

Edgar Filing: CPI AEROSTRUCTURES INC - Form 8-K

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 (*see* General Instruction A.2. below):

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.

The disclosure under Item 2.03 is incorporated herein by reference.

Item 2.02. Results of Operations and Financial Condition.

On March 28, 2016, CPI Aerostructures, Inc. (the “Company”) issued a press release announcing its financial results for the quarter and year ended December 31, 2015. The press release is included as Exhibit 99.1 hereto.

Attached as Exhibit 99.2 to this Current Report is a slide presentation that the Registrant plans to use during a conference call commencing at 11:00 am on March 28, 2016 to discuss the Registrant’s financial results for the quarter and year ended December 31, 2015 and recent corporate developments.

The information furnished under this Item, including the exhibits related thereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of the Registrant, except as shall be expressly set forth by specific reference in such document.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On March 24, 2016, the Company entered into an Amended and Restated Credit Agreement (the “Restated Agreement”), among the Company, the Lenders party thereto and BankUnited, N.A., lead arranger, administrative agent and collateral agent (the “Agent” and together with such lenders, the “Lenders”). The Lenders party to the Restated Agreement are BankUnited, N.A. and Citizens Bank, N.A.

The Restated Agreement provides for a revolving credit loan commitment of \$30.0 million and a term loan of \$10.0 million. The Restated Agreement increases the availability under and, and amends and restates, the Credit Agreement dated as of December 5, 2012, as amended, between the Company, Sovereign Bank, N.A. and the prior lenders, described on the Company’s Current Report on Form 8-K filed on December 6, 2012 (the “Prior Agreement”). The \$1.05 million balance of the term loan and the \$29.2 million amount of the revolving loan under the Prior Agreement were converted to a \$10 million term loan and \$20.4 million revolving loan under the Restated Agreement.

The term loan under the Restated Agreement is payable in 36 principal installments on the first day of each month. The first 12 installments will be in the amount of \$41,666.67, the next 12 installments will be in the amount of \$125,000 and the next 11 installments will be in the amount of \$166,666.67, with a final installment due March 1, 2019 of \$6,166,666.59. The term loan bears interest at a rate per annum equal to the banks prime rate on March 24, 2016. The revolving credit loans under the Restated Agreement mature on March 1, 2019 and may be Eurodollar loans or base rate loans, or a combination thereof, as elected by the Company in accordance with the Restated Agreement. Eurodollar loans bear interest at a rate per annum equal to the LIBOR rate, plus a margin rate (the “Applicable Margin”) of between 2% and 2.75%, depending on the Company’s “leverage ratio” (as defined in the Restated Agreement). Base rate loans bear interest at a rate per annum equal to the Agent’s prime rate, plus the Applicable Margin. The Restated Agreement provides for a commitment fee of between 0.25% and 0.30%, depending on the Company’s leverage ratio, on the amount of the revolving credit loan commitment in excess of the amount of the revolving credit loans outstanding.

The revolving credit loan and the term loan are secured by substantially all of the Company's personal property pursuant to an Amended and Restated Continuing General Security Agreement (the "Security Agreement"), dated as of March 24, 2016, between the Company and the Agent. The Security Agreement amends and restates the security agreement, dated as of December 5, 2012, between the Company and the agent under the Prior Agreement.

The Company may at any time and from time to time prepay the loans in whole or in part. Upon receipt of net cash proceeds in excess of \$500,000 from certain sales of assets and from the incurrence of indebtedness, the Company is required to pay to the Agent a percentage of such net cash proceeds. Such payments will be applied first to repay the term loan, then to deposit in a bank account as collateral for the loans on terms satisfactory to the Agent, and then to repay the revolving credit loan. The Company is also required to pay to the Agent 25% of the net cash proceeds from any public offering of its stock that raises \$10.0 million or more and after which the Company has a leverage ratio of 2.0 or more. Such payments will be applied to the revolving credit loan and may be immediately reborrowed in accordance with the Restated Agreement.

The Company made certain representations and warranties to the Agent and the Lenders in the Restated Agreement that are customary for credit arrangements of this type. The Company also agreed to maintain a minimum "debt service coverage ratio" (as defined in the Restated Agreement) of 1.5 to 1.0 at the end of each fiscal quarter, a maximum "leverage ratio" (as defined in the Restated Agreement) of 3.0 to 1.0 at the end of each fiscal quarter, and a minimum net income after taxes of \$1 per fiscal quarter, and agreed to certain other negative covenants that are customary for credit arrangements of this type, including limitations on indebtedness, liens, fundamental transactions, the sale of assets, dividends and capital expenditures.

It is an event of default under the Restated Agreement, if, among other things: the Company fails to pay when due any principal, interest or other amount due under the Restated Agreement; any of the Company's representations and warranties proves to have been incorrect in any material respect on or as the date made or deemed made; the Company defaults in the observance or performance of any covenant under the Restated Agreement (subject to cure periods for certain such defaults); the Restated Agreement and related documents shall cease to be in full force and effect; the Company defaults under any other agreement with any Lender; the security interest created in the collateral ceases to be enforceable or of the intended priority; the Company defaults in the payment of principal or interest on any other indebtedness or guaranty obligation, beyond any applicable grace period, in excess of \$100,000; the Company defaults in the observance or performance of any other agreement or condition relating to such indebtedness or guaranty obligation, or contained in any instrument relating thereto, or any other event occurs which permits the holder of such indebtedness or the beneficiary of such guaranty obligation to cause such indebtedness to become due prior to its maturity or such guaranty to become payable; the Company commences a proceeding or other action under any bankruptcy or similar law, there is commenced against the Company such a proceeding (which results in an order of relief or is not dismissed in 60 days), or certain related events occur; or the Agent determines in its commercially reasonable discretion that one or more material adverse changes have occurred to the business, properties or financial condition of the Company. Upon the occurrence of an event of default, the loan commitments may be terminated and all of the unpaid principal of all loans, all accrued and unpaid interest, and all other amounts owing under the Restated Agreement and related documents may be declared immediately due and payable.

The foregoing description is qualified in its entirety by reference to the Restated Agreement and the Security Agreement, copies of which are attached to this Form 8-K as Exhibit 10.1 and 10.2, respectively, and which are incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

The information set forth in Item 2.02 is incorporated under this Item by reference.

A press release announcing the Restated Agreement and the transactions contemplated thereby is attached to this Form 8-K as Exhibit 99.3.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits:

Exhibit Description

10.1 Amended and Restated Credit Agreement, dated as of March 24, 2016, among CPI Aerostructures, Inc., the several lenders from time to time party thereto, and BankUnited, N.A., as Sole Arranger, Administrative Agent and Collateral Agent.

10.2 Amended and Restated Continuing General Security Agreement, dated as of March 24, 2016, between CPI Aerostructures, Inc. and BankUnited, N.A.

99.1 Press release dated March 28, 2016, reporting the Company's financial results for the quarter and year ended December 31, 2015

99.2 Slide Presentation, dated March 28, 2016.

99.3 Press Release dated March 28, 2016, reporting the Company's entry into the Amended and Restated Credit Agreement.

SIGNATURE

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.

Dated: March 28, 2016

CPI AEROSTRUCTURES, INC.

By: /s/ Vince Palazzolo
Vince Palazzolo
Chief Financial Officer

EXHIBIT INDEX

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