

TETRA TECHNOLOGIES INC
Form 8-K
August 09, 2016

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): August 8, 2016

TETRA Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13455
(Commission
File Number)
24955 Interstate 45 North

74-2148293
(IRS Employer
Identification No.)

The Woodlands, Texas 77380

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(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (281) 367-1983

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))

Item 1.01. Entry into a Material Definitive Agreement.***Series A Preferred Unit Purchase Agreement***

On August 8, 2016, CSI Compressco LP, a Delaware limited partnership (the *Partnership*) and a consolidated subsidiary of TETRA Technologies, Inc., a Delaware corporation (*TETRA*), entered into a Series A Preferred Unit Purchase Agreement (the *Unit Purchase Agreement*) with the purchasers party thereto (collectively, the *Purchasers*) to issue and sell in a private placement (the *Private Placement*) an aggregate of 4,374,454 Series A Convertible Preferred Units representing limited partner interests in the Partnership (the *Preferred Units*) for a cash purchase price of \$11.43 per Preferred Unit (the *Issue Price*), resulting in total net proceeds to the Partnership, after deducting offering expenses, of approximately \$48 million. The Purchasers include, among others, HBC MLP LLC or certain of its affiliates (the *Lead Purchaser*) and CSI Compressco Investment LLC (*CSI Investment*), a wholly owned subsidiary of TETRA. CSI Investment purchased \$10 million of Preferred Units in the Private Placement. The Lead Purchaser was granted a 45-day option to purchase up to an additional \$20 million of Series A Preferred Units on the same terms and conditions. The closing of the Private Placement (the *Closing*) occurred on August 8, 2016. Proceeds from the Private Placement will be used to reduce the Partnership's outstanding indebtedness.

Set forth below is a summary of the material terms and conditions of the Unit Purchase Agreement and the Preferred Units.

Pursuant to the Unit Purchase Agreement, in connection with the Closing, CSI Compressco GP, Inc., a Delaware corporation (the *General Partner*) and the general partner of the Partnership, executed a Second Amended and Restated Agreement of Limited Partnership of the Partnership which is filed as Exhibit 3.1 to the Partnership's Current Report on Form 8-K filed on the date hereof (the *Amended and Restated Partnership Agreement*) to, among other things, authorize and establish the rights and preferences of the Preferred Units. The Preferred Units are a new class of equity security that will rank senior to all classes or series of equity securities of the Partnership with respect to distribution rights and rights upon liquidation. The holders of Preferred Units (each, a *Preferred Unitholder*) will receive quarterly distributions in kind in additional Preferred Units, equal to an annual rate of 11.00% of the Issue Price (\$1.2573 per unit annualized), subject to certain adjustments. The rights of the Preferred Units include certain anti-dilution adjustments, including adjustments for economic dilution resulting from the issuance of Common Units below a particular price.

A ratable portion of the Preferred Units will be converted each month over a period of thirty months beginning in the seventh calendar month following the Closing (each, a *Conversion Date*), subject to certain provisions of the Amended and Restated Partnership Agreement that may delay or accelerate all or a portion of such monthly conversions. On each Conversion Date, the Preferred Units will convert into common units representing limited partner interests in the Partnership (*Common Units*) in an amount equal to, with respect to each Preferred Unitholder, the number of Preferred Units held by such Preferred Unitholder divided by the number of Conversion Dates remaining, subject to adjustment as described in the Amended and Restated Partnership Agreement, with the conversion price determined by the trading price of the Common Units over the month prior to such Conversion Date, among other factors, and as otherwise impacted by the existence of certain conditions related to the Common Units. The Partnership may, at its option, pay cash, or a combination of cash and Common Units, to the Preferred Unitholders instead of issuing Common Units on any Conversion Date, subject to certain restrictions as described in the Amended and Restated Partnership Agreement.

In addition, each Purchaser may convert its Preferred Units, generally on a one-for-one basis and subject to adjustment for certain splits, combinations, reclassifications or other similar transactions and certain anti-dilution adjustments, in whole or in part, at any time following May 31, 2017 so long as any conversion is not for less than \$250,000 or such lesser amount, if such conversion relates to all of such Purchaser's remaining Preferred Units. The Partnership has the right to be reimbursed for any cash distributions paid with respect to Common Units issued in any such optional conversion until March 31, 2018. The Preferred Units will vote on an as-converted basis with the Common Units and

will have certain other rights to vote as a class with respect to any amendment to the Amended and Restated Partnership Agreement that would affect any rights, preferences or privileges of the Preferred Units, as more fully described in the Amended and Restated Partnership Agreement.

In addition, upon certain events involving a change of control, each holder of the Preferred Units may elect to (a) convert its Preferred Units to Common Units at the then-applicable conversion rate, (b) if the Partnership is not the surviving entity (or if the Partnership is the surviving entity, but its Common Units will cease to be listed on a National Securities Exchange), require the Partnership or the acquiring entity, as applicable, to either (i) deliver a security in the surviving entity that has substantially similar rights, preferences and privileges as the Preferred Units or (ii) redeem each Preferred Unit held by such Preferred Unitholder at a redemption price per Preferred Unit equal to 120% of the greater of (A) \$11.43 and (B) the intrinsic value of the Preferred Units determined as of the applicable date of determination or (c) if the Partnership is the surviving entity and its Common Units continue to be listed or admitted to trading on a National Securities Exchange, continue to hold the Preferred Units.

No Preferred Unitholder may transfer any Preferred Units without the prior written consent of the Partnership unless, after giving effect to such transfer, the transferee will own at least \$5 million of the Preferred Units. However, each Preferred Unitholder shall be able to transfer any Preferred Units owned by such Preferred Unitholder to its affiliates or to any other Preferred Unitholder, subject to certain restrictions described in the Amended and Restated Partnership Agreement. Additionally, other than with respect to transfers by a Preferred Unitholder to its affiliates, each Preferred Unitholder granted to the Partnership and to TETRA a right of first refusal to purchase any Preferred Units that such Preferred Unitholder may propose to transfer.

In connection with the Closing, the Partnership has agreed to pay a transaction fee equal to 3% of the aggregate purchase price to Evercore Group L.L.C. The Unit Purchase Agreement contains customary representations, warranties and covenants of the Partnership and the Purchasers, and Partnership has agreed to indemnify the Purchasers against certain losses resulting from breaches of its representations, warranties and covenants. The Unit Purchase Agreement also provides for an expense reimbursement of up to \$200,000 in connection with certain fees of counsel to the Purchasers.

Through its various wholly owned subsidiaries, TETRA owns approximately 42% of the Partnership's outstanding Common Units and approximately 20% of the Partnership's outstanding Preferred Units, plus the approximately 2% general partner interest. Additionally, the General Partner, which holds the Partnership's incentive distribution rights, is a wholly owned subsidiary of TETRA. Through the General Partner, TETRA manages and controls the Partnership.

The foregoing descriptions of the Unit Purchase Agreement and the Amended and Restated Partnership Agreement do not purport to be complete and are qualified in their entirety by reference to the Unit Purchase Agreement, a copy of which is filed as Exhibit 10.1 hereto and is incorporated into this report by reference, and to the full text of the Amended and Restated Partnership Agreement.

Registration Rights Agreement

On August 8, 2016, in connection with the Closing, the Partnership entered into a Registration Rights Agreement (the Registration Rights Agreement) with the Purchasers relating to the registered resale of the Common Units issuable upon conversion of the Preferred Units, including any Preferred Units issued in kind pursuant to the terms of the Amended and Restated Partnership Agreement. Pursuant to the Registration Rights Agreement, the Partnership is required to file or cause to be filed a registration statement for such registered resale at its expense no later than 90 days after the Closing and is required to cause the registration statement to become effective no later than 180 days after the Closing, subject to certain liquidated damages set forth in the Registration Rights Agreement if such obligations are not met.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is filed as Exhibit 10.2 hereto and is incorporated into this report by reference.

Item 7.01. Regulation FD Disclosure.

On August 8, 2016, TETRA issued a press release announcing that CSI Investment entered into the Unit Purchase Agreement disclosed under the heading "Series A Preferred Unit Purchase Agreement" in Item 1.01. A copy of this press release is furnished as Exhibit 99.1 and incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information set forth in this Item 7.01 and in Exhibit 99.1 is deemed to be furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall such information and exhibit be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Series A Preferred Unit Purchase Agreement, dated as of August 8, 2016, by and among CSI Compressco LP and the Purchasers party thereto.
10.2	Registration Rights Agreement, dated as of August 8, 2016, by and among CSI Compressco LP and the other parties signatory thereto.
99.1	Press Release dated August 8, 2016.

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.

Date: August 8, 2016

TETRA Technologies, Inc.

By: /s/ Stuart M. Brightman

Name: Stuart M. Brightman

Title: President & Chief Executive Officer

Exhibit Index

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