22, 2022 regular meeting.

Respectfully submitted:

Robert Foley, Jr., Chairman

Michael F. McCarthy

Stephen Kelley

Edward McColgan

Peter S. Lincoln



Report of the Nominating Committee
Submitted: February 22, 2022

To the Clerk of the Credit Union:

There are four vacancies on the Board of Directors that must be filled at the Annual Meeting of Members to be held on April 26, 2022. Four persons submitted letters of intent. All four persons met the minimum eligibility requirements of Article VI. Section 1. (b) of the By-Laws and were therefore considered for nomination. The candidates were comprised of incumbents Gerard L. Burm, Thomas J. Flynn, Patrick J. Foley, and Michael F. McCarthy.

Based up the criteria established by the Committee and acting under the authority granted by Article X. Section 6. of the By-Laws, the undersigned hereby nominate the above-named candidates to stand for election to the Board of Directors, each for a three-year term.

Respectfully submitted:

Sean J. Cashman

Robert B. Foley, Jr.

Robert J. Mitchell



Election of Directors by the Clerk of the Credit Union

April 26, 2022

Having received the Report of the Nominating Committee in due form and there being only one candidate nominated to serve for each vacancy on the Board, I cast one vote for each of the nominees. They are hereby elected subject to the administration of the Oath of Office.

Respectfully submitted,

Sean Cashman, Clerk



LIBERTY BAY
CREDIT UNION

Proposed Modifications to the By-Laws of the Credit Union
April 26, 2022

To Members of the Credit Union:

As part of the Board of Director's efforts to improve governance, we regularly review the By-Laws for any warranted updates or changes. In January 2021, Bill S2828 "An Act Modernizing Credit Union Laws" was signed into law, making it possible for Massachusetts credit unions to help further improve the lives of their members. The updates center on Governance, Member Authority, Transaction Authority, Permissibility of certain Deposit and Loan activities, as well as IT policy enhancements.

In response to this approved legislation, Liberty Bay Credit Union is proposing certain changes to its By-Laws. Proposed changes benefiting both the credit union and its members including streamlining committee composition, modernizing voting practices, and expanding loan eligibility in certain geographies. For a copy of these proposed changes or any related questions, please contact Elizabeth Norton at enorton@lbcu.org.

Respectfully submitted:

Peter S. Lincoln, Chairman of the Board

2021 Treasurer's Report

I am pleased to report on the strong financial health of Liberty Bay Credit Union:

Our total assets increased \$14 million from \$701 million at December 31, 2020, to \$715 million at December 31, 2021. The increase in total assets was due primarily to the increase in loans of \$24 million, offset partially, by a decrease in cash and cash equivalents of \$10 million. The increase in loans was due to loan originations, net of principal paydowns, amortization of deferred loan origination costs, and sales of \$19 million. The most significant increases were organic first mortgages of \$35 million and business loans of \$16 million, offset in part by net paydowns on participation loans of \$15 million, consumer loans of \$9 million and USDA/SBA loans of \$4 million. The decrease in cash and cash equivalents were used to fund loan growth. Our deposit portfolio increased \$48 million from \$530 million to \$578 million. The most significant deposit increases were regular shares of \$23.0 million, share drafts of \$14 million, and money markets of \$10 million. Our membership decreased from 26 thousand members to 25 thousand members, however, this was due mainly to the closing and escheatment of inactive accounts, which saved the credit union unnecessary third-party service costs.

Our net income decreased \$288 thousand from \$1.3 million in 2020 to \$1.0 million in 2021, while navigating through a decreasing rate environment, high unemployment, loan forbearances, and increased sanitization costs, due mainly to the continued effects of the COVID19 pandemic. Net interest income increased \$479 thousand, due primarily to the decrease in cost of funds on interest-bearing liabilities, offset partially by the decrease in yields on our interest-earning assets. The provision for loan losses decreased \$1.2 million, due mainly to the decrease in qualitative risk factors associated with the COVID19 pandemic and the decrease in historical loss factors, offset in part by the overall increase in loans. Non-interest income decreased \$619 thousand and reflects the credit union's ability to rely more on net interest income and less on non-interest income. The decrease was due primarily to the decrease in gain on sale of loans of \$395 thousand and the decrease in gain on sale of investments of \$426 thousand, offset partially by the increase in other operating income of \$150 thousand, mainly interchange fee income from increased transaction volume. Non-interest expense increased \$1.3 million due primarily to the increase in employee compensation expense of \$1.2 million. This increase was due mainly to a one-time payroll expense adjustment, increased healthcare costs, salaries, commissions, other benefits, and related taxes.

Although our net worth decreased from 14.9% at December 31, 2020, to 14.7% at December 31, 2021, due primarily to the increase in total assets of \$14 million, the credit union remains Well Capitalized under the NCUA regulatory framework. To be well capitalized, the credit union must maintain a net worth of 7.0% or greater. Liberty Bay Credit Union exceeds this capital requirement by \$55.2 million or 7.7%, assuring our membership of the credit union's solid stability. Our strong capital position affords us the opportunity to grow our balance sheet, whether through organic growth, participations, or mergers, to provide additional or enhanced services to our membership, and the financial strength to weather economic challenges, such as the COVID19 pandemic of 2020-2021.

I want to thank my fellow directors for the confidence they placed in me to serve in this role. Also, I would like to acknowledge our Finance and Accounting team for their support and professionalism.

Respectfully submitted:

Robert Foley, Jr.
Treasurer



2022 Scholarship Award Recipients

Jane B. Cella Community Service Scholarship.....Caitlin Dumouchel, Mansfield

Winifred Bolter Community Service Scholarship.....Kyle King, Hyde Park

Thomas B. Norton ScholarshipBrianna Harding, Salem

Arthur T. Howell ScholarshipSydney Grier, Randolph

Michael J. McCarthy ScholarshipErin O'Connor, Franklin

Francis Sylvester ScholarshipAlison Watson, Scituate

Ronan James McCarthy ScholarshipThomas McCarthy, Irvine CA

Arthur W. Leary ScholarshipMichael Shea, Kingston

Louis Raffio Scholarship.....Cassidy MacMunn, Burlington

John C. Gronberg ScholarshipRyan Smith, Whitman

John F. Monahan Jr. ScholarshipRichard Bertone, Weymouth

Kevin F. McCone Scholarship.....Yvelson Chery, Weymouth