

VCA INC
Form 8-K
August 28, 2014

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 27, 2014

VCA Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

001-16783
(Commission

File Number)
12401 West Olympic Boulevard

95-4097995
(IRS Employer

Identification No.)

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Los Angeles, California 90064-1022

(Address of Principal Executive Offices)

(310) 571-6500

(Registrant's Telephone Number)

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 Material Definitive Agreement

On August 27, 2014, VCA Inc. (the Company) entered into a credit agreement (the Credit Agreement) by and among the Vicar Operating, Inc., as borrower, the Company, as guarantor, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, JPMorgan Chase Bank, N.A., and Suntrust Bank as co-syndication agents. The new Credit Agreement replaced the Company's Existing Credit Agreement (defined below) providing for \$534 million of term notes and \$125 million revolving credit facility, which had been entered into as of August 19, 2011.

The Credit Agreement provides for \$600 million of senior secured term notes and an additional \$800 million senior secured revolving facility. In addition to refinancing all outstanding amounts under our Existing Credit Agreement, borrowings under our Credit Agreement may be used by the Company for general corporate purchases, including permitted share repurchases.

In general, borrowings under the Credit Agreement (including swing line borrowings) bear interest on the basis of either a base rate plus the applicable margin ranging from 0.00% to 1.25% or the applicable LIBOR rate plus the applicable margin ranging from 1.00% to 2.25%. The base rate is equal to the highest of (a) the Federal funds rate plus 0.50%, (b) Bank of America, N.A.'s prime rate, and (c) one month LIBOR plus 1.0%. Until the business day after the delivery of the compliance certificate and the financial statements for the period ending September 30, 2014, borrowings under the Credit Agreement, at the Company's current leverage ratio, will bear interest at LIBOR plus 175 basis points or the base rate plus 75 basis points.

The revolving credit facility under the Credit Agreement matures on August 27, 2019, and requires compliance with conditions precedent that must be satisfied prior to any borrowing as well as compliance with certain affirmative and negative covenants. The term loans issued under the Credit Agreement mature on August 27, 2019, with principal payments of \$7,500,000 due on the last day of each calendar quarter from September 30, 2015 to and including June 30, 2017, of \$11,250,000 due on the last day of each calendar quarter from September 30 2017 to and including June 30, 2018 and of \$15,000,000 due on the last day of each calendar quarter thereafter with a final payment of the outstanding principal balance due on August 27, 2019. Principal payments under the revolving credit facility portion are made at the Company's discretion with the entire unpaid amount due at maturity.

All outstanding indebtedness under the Credit Agreement may be voluntarily prepaid in whole or in part without premium or penalty, other than customary breakage costs. The Company and each of its wholly owned, domestic, subsidiaries guarantee the outstanding indebtedness under the Credit Agreement. Any borrowings, along with the guarantees of the domestic subsidiaries, are further secured by a pledge of substantially all of the Company's and its domestic subsidiaries' assets, including 65% of the voting equity and 100% of the non-voting equity interests in each of the Company's foreign subsidiaries.

The Credit Agreement contains certain customary affirmative covenants, including, among others: (i) preservation of existence; (ii) payment of obligations, including taxes; (iii) maintenance of properties, insurance, leases, books and records and material contracts; (iv) compliance with laws; (v) use of proceeds; (vi) subordination of intercompany loans; (vii) anti-terrorism laws; and (viii) collateral.

The Credit Agreement also contains certain customary negative covenants, including, among others: (i) restrictions on incurring additional debt; (ii) granting of liens; and (iii) dispositions of assets. Additionally, the Credit Agreement contains customary events of default, including, failure to make payments, a cross-default to certain other debt, breaches of covenants, breaches of representations and warranties, and change of control. In addition, the Company is obligated to maintain at the end of each calendar quarter, beginning September 30, 2014, an interest coverage ratio of not less than 3.00:1.00 and a leverage ratio as of the last day of any calendar quarter of not greater than 4.50:1.00 from September 30, 2014 until March 31, 2015, 4.25:1.00 from June 30, 2015 until December 31, 2015, 4.00:1.00 from March 31, 2106 until December 31, 2016, and 3.75:1.00 thereafter until maturity, both as calculated in accordance with the terms and definitions determining such ratios contained in Credit Agreement. The Credit Agreement also contains various reporting requirements.

The Credit Agreement is being filed herewith solely to provide investors and security holders with information regarding its terms. It is not intended to be a source of financial, business or operational information about the Company or any of its subsidiaries or affiliates. The representations, warranties and covenants contained in the Credit Agreement are made solely for purposes of those agreements and are made as of specific dates; are solely for the benefit of the parties thereto; may be made for the purpose of allocating contractual risk between the parties instead of establishing matters as facts; and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors or security holders. Investors and security holders should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of the Company or any of its subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Credit Agreement, which subsequent information may or may not be fully reflected in public disclosures.

The above summary of the Credit Agreement is not complete and is qualified in its entirety by reference to the complete text of the Credit Agreement, a copy of which is attached as exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference. A copy of the press release announcing the Credit Agreement is filed as Exhibit 99.1 to this Current Report on Form 8-K.

Item 1.02. Termination of a Material Definitive Agreement.

In connection with the Company entering into the Credit Agreement, effective August 27, 2014, the Company terminated that certain amended and restated credit and guaranty agreement (the Existing Credit Agreement) by and among the Company, Vicar Operating, Inc., certain subsidiaries of Vicar Operating, Inc., as guarantors, the various lenders from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent, collateral agent, issuing bank and swing line lender, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as co-syndication agents, and other agents party thereto, as amended. All outstanding borrowings under the Existing Credit Agreement were paid in full. The financings under the Existing Credit Agreement were scheduled to mature on August 19, 2016. There were no penalties paid as a result of the early termination. The information set forth above under Item 1.01 is hereby incorporated by reference into this Item 1.02.

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 above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 8.01. Other Events.

Reference is made to the press release of the Company, issued on August 27, 2014, which is incorporated herein by reference. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

- 10.1 Credit Agreement, dated as of August 27, 2014, by and among the Vicar Operating, Inc., as borrower, VCA Inc., as guarantor, certain subsidiaries of VCA party thereto, as guarantors, the lenders party thereto, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, JPMorgan Chase Bank, N.A., and Suntrust Bank as co-syndication agents.
- 99.1 Press release dated August 27, 2014.

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.

August 27, 2014

VCA Inc.

/s/ Tomas W. Fuller

By: Tomas W. Fuller

Its: Chief Financial Officer

EXHIBIT INDEX

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