

COVENANT TRANSPORTATION GROUP INC

Form 8-K

January 31, 2013

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):
January 29, 2013

COVENANT TRANSPORTATION GROUP, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

000-24960
(Commission
File Number)

88-0320154
(IRS Employer
Identification No.)

400 Birmingham Hwy., Chattanooga, TN
(Address of principal executive offices)

37419
(Zip Code)

(423) 821-1212
(Registrant's telephone number, including area code)

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

On January 29, 2013, Covenant Transportation Group, Inc., a Nevada corporation (the “Company”), and its direct and indirect wholly-owned subsidiaries, Covenant Transport, Inc., a Tennessee corporation (“CTI”), CTG Leasing Company, a Nevada corporation (“CTGL”), Southern Refrigerated Transport, Inc., an Arkansas corporation (“SRT”), Covenant Asset Management, Inc., a Nevada corporation (“CAM”), Covenant Transport Solutions, Inc., a Nevada corporation (“CTS”), and Star Transportation, Inc., a Tennessee corporation (collectively with CTI, CTGL, SRT, CAM, and CTS, the “Borrowers”), entered into an Eighth Amendment to Third Amended and Restated Credit Agreement (the “Eighth Amendment”) with Bank of America, N.A., as agent (the “Agent”), and JPMorgan Chase Bank, N.A. (together with the Agent, the “Lenders”), which amends that certain Third Amended and Restated Credit Agreement, dated September 23, 2008, by and among the Company, the Borrowers, the Agent, and the Lenders, as amended (the “Credit Agreement”).

The Eighth Amendment, among other things, (i) increased the revolver commitment to \$95.0 million (previously the revolver commitment was \$85.0 million), (ii) extended the maturity date from September 2014 to September 2017, (iii) eliminated the availability block of \$15.0 million, (iv) improved pricing for revolving borrowings by amending the “Applicable Margin” as set forth in the tables below, (v) improved the unused line fee pricing to .375% per annum when availability is less than \$50.0 million and .5% per annum when availability is at or over such amount (previously the fee was .5% per annum when availability was less than \$50.0 million and .75% per annum when availability was at or over such amount), (vi) provided that the fixed charge coverage ratio covenant will be tested only during periods that commence when availability is less than or equal to the greater of 12.5% of the revolver commitment or \$11.875 million, (vii) eliminated the consolidated leverage ratio covenant, (viii) reduced the level of availability below which cash dominion applies to the greater of 15% of the revolver commitment or \$14.25 million (previously this level was \$75.0 million), (ix) added deemed amortization of real estate and eligible revenue equipment included in the borrowing base to the calculation of fixed charge coverage ratio, (x) amended certain types of permitted debt to afford additional flexibility, and (xi) allowed for stock repurchases in an aggregate amount not exceeding \$5.0 million and the purchase of up to the remaining 51% equity interest in Transport Enterprise Leasing, provided that certain conditions are met. Following the effectiveness of the Eighth Amendment, the Applicable Margin was changed as follows:

New Pricing

	Average Pricing	Base Rate	L/C
Level	Availability	Loans	LIBOR Loans
I	> \$75,000,000	.50%	1.50%
II	≤ \$75,000,000 but > \$50,000,000	.75%	1.75%
III	≤ \$50,000,000 but > \$25,000,000	1.00%	2.00%
IV	≤ \$25,000,000	1.25%	2.25%

Prior Pricing

Level	Average Excess Availability	Base LIBOR Rate Loans	Loans
I	>\$70,000,000	1.25%	2.25%
II	≤\$70,000,000 but > \$35,000,000	1.50%	2.50%
III	≤\$35,000,000 but > \$20,000,000	1.75%	2.75%
IV	≤\$20,000,000 but < \$10,000,000	2.00%	3.00%
V	≤\$10,000,000	2.25%	3.25%

In exchange for these amendments, the Borrowers agreed to pay fees of \$332,500.

The foregoing summary of the terms and conditions of the Eighth Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Eighth Amendment, which is attached as Exhibit 10.1.

Item 2.02 Results of Operations and Financial Condition.

On Wednesday, January 30, 2013, Covenant Transportation Group, Inc., a Nevada corporation (the “Company”), issued a press release announcing its financial and operating results for the quarter and year ended December 31, 2012. A copy of the press release is attached to this report as Exhibit 99.

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

The information set forth in Item 1.01 of this Current Report on Form 8-K concerning the Company’s obligations under the Eighth Amendment is incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT
NUMBER

EXHIBIT DESCRIPTION

10.1

Eighth Amendment to Third Amended and Restated Credit Agreement, dated effective as of December 31, 2012, among Covenant Transportation Group, Inc., Covenant Transport, Inc., CTG Leasing Company, Covenant Asset Management, Inc., Southern Refrigerated Transport, Inc., Covenant Transport Solutions, Inc., Star Transportation, Inc., and Bank of America, N.A. as agent

99

Covenant Transportation Group, Inc. press release announcing financial and operating results for the quarter and year ended December 31, 2012

The information contained in Items 2.02 and 9.01 of this report and the exhibit hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The information in Items 2.02 and 9.01 of this report and the exhibit hereto may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements are made based on the current beliefs and expectations of the Company’s management and are subject to significant risks and uncertainties. Actual results or events may differ from those anticipated by forward-looking statements. Please refer to the italicized paragraph at the end of the attached press release and various disclosures by the Company in its press releases, stockholder reports, and filings with the Securities and Exchange Commission for information concerning risks, uncertainties, and other factors that may affect future results.

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.

COVENANT
TRANSPORTATION
GROUP, INC.

Date: January 30, 2013 /s/ Richard B.
By: Cribbs
Richard B. Cribbs
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
<u>10.1</u>	Eighth Amendment to Third Amended and Restated Credit Agreement, dated effective as of December 31, 2012, among Covenant Transportation Group, Inc., Covenant Transport, Inc., CTG Leasing Company, Covenant Asset Management, Inc., Southern Refrigerated Transport, Inc., Covenant Transport Solutions, Inc., Star Transportation, Inc., and Bank of America, N.A. as agent
<u>99</u>	Covenant Transportation Group, Inc. press release announcing financial and operating results for the quarter and year ended December 31, 2012