MARTIN MIDSTREAM PARTNERS LP
Form 8-K
March 26, 2010

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): March 26, 2010
MARTIN MIDSTREAM PARTNERS L.P.
(Exact name of Registrant as specified in its charter)

DELAWARE	**000-50056**	**05-0527861**
(State of incorporation or organization)	(Commission file number)	(I.R.S. employer identification number)

4200 STONE ROAD **KILGORE, TEXAS**	**75662**
(Address of principal executive offices)	(Zip code)

Registrant s telephone number, including area code: (903) 983-6200
(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 (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
o 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 information included or incorporated by reference in Item 2.03 of this Current Report on Form 8-K (this Report) is incorporated by reference into this Item 1.01 of this Report.

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

Notes Offering

On March 26, 2010, Martin Midstream Partners L.P. (the Partnership), Martin Midstream Finance Corp. (FinCo and, together with the Partnership, the Issuers) entered into (i) an Indenture, dated as of March 26, 2010 (the Indenture), among the Issuers, certain subsidiary guarantors (the Guarantors) and Wells Fargo Bank, National Association, as trustee (the Trustee) and (ii) a Registration Rights Agreement, dated as of March 26, 2010 (the Registration Rights Agreement), among the Issuers, the Guarantors and Wells Fargo Securities, LLC, RBC Capital Markets Corporation and UBS Securities LLC, as representatives of a group of initial purchasers (collectively, the Initial Purchasers), in connection with a private placement to eligible purchasers of $200 million in aggregate principal amount of the Issuers 8.875% senior unsecured notes due 2018 (the Notes).

Indenture

Interest and Maturity

On March 26, 2010, the Issuers issued the Notes pursuant to the Indenture in a transaction exempt from registration requirements under the Securities Act of 1933, as amended (the Securities Act). The Notes were resold to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act. The Notes will mature on April 1, 2018. The interest payment dates are April 1 and October 1, beginning on October 1, 2010.

Optional Redemption

Prior to April 1, 2013, the Issuers have the option on any one or more occasions to redeem up to 35% of the aggregate principal amount of the Notes issued under the Indenture at a redemption price of 108.875% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date of the Notes with the proceeds of certain equity offerings. Prior to April 1, 2014, the Issuers may on any one or more occasions redeem all or a part of the Notes at the redemption price equal to the sum of (i) the principal amount thereof, plus (ii) a make whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. On or after April 1, 2014, the Issuers may on any one or more occasions redeem all or a part of the Notes at redemption prices (expressed as percentages of principal amount) equal to 104.438% for the twelve-month period beginning on April 1, 2014, 102.219% for the twelve-month period beginning on April 1, 2015 and 100.00% for the twelve-month period beginning on April 1, 2016 and at any time thereafter, plus accrued and unpaid interest, if any, to the applicable redemption date on the Notes.

Certain Covenants

The Indenture restricts the Partnership s ability and the ability of certain of its subsidiaries to: (i) sell assets including equity interests in our subsidiaries; (ii) pay distributions on, redeem or repurchase our units or redeem or repurchase our subordinated debt; (iii) make investments; (iv) incur or guarantee additional indebtedness or issue preferred units; (v) create or incur certain liens; (vi) enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us; (vii) consolidate, merge or transfer all or substantially all of our assets; (viii) engage in transactions with affiliates; (ix) create unrestricted subsidiaries; (x) enter into sale and leaseback transactions; or (xi) engage in certain business activities. These covenants are subject to a number of important exceptions and qualifications. If the Notes achieve an investment grade rating from each of Moody s Investors Service, Inc. and Standard & Poor s Ratings Services and no Default (as defined in the Indenture) has occurred and is continuing, many of these covenants will terminate.

Events of Default

The Indenture provides that each of the following is an Event of Default: (i) default for 30 days in the payment when due of interest on the Notes; (ii) default in payment when due of the principal of, or premium, if any, on the Notes; (iii) failure by the Partnership to comply with certain covenants relating to asset sales, repurchases of the Notes upon a change of control and mergers or consolidations; (iv) failure by the Partnership for 180 days after notice to comply with its reporting obligations under the Securities Exchange Act of 1934; (v) failure by the Partnership for 60 days after notice to comply with any of the other agreements in the Indenture; (vi) default under any mortgage, indenture or instrument governing any indebtedness for money borrowed or guaranteed by the Partnership or any of its restricted subsidiaries, whether such indebtedness or guarantee now exists or is created after the date of the Indenture, if such default: (a) is caused by a payment default; or (b) results in the acceleration of such indebtedness prior to its stated maturity, and, in each case, the principal amount of the indebtedness, together with the principal amount of any other such indebtedness under which there has been a payment default or acceleration of maturity, aggregates $20.0 million or more, subject to a cure provision; (vii) failure by the Partnership or any of its restricted subsidiaries to pay final judgments aggregating in excess of $20.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; (viii) except as permitted by the Indenture, any subsidiary guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force or effect, or any Guarantor, or any person acting on behalf of any Guarantor, denies or disaffirms its obligations under its subsidiary guarantee; and (ix) certain events of bankruptcy, insolvency or reorganization described in the Indenture with respect to the Issuers or any of the Partnership s restricted subsidiaries that is a significant subsidiary or any group of restricted subsidiaries that, taken together, would constitute a significant subsidiary of the Partnership. Upon a continuing Event of Default, the Trustee, by notice to the Issuers, or the holders of at least 25% in principal amount of the then outstanding Notes, by notice to the Issuers and the Trustee, may declare the Notes immediately due and payable, except that an Event of Default resulting from entry into a bankruptcy, insolvency or reorganization with respect to the Issuers, any restricted subsidiary of the Partnership that is a significant subsidiary or any group of its restricted subsidiaries that, taken together, would constitute a significant subsidiary of the Partnership, will automatically cause the Notes to become due and payable.

Registration Rights Agreement

Under the Registration Rights Agreement, the Issuers and the Guarantors shall cause to be filed with the Securities and Exchange Commission a registration statement with respect to an offer to exchange the Notes for substantially identical notes that are registered under the Securities Act. The Issuers and the Guarantors will use their commercially reasonable efforts to cause such exchange offer registration statement to become effective under the Securities Act. In addition, the Issuers and the Guarantors will use their commercially reasonable efforts to cause the exchange offer to be consummated not later than 270 days after March 26, 2010. Under some circumstances, in lieu of, or in addition to, a registered exchange offer, the Issuers and the Guarantors have agreed to file a shelf registration statement with respect to the Notes. The Issuers and the Guarantors are required to pay additional interest if they fail to comply with their obligations to register the Notes under the Registration Rights Agreement.

Sixth Amendment to Credit Agreement

On March 26, 2010, the Partnership entered into a Sixth Amendment (the Sixth Amendment) to the Second Amended and Restated Credit Agreement (as amended to date, the Credit Agreement), among Martin Operating Partnership L.P., a wholly-owned subsidiary of the Partnership, as borrower, the Partnership and certain of its subsidiaries, as guarantors, the financial institutions parties thereto, as lenders, Royal Bank of Canada, as administrative agent and collateral agent, and the various other agents and parties thereto. A copy of the Sixth Amendment is filed as Exhibit 10.1 to this Report.

The Sixth Amendment amends the Credit Agreement to, among other things, (1) decrease the maximum amount of borrowings and letters of credit under the Credit Agreement from $350 million to $275 million, (2) convert all term loans under the Credit Agreement to revolving loans as of the effective date of the Sixth Amendment, (3) extend the maturity date of all amounts outstanding under the Credit Agreement from November 9, 2012 to March 15, 2013, (4) permit the Partnership to invest up to $40 million in its joint ventures, (5) eliminate the covenant that limits the Partnership s ability to make capital expenditures, (6) decrease the applicable interest rate margin on committed revolver loans under the Credit Agreement as described in more detail below, (7) limit the Partnership s ability to make future acquisitions, (8) adjust the financial covenants as described in more detail below and (9) eliminate the Partnership s ability to have additional financial institutions become revolving lenders, or for existing revolving lenders to increase their revolving commitments, and thereby increase the maximum amount of borrowings and letters of credit under the Credit Agreement.

Amounts outstanding under the Credit Agreement bear interest at our option at either the Eurodollar Rate (the British Bankers Association LIBOR Rate) plus an applicable margin or the Base Rate (the highest of the Federal Funds Rate plus 0.50%, the 30-day Eurodollar Rate plus 1.0%, or the administrative agent s prime rate) plus an applicable margin, and the applicable margin is determined by the Partnership s leverage ratio. After giving effect to the Sixth Amendment, the applicable margin for Eurodollar Rate loans and letters of credit ranges from 3.00% to 4.25% and the applicable margin for Base Rate loans will range from 2.00% to 3.25%.

The Credit Agreement, as amended by the Sixth Amendment, contains financial covenants that, among other things, requires the Partnership to maintain specified ratios of: (i) EBITDA (as defined in the Credit Agreement) to consolidated interest charges (as defined in the Credit Agreement) of not less than 3.0 to 1.0 at the end of each fiscal quarter, (ii) total funded debt to EBITDA of not more than 4.50 to 1.00 at the end of each fiscal quarter and (iii) total secured debt to EBITDA of not more than 2.75 to 1.00 at the end of each fiscal quarter.

All other material terms of the Credit Agreement remain the same as disclosed in the Partnership s filings with the Securities and Exchange Commission.

As of March 26, 2010, after giving effect to the Sixth Amendment and the use of the proceeds from our Notes offering, the Partnership has $275.0 million in commitments under the Partnership s credit facility, of which the Partnership has drawn $82.0 million, and $193.0 million available for additional borrowing. In addition, the Partnership has $6.3 million in outstanding capital lease obligations. Subject to the financial covenants contained in the Credit Agreement and based on the Partnership s existing EBITDA (as defined in the Credit Facility) calculations, the Partnership has the ability to incur approximately $94.9 of that amount.

Miscellaneous

The descriptions set forth above are qualified in their entirety by the Indenture, the Registration Rights Agreement and the Sixth Amendment, which are filed with this Report as Exhibits 4.1, 4.2 and 10.1, respectively, and are incorporated herein by reference.

Item 8.01. Other Events.

On March 26, 2010, the Partnership issued a press release announcing the closing of the Notes offering. A copy of the Partnership s press release announcing the closing of the Notes offering is filed as Exhibits 99.1 to this Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

EXHIBIT NUMBER	DESCRIPTION
4.1	Indenture, dated as of March 26, 2010, by and among the Partnership, FinCo, the Guarantors named therein and Wells Fargo Bank, National Association, as trustee.
4.2	Registration Rights Agreement, dated as of March 26, 2010, by and among the Partnership, FinCo, the Guarantors named therein and the Initial Purchasers named therein.
10.1	Sixth Amendment to Second Amended and Restated Credit Agreement, dated as of March 26, 2010, among Martin Operating

EXHIBIT NUMBER	DESCRIPTION
	Partnership L.P., the Partnership, Martin Operating GP LLC, Prism Gas Systems I, L.P., Prism Gas Systems GP, L.L.C., Prism Gulf Coast Systems, L.L.C., McLeod Gas Gathering and Processing Company, L.L.C., Woodlawn Pipeline Co., Inc., the financial institution parties to the Credit Agreement and Royal Bank of Canada, as administrative agent and collateral agent.
99.1	Press release dated March 26, 2010.

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.

MARTIN MIDSTREAM PARTNERS L.P.

By: Martin Midstream GP LLC
Its General Partner

Date: March 26, 2010

By: /s/ Robert D. Bondurant
Robert D. Bondurant,
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

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10.1	Sixth Amendment to Second Amended and Restated Credit Agreement, dated as of March 26, 2010, among Martin Operating Partnership L.P., the Partnership, Martin Operating GP LLC, Prism Gas Systems I, L.P., Prism Gas Systems GP, L.L.C., Prism Gulf Coast Systems, L.L.C., McLeod Gas Gathering and Processing Company, L.L.C., Woodlawn Pipeline Co., Inc., the financial institution parties to the Credit Agreement and Royal Bank of Canada, as administrative agent and collateral agent.
99.1	Press release dated March 26, 2010.