
Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 6, 2019

ISABELLA BANK CORPORATION

(Exact name of registrant as specified in its charter)

MICHIGAN
(State or other jurisdiction of incorporation)

000-18415
(Commission
File Number)

38-2830092
(IRS Employer
Identification No.)

401 North Main Street, Mt. Pleasant, Michigan
(Address of principal executive offices)

48858-1649
(Zip Code)

Registrant's telephone number, including area code: (989) 772-9471

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined by Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standard provided pursuant to Section 13(a) of the Exchange Act.

Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) *The Supplemental Executive Retirement Plan*

On January 29, 2019, the registrant made an immaterial amendment to the Isabella Bank Corporation Supplemental Executive Retirement Plan (“Plan”) to change the manner in which interest is calculated on a Participant’s Plan account balance. Prior to the amendment interest was calculated based on the average rate paid on certificates of deposit with Isabella Bank as of October 31 of the current plan year. The amendment changed the interest calculation to the Federated Investor’s Institutional Money Market Management Fund yield (MMPXX) of the current plan year. The foregoing change is effective for the plan year beginning January 1, 2019.

On February 6, 2019, the registrant entered into a participation agreement under the Plan with Neil M. McDonnell, a named executive officer of the registrant (the “Participation Agreement”). Under the Participation Agreement, the registrant agreed to make ten annual credits to Mr. McDonnell’s Plan account. The ten annual credits total \$250,000. Similar to previous agreements, the Participation Agreement provides that Mr. McDonnell’s early retirement age under the Plan is age 55 and that his normal retirement age under the Plan is age 65. The Participation Agreement replaces the Plan’s default form of payment upon Mr. McDonnell’s separation from service with the form of five annual installments, consistent with previous agreements. The Participation Agreement also authorizes the registrant to “clawback” excessive benefits in certain situations.

The Stock Award Incentive Plan

On February 6, 2019, the registrant adopted a restated Isabella Bank Corporation Stock Award Incentive Plan (“Incentive Plan”) to add the registrant’s chief financial officer as an eligible employee and clarify the 10% potential payout formula.

The foregoing brief descriptions of the Plan amendment, Participation Agreement, and Incentive Plan restatement are qualified in their entirety by reference to the text of the Plan amendment, a copy of which is attached as Exhibit 10.1, the text of the Participation Agreement which is attached as Exhibit 10.2, and the text of the Incentive Plan restatement, a copy of which is attached as Exhibit 10.3.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Description
10.1	Amendment to the Isabella Bank Corporation Supplemental Executive Retirement Plan
10.2	Participation Agreement for Neil M. McDonnell
10.3	Restatement of the Isabella Bank Corporation Stock Award Incentive Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ISABELLA BANK CORPORATION

Dated: February 12, 2019

By: /s/ Jae A. Evans
Jae A. Evans, President & CEO

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Section 2: EX-10.1 (EXHIBIT 10.1)

Exhibit 10.1

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

The Isabella Bank Corporation Supplemental Executive Retirement Plan is hereby amended effective January 1, 2019 as described below.

Section 5.3 shall be changed to:

Interest. As of the last day of each Plan Year, the Company shall credit each Participant's SERP Account with interest on the Participant's SERP Account Balance equal to a rate established by the Committee as of the first business day of the Plan Year, compounded annually. Unless changed by the Committee, the interest rate shall be based on Federated Investor's Institutional Money Market Management Fund yield (MMPXX) of the current Plan Year, and shall adjust annually as of the first business day of each Plan Year thereafter.

ISABELLA BANK CORPORATION

Dated: January 29, 2019

By: /s/ David J. Maness

Its: Chairman of the Board of Directors

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Section 3: EX-10.2 (EXHIBIT 10.2)

Exhibit 10.2

ISABELLA BANK CORPORATION SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

PARTICIPATION AGREEMENT FOR NEIL MCDONNELL (KEY EMPLOYEE)

January 23, 2019

This Participation Agreement is entered into effective as of January 23, 2019, by Neil McDonnell (the "Participant") and Isabella Bank Corporation (together with any successors and affiliates, the "Company") pursuant to the Isabella Bank Corporation Supplemental Executive Retirement Plan ("Plan"), as amended from time to time.

1. **Agreement.** The Participant and the Company agree to be bound by the terms of the Plan and the terms of this Participation Agreement with respect to the Participant's participation in and benefits under the Plan. The terms of the Plan are incorporated into this Participation Agreement by reference. Capitalized terms not otherwise defined in this Participation Agreement have the meaning given in the Plan. In the event of a conflict between the terms of the Plan and the terms of this Participation Agreement, the terms of the Plan shall control except as specifically provided otherwise in the Plan or this Participation Agreement.

2. **Effective Date of Participation.** The Participant's participation in the Plan and this Participation Agreement commence effective as of January 23, 2019.

3. **Early Retirement Age.** The Participant's Early Retirement Age is age 55.

4. **Normal Retirement Age.** The Participant's Normal Retirement Age is age 65.

5. **Annual Credit.** Schedule A sets forth the Participant's Annual Credits to be made at the end of each of the first ten (10) Plan Years commencing with the Plan Year that ends on December 31, 2018. The Company will, on the last day of each such Plan Year, credit the Participant's SERP Account with the Participant's Annual Credit only: (a) if the Participant is employed as of the last day of the Plan Year by the Company, and (b) if such employment is as the Company's chief executive officer. Notwithstanding the foregoing, after a Change in Control that occurs while the Participant is employed by the Company as its chief executive officer, the Company: (a) will continue to credit the Participant's SERP Account with uncredited Annual Credits in accordance with Schedule A if the Participant is employed as of the last day of each relevant Plan Year by the Company or its Affiliates, and (b) will credit the Participant's SERP Account with all of the uncredited (as of a Separation from Service described below) Annual Credits that are set forth in Schedule A if the Participant incurs (after such Change in Control) either: (i) an involuntary Separation from Service without Cause, or (ii) a voluntary Separation from Service with Good Reason.

6. **Discretionary Credits.** The Board may, in its sole discretion, allocate Discretionary Credits to the Participant's SERP Account from time to time in accordance with Section 5.2 of the Plan.
7. **Earnings.** The Participant's SERP Account will be credited with interest pursuant to Section 5.3 of the Plan.
8. **Vesting.** The Plan's default vesting rules in Section 3.2 will apply to the Participant's SERP Account. No special vesting schedule will apply.

9. Clawback. In the event that the Committee determines, in its sole discretion, that a Clawback Event has occurred and that the Participant has been paid or is entitled to a benefit under the Plan or this Participation Agreement that exceeds the benefit that the Participant would have been paid or to which the Participant would have been entitled had the Clawback Event not occurred, then the Committee may require the Participant to repay and/or forfeit the portion of the benefit that the Committee determines, in its sole discretion, to have been excessive. A “Clawback Event” has occurred if the Committee determines, in its sole discretion, that either (a) the Company is required to prepare an accounting restatement due to the Company’s material noncompliance with any financial reporting requirement, if the Participant had knowledge of or control over the circumstances resulting in such noncompliance, (b) a financial statement, performance goal or performance metric was materially inaccurate, or (c) the Participant has materially violated any of the provisions of Section 10.13 of the Plan. The Committee shall have sole discretion to determine whether, and to what extent, to enforce this Section 9, and may make determinations that are not uniform among the Company’s employees, and the Participant shall be bound by the Committee’s determination, which shall be final when made.

10. Time and Form of Payment Elections. The Plan’s default time and form of payment rules in Article VI of the Plan will apply to the Participant’s entire SERP Account, with one exception. If payment commences upon the Participant’s Separation from Service, the form of payment shall be five (5) annual installments. Subsequent annual installments are to be paid within 30 days of the appropriate anniversary of the date on which the first installment would have been paid disregarding any required delay under Section 6.3 of the Plan. No other special elections are made by the Participant; provided that the Participant may modify the time and form of payment under Section 6.4 of the Plan.

11. Beneficiary Designation. The Participant’s initial Beneficiary designation is attached. The Participant may update the Participant’s Beneficiary designation from time to time in accordance with the terms of the Plan.

12. Definition of Cause. With respect to the Participant, “Cause” for purposes of the Plan and this Participation Agreement has the meaning given in any employment agreement between the Participant and the Company, but if the Participant is not a party to an employment agreement with the Company in which “Cause” is defined, the term “Cause” means the existence of any of the following circumstances:

- a. the conviction of the Participant by a court of competent jurisdiction of, or the Participant’s guilty plea or plea of no contest to, any (1) felony or (2) crime that involves moral turpitude;
- b. the Participant’s gross failure or gross refusal to perform the usual and customary duties of the Participant’s employment;
- c. the Participant’s material breach of any agreement between the Participant and the Company;
- d. the Participant’s theft, embezzlement, or misappropriation from the Company; or
- e. conduct by the Participant that is unprofessional, unethical, immoral, dishonest, or fraudulent, or which significantly discredits the Company’s reputation.

Notwithstanding the foregoing, a condition that is described in clauses (b), (c), or (e) of the preceding sentence shall not constitute “Cause” unless the Participant: (i) receives written notice of the offending condition; and (ii) the Participant either (1) fails to cure the condition within 30-calendar days from receipt by the Participant of the notice, or (2) cannot cure the condition within such 30-day period, as determined by the Company.

13. Good Reason. The term “Good Reason” means the existence of any of the following circumstances during the six-month period that precedes a voluntary Separation from Service by the Participant:

- a. a material diminution in the Participant's base compensation;
- b. a change by more than fifty miles in the primary geographic location at which the Participant must perform his services; or
- c. the Company's material breach of its responsibilities and obligations set forth in any employment agreement or any other material agreement between the Participant and Company.

Notwithstanding the foregoing, a condition will not constitute "Good Reason" unless the Company: (i) receives written notice of the offending condition within a reasonable time of the Participant's learning of the event; and (ii) the Company fails to cure the condition that constitutes "Good Reason" within a reasonable period of time to be no less than thirty calendar days from receipt by the Company of the notice.

14. Restrictive Covenants.

a. General Rule. In consideration of the crediting of amounts to the Participant's SERP Account and the Company's agreement to make payments under this Plan and the Participation Agreement, the Participant agrees that, until the later of (i) two (2) years after the Participant's Separation from Service for any reason, and (ii) the date on which the Participant is paid all amounts that are owed under this Plan, the Participant will not, whether directly or indirectly as an owner, partner, limited partner, joint venturer, shareholder, member, trustee, lender consultant, officer, director, independent contractor, employee or other agent of another Person:

i. solicit, offer employment to, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any officer or employee of the Company to terminate his or her employment and accept employment or otherwise become affiliated with, or provide services for compensation in any capacity whatsoever to, any business whatsoever that competes with the business of the Company which has headquarters or offices within 25 miles of any location(s) in which the Company has business operations or has filed an application for regulatory approval to establish an office (the "Restricted Territory");

ii. solicit, provide any information, advice or recommendation, or take any other action intended (or that a reasonable person acting in like circumstances would expect) to have the effect of causing any customer of the Company to terminate an existing business or commercial relationship with the Company; or

iii. become an owner, partner, limited partner, joint venturer, shareholder, member, trustee, lender consultant, officer, director, independent contractor, employee or other agent of any savings bank, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company or agency, mortgage or loan broker or any other entity that competes with the business of the Company, that: (i) has headquarters within the Restricted Territory, or (ii) has one or more offices, but is not headquartered, within the Restricted Territory, but in the latter case, only if the Participant would be employed, conduct business or have other responsibilities or duties within the Restricted Territory.

b. Confidentiality. In consideration of the crediting of amounts to the Participant's SERP Account and the Company's agreement to make payments under this Plan and the Participant's Participation Agreement, the Participant agrees not to, while employed by the Company or after Separation from Service for any reason, directly or indirectly, use or furnish to anyone (except as required in the ordinary course of performing the Participant's employment duties for the Company) any confidential information or trade secrets relating to the Company's business (collectively "Confidential Information"), which Confidential Information includes information relating to the Company's systems, processes, and rates; trade secrets; contracts with customers and vendors; design, production, sale, or distribution of any products and services; personnel and their compensation and employment arrangements; identity of, or products purchased by, or rates and prices paid by, customers and potential customers of the Company; and all other private matters pertaining to the Company.

c. Construction and Relief. If a provision in this Section 14 is found by any court with jurisdiction to be too broad in duration, scope, or otherwise, then the court is to amend the offending provision to the minimum extent necessary to make it reasonable and enforceable, and the offending provision is to be fully enforceable as amended.

d. Remedies. In consideration of the crediting of amounts to the Participant's SERP Account and the Company's agreement to make payments under this Plan, the Participant agrees that, notwithstanding any provision of the Plan or any Participation Agreement to the contrary and in addition to the Company's other remedies at law and in equity, the Participant will forfeit the Participant's entire interest in the Plan, including any rights to unpaid amounts credited to the Account and unpaid installment payments, effective upon the Participant's breach of this Section 14, regardless of whether any rights or payments were previously vested. In addition, the Company will be entitled to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of any provision of this Section 14 by the Participant. The Participant agrees that damages for a breach of the provisions of this Section 14 would be difficult or impossible to determine and that the Company has no adequate remedy at law for such a breach, such that enforcement by specific performance is necessary in addition to the Participant's forfeiture and the award of any damages that are determinable. The Participant is liable to the Company for all costs and expenses, including actual attorney's fees, that the Company incurs in enforcing any provision of this Section 14 or other provision of this Plan against the Participant.

15. Amendment. The Plan's amendment and termination provisions in Article IX apply to this Participation Agreement, as well. In addition, the Participant and the Company may agree to amend this Participation Agreement, but in so doing shall be cognizant of the consequences of such an amendment under Code Section 409A.

This Participation Agreement is effective as of the Effective Date upon the execution by the Participant and by a duly authorized officer of Company.

PARTICIPANT

Date: February 6, 2019

/s/ Neil M. McDonnell
Neil McDonnell

ISABELLA BANK CORPORATION

Date: January 29, 2019

By: /s/ David J. Maness
Name: David J. Maness
Title: Chairman of the Board of Directors

SCHEDULE A

Credit Date	Annual Credit Amount	Total Annual Credits
December 31, 2018	\$10,000	\$10,000
December 31, 2019	\$12,500	\$22,500
December 31, 2020	\$15,000	\$37,500
December 31, 2021	\$17,500	\$55,000
December 31, 2022	\$20,000	\$75,000
December 31, 2023	\$25,000	\$100,000
December 31, 2024	\$30,000	\$130,000
December 31, 2025	\$35,000	\$165,000
December 31, 2026	\$40,000	\$205,000
December 31, 2027	\$45,000	\$250,000

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Section 4: EX-10.3 (EXHIBIT 10.3)

Exhibit 10.3



Stock Award Incentive Plan

Isabella Bank Corporation and each of its subsidiaries, which includes Isabella Bank, adopts this equity incentive plan, to be called the Isabella Bank Corporation Stock Award Incentive Plan. The primary purpose of the plan is to promote the growth and profitability of the bank by attracting and retaining executive officers and key employees of outstanding competence through ownership of equity that provides them with incentives to achieve corporate objectives.

Eligibility Requirements

- Eligible employees include the Bank Corporation President/CEO, Bank President, and Chief Financial Officer.
- Employees hired prior to October 1st of the plan year will be eligible for a prorated portion. Employees hired after October 1st will be eligible for this incentive plan beginning the next calendar year.
- In order to receive the stock award, an employee must be actively employed on December 31st of the incentive plan year.
- Retirees will be paid a prorated portion of the incentive based on retirement date.
- No payouts will be made under this plan to an employee who has been terminated for misconduct, even if they were eligible according to dates of employment.
- In order to receive the stock payment the employee must have received a "Meets Expectations" or higher on their most recent evaluation.

Stock Award Incentive Plan Details

- The plan is based on the calendar year.
- The Stock Award Incentive targets and measurements will mirror the objectives set yearly by the Board of Directors for the Employee Cash Incentive Plan.
- The incentive plan payout potential is 10% of an employee's annualized wage based on normal work hours realized in an Isabella Bank Stock Award. Below is a breakdown of the 10% formula.
 - 3.5% of the 10% incentive potential is based on employee completion of the yearly goals set by their supervisor.
 - 6.5% of the 10% incentive potential is based on the corporate performance objectives set by the Board of Directors.
 - Plan goals/rules are subject to change at the discretion of the Board of Directors.

Grant Conditions

The grant of stock shares is subject to the grant conditions set forth. The shares will be issued only upon the satisfaction of the yearly performance measures and associated performance targets set by the Board of Directors. If the grant conditions set by the Board of Directors are not satisfied as required, then this award and the grant of the shares shall lapse or be adjusted appropriately at the discretion of the Board of Directors.

Vesting

Granted shares shall be considered 100% vested in terms of ownership, common voting rights in all matters, right to be paid dividends, and any necessary tax considerations as a result of stock ownership.

Restrictions on Transfer

Stock shares granted under the plan may not be sold, transferred, pledged, or assigned prior to the grantee satisfying one of the following conditions: the employee's retirement, the grantee's voluntary/involuntary separation from service with or without cause, or the employee's death or disability while an employee of the company.

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