

**QUARTERLY MEETING OF THE  
BOARD OF DIRECTORS**

Monday, February 19, 2019

The 2018 fourth quarter meeting of the Board of Directors of Life Insurance Company of Alabama convened at 10:30am, Monday, February 19, 2019 at the Gadsden Country Club, 1884 Rainbow Dr, Gadsden, Alabama. The meeting was called to order by the Chairman, Clarence W. Daugeette, III who presided over the meeting. The invocation was given by Herman Warren Cobb.

**ROLL CALL:**

The Roll Call revealed that members of the Board were present as follows:

Rosalie Renfrow Causey	M. Lynn Lowe
Herman Warren Cobb	Clarence W. Daugeette, III
Anne Daugeette Renfrow	Alburta Daugeette Lowe
Raymond R. Renfrow, Jr.	Gerald Ray Smith, Jr.

Also Present: Director Emeritus Dr. Lucian Newman, MD

The Chairman declared a quorum present and the meeting duly qualified for the transaction of business.

**MINUTES:**

The Chairman asked the pleasure of the Board concerning the reading of the minutes from the previous meeting. Alburta Daugeette Lowe moved that the minutes not be read and upon second by Raymond R. Renfrow, Jr. the motion carried unanimously.

**PRESIDENT'S REPORT:**

The Chairman informed the Board that the company has been working diligently to implement the new administrative system and that the conversion to the new system was completed at the end of December and the switch to go live occurred at the beginning of the year. He also updated the Board on the progress of the building renovations. The initial phase is almost complete and it is anticipated that the remaining work will be completed by the end of the year.

The Chairman explained that the Company desired to move the location of the Company safe deposit box from Regions Bank to RiverBank and Trust.

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**FOURTH QUARTER REPORT:**

Vice President, Katrina D. Hulsey, CPA joined the meeting and reviewed highlights of the 2018 Year End Financial Statement. The cost of the conversion led to higher than normal expenses and that was the leading factor in the loss for the year. Investment income was down as anticipated due to the move to quality that was implemented by NEAM. The state examination was completed in 2018 and we were able to offset much of the expenses against premium taxes as possible. However, since the examination was performed all in one calendar year there was approximately \$200,000 in expenses that we will not be able to offset against premium taxes as we can only take credits against taxes due in the year the credit occurs. She further reminded the Board that the fees associated with the renovation are capitalized. Currently these amounts show as a non-admitted asset until the buildings are re-appraised later this year. There are no bonds on the bond watch list.

- Net Income Year to Date 2018 - \$(276,302)

**COMMITTEE REPORTS:****Investment Committee:**

Rosalie Renfrow Causey introduced Alton Cogart, the consultant who has been an integral part of the transition process to NEAM. He commented on how the yield has dropped due to the improvement in the credit quality of the portfolio. Based upon previously discussed investment goals he feels that the portfolio is on target and where we want it. He commended NEAM for their work and mentioned that the portfolio that NEAM has put together is currently outperforming the benchmark.

Mrs. Causey then introduced Kelly Sullivan, from NEAM. Kelly informed the board of the status of the portfolio as of yearend. The book yield is 4.17%, duration is 7.18 years and the average credit quality of A and that the overall investment income from the portfolio has increased slightly. Much of the activity was focused on Corporates where spreads widened due to heightened volatility in rates and equities. She also addressed the portfolio performance in relation to the benchmark. The portfolio returned 1.38% relative to the benchmarks .16% return. Although the short duration of the portfolio may have been a drag on the performance the lower investment in corporates more than offset the impact of the short duration. She further indicated that the Fed is changing its tune and being patient regarding rate hikes.

Mrs. Causey moved in the form of a motion that the Board approve all the transactions taken by the Company regarding bonds and stock sold, redeemed or otherwise disposed of during the quarter. The motion was seconded by M. Lynn Lowe, and passed unanimously by the Board.

M. Lynn Lowe made a motion to accept the Investment Committee report. The motion was seconded by G. Ray Smith, the motion passed unanimously.

**Agency Department:**

Executive Vice President, Raymond R. Renfrow, Jr. reported that sales were nearly \$7 million in 2018 and believed would have exceeded that amount had we not shut down production early due to the conversion. Once again over 25% of the sales were life policies, which has long been a goal of the company. The agency department has been stressing recruiting and will continue to do so in 2019. He informed the Board that there is an upcoming Regional Director meeting that will discuss ideas and plans for the year.

Anne D. Renfrow made the motion to accept the Agency report. Upon a second from Herman Warren Cobb, the motion carried unanimously.

**Compensation Committee**

Compensation Committee member, Herman Warren Cobb, reported that they had met and approved in the form of a motion a bonus to all officers in an aggregate amount of \$75,000. The motion was seconded by Gerald R. Smith, Jr. and passed unanimously.

**Audit Committee**

Gerald R. Smith, Jr., Chairman of the Audit Committee reported that the committee had met recently and reviewed the results of the state examination and the Company responses. It is recommended that the company turn these responses into actions. There were recommendations based upon procedures that were not in place in 2013, the start of the examination period, that have been addressed and no real action is necessary.

It was further discussed that should the Company move the safe deposit box to RiverBank and Trust, then proper controls should be implemented. A suggestion was made that only a portion of those permitted access to the box should only have access to the key and the others with access should only have biometric access. This would help ensure at least two persons are always present when the box is accessed.

Herman Warren Cobb made a motion to accept the audit committee report. The motion was seconded by Anne D. Renfrow and passed unanimously by the board.

**Recommendations by the Chairman:**

1. Fees for Directors – Maintain them at \$1,000 for Board Meetings and \$500 for Committee Meetings

A Motion was made by Gerald R. Smith, Jr. to set the fees as stated. The motion was seconded by Alburta D Lowe and carried unanimously by the board.

2. Set Date for Annual Meeting – That Tuesday, May 7, 2019 @11:00am at the Gadsden Country Club, 1884 Rainbow Dr, Gadsden, Alabama, be declared as date and time of the Annual Meeting of Stockholders. And, that the meeting of the Board of Directors be held at the Gadsden Country Club immediately following adjournment of the Stockholder’s meeting.

A motion was made by Rosalie Renfrow Causey to set the date for the 2019 Annual Meeting. The motion was seconded by Herman Warren Cobb and carried unanimously by the board.

3. Nominees for Election to the Board of Directors

Clarence W. Daugeette, III made a motion to accept the following Nominations for the Board of Directors:

Rosalie Renfrow Causey	M. Lynn Lowe
Herman Warren Cobb	Clarence W. Daugeette, III
Anne Daugeette Renfrow	Alburta Daugeette Lowe
Raymond R. Renfrow, Jr.	Gerald Ray Smith, Jr.

The motion was seconded by Alburta D. Lowe and carried unanimously by the board.

4. Dividends to Stockholders – The payment of a cash dividend equal to the dollar amount paid in 2018. The dividend will be paid on May 15, 2019 to all stockholders of record at the close of business on Monday, April 15, 2019.

Clarence W. Daugeette, III made a motion to accept the Dividend to Stockholders as recommended. The motion was seconded by Gerald Ray Smith, Jr. and carried unanimously.

5. Dividends to Policyholders and Interest on Monies Retained by the Company – The renewal of the resolution detailing dividend payments as printed on page 31 of this corporate minute book. Motion by Gerald R. Smith, Jr., to maintain Dividends to Policyholders as currently stated. A second from Raymond R. Renfrow and the motion carried unanimously.
6. Reinsurance and Retention – The \$100,000 reinsurance and retention level held by the company remain the same.

Herman Warren Cobb made a motion to accept the Reinsurance and Retention as currently stated. Rosalie Renfrow Causey seconded the motion and it carried unanimously.


7. Profit Sharing Contributions – The Company make a discretionary contribution up to \$250,000 to the employees profit sharing plan.

Raymond R. Renfrow made a motion to accept; Alburta D. Lowe seconded and the motion carried.

8. Cafeteria Plan Resolution – The Board adopt and approve effective January 1, 2019 the attached Cafeteria Plan agreement.

Gerald Ray Smith made a motion to accept the resolution as stated. The motion was seconded by Herman Warren Cobb and passed unanimously by the board.

There being no further business and upon motion duly made and seconded, the meeting adjourned.



J. Steve Keck, Secretary



**ACTIONS TAKEN AND RESOLUTIONS ADOPTED BY**

Life Insurance Co. of Alabama

Each undersigned, being authorized by Life Insurance Co. of Alabama (the "Employer") to adopt amendments to one or more welfare benefit plans maintained by the Employer, does hereby adopt the following Resolution and Amendment;

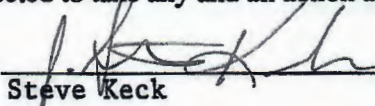
WHEREAS, the Employer previously adopted a Code Section 125 Cafeteria Plan (the "Plan");

WHEREAS, the Employer desires to amend the Plan to include the additional election change events permitted under IRS Notice 2014-55, as set forth in the attached Amendment;

WHEREAS, each undersigned warrants and represents that each has the necessary authority to act on behalf of the Employer to adopt such amendments;

NOW, THEREFORE, BE IT RESOLVED that each undersigned has reviewed the attached Amendment and hereby approve the adoption of the amendment as set forth therein;

BE IT FURTHER RESOLVED, that the officers of the Employer are authorized and directed to take any and all action as may be necessary to effectuate this Resolution.

By  Date 2/28/19  
Steve Keck  
By \_\_\_\_\_ Date \_\_\_\_\_  
By \_\_\_\_\_ Date \_\_\_\_\_

