

QUANTA SERVICES INC
Form 8-K
December 23, 2015

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):

December 23, 2015 (December 18, 2015)

QUANTA SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-13831
(Commission File No.)

74-2851603
(IRS Employer Identification No.)

2800 Post Oak Boulevard, Suite 2600

Houston, Texas 77056

(Address of principal executive offices, including ZIP code)

(713) 629-7600

(Registrant's telephone number, including area code)

Not Applicable

(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):

- .. 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 December 18, 2015, Quanta Services, Inc. (the "Company") entered into a Fourth Amended and Restated Credit Agreement (the "Credit Agreement") among the Company and certain of the Company's subsidiaries, as Borrowers, the Company's U.S. subsidiaries party thereto, as Guarantors, Bank of America, N.A., as Administrative Agent, Domestic Swing Line Lender and an L/C Issuer, and the other lenders party thereto. The Credit Agreement amends and restates the Third Amended and Restated Credit Agreement, dated as of October 30, 2013, as amended, among the Company and certain of the Company's subsidiaries, as Borrowers, the Company's U.S. subsidiaries, as Guarantors, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the other lenders party thereto.

The Credit Agreement provides for a \$1.810 billion senior secured revolving credit facility maturing on December 18, 2020. The entire amount available under the facility may be used by the Company for revolving loans and letters of credit in U.S. dollars and certain alternative currencies. Up to \$600.0 million of the facility may be used by the Borrowers that are subsidiaries of the Company for revolving loans and letters of credit in U.S. dollars and certain alternative currencies. Up to \$100.0 million of the facility may be used for swing line loans in U.S. dollars, up to \$50.0 million of the facility may be used for swing line loans in Canadian dollars and up to \$30.0 million of the facility may be used for swing line loans in Australian dollars. In addition, subject to the conditions specified in the Credit Agreement, the Company has the option to increase the revolving commitments by up to an additional \$400.0 million, from time to time, upon receipt of additional commitments from new or existing lenders. Borrowings under the Credit Agreement are to be used to refinance existing indebtedness and for working capital, capital expenditures and other general corporate purposes.

As of the closing of the credit facility on December 18, 2015, the Company had approximately \$321.6 million of outstanding letters of credit and bank guarantees issued under the Credit Agreement and \$563.6 million of outstanding revolving loans. The remaining \$924.8 million commitment was available for revolving loans or issuing new letters of credit or bank guarantees.

Amounts borrowed under the Credit Agreement in U.S. dollars will bear interest, at the Company's option, at a rate equal to either (a) the Eurocurrency Rate plus 1.125% to 2.125%, as determined based on the Company's Consolidated Leverage Ratio (as described below), or (b) the Base Rate (as described below) plus 0.125% to 1.125%, as determined based on the Company's Consolidated Leverage Ratio. Amounts borrowed as revolving loans under the Credit Agreement in any currency other than U.S. dollars will bear interest at a rate equal to the Eurocurrency Rate plus 1.125% to 2.125%, as determined based on the Company's Consolidated Leverage Ratio. Standby or commercial letters of credit issued under the Credit Agreement will be subject to a letter of credit fee of 1.125% to 2.125%, based on the Company's Consolidated Leverage Ratio, and performance letters of credit issued under the Credit Agreement in support of certain contractual obligations will be subject to a letter of credit fee of 0.675% to 1.275%, based on the Company's Consolidated Leverage Ratio. The Company also will be subject to a commitment fee of 0.20% to 0.40%, based on the Company's Consolidated Leverage Ratio, on any unused availability under the Credit Agreement.

The Consolidated Leverage Ratio is the ratio of the Company's total funded debt to Consolidated EBITDA (as defined in the Credit Agreement). For purposes of calculating the Consolidated Leverage Ratio, total funded debt is reduced by available cash and Cash Equivalents (as defined in the Credit Agreement) in excess of \$25.0 million. The Base Rate equals the highest of (i) the Federal Funds Rate (as defined in the Credit Agreement) plus 1/2 of 1%, (ii) Bank of America's prime rate and (iii) the Eurocurrency Rate plus 1.00%.

The Company and its U.S. subsidiaries party to the Credit Agreement entered into a Fourth Amended and Restated Security Agreement (the "Security Agreement") and a Fourth Amended and Restated Pledge Agreement (the "Pledge Agreement") in connection with the Credit Agreement. Subject to certain exceptions, the Credit Agreement is secured by substantially all of the assets of the Company and its wholly-owned U.S. subsidiaries and by a pledge of all of the capital stock of the Company's wholly-owned U.S. subsidiaries and 65% of the capital stock of the direct foreign subsidiaries of the Company or its wholly-owned U.S. subsidiaries. The Company's wholly-owned U.S. subsidiaries

also guarantee the repayment of all amounts due under the Credit Agreement. Subject to certain conditions, at any time the Company maintains an Investment Grade Rating (defined in the Credit Agreement as two of the following three conditions being met: (i) a corporate credit rating that is BBB- or higher by Standard & Poor's Rating Services, (ii) a corporate family rating that is Baa3 or higher by Moody's Investors Services, Inc. or (iii) a corporate credit rating that is BBB- or higher by Fitch Ratings, Inc.), all collateral will automatically be released from the liens created by the Security Agreement and the Pledge Agreement.

The Credit Agreement contains certain covenants, including a maximum Consolidated Leverage Ratio and a minimum interest coverage ratio, in each case as specified in the Credit Agreement. The Credit Agreement limits certain acquisitions, mergers and consolidations, indebtedness, asset sales and prepayments of indebtedness and, subject to certain exceptions, prohibits liens on assets and restricts the payment of dividends and stock repurchase programs.

The Credit Agreement provides for customary events of default and carries cross-default provisions with the Company's Underwriting, Continuing Indemnity and Security Agreement with its sureties and all of the Company's other debt instruments exceeding \$100.0 million in borrowings or availability. If an Event of Default (as defined in the Credit Agreement) occurs and is continuing, on the terms and subject to the conditions set forth in the Credit Agreement, amounts outstanding under the Credit Agreement may be accelerated and may become or be declared immediately due and payable.

Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, which acted as Joint Lead Arrangers and Joint Bookrunners for the Credit Agreement, and some of the other lenders under the Credit Agreement and their respective affiliates, have provided financial advisory and investment banking services to the Company and its subsidiaries for which they have received customary fees.

The foregoing summary of some of the terms of the Credit Agreement, the Security Agreement and the Pledge Agreement is qualified in its entirety by reference to the complete text of such agreements, copies of which are filed as exhibits to this report and are incorporated herein by reference.

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

The Company entered into a Fourth Amended and Restated Credit Agreement on December 18, 2015, which is more fully described in Item 1.01 above and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Exhibit
99.1	Fourth Amended and Restated Credit Agreement, dated as of December 18, 2015, among Quanta Services, Inc. and certain subsidiaries of Quanta Services, Inc., as Borrowers, certain subsidiaries of Quanta Services, Inc. identified therein as Guarantors, Bank of America, N.A., as Administrative Agent, Domestic Swing Line Lender and an L/C Issuer, and the other Lenders party thereto
99.2	Fourth Amended and Restated Security Agreement, dated as of December 18, 2015, among Quanta Services, Inc., the other Debtors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties
99.3	Third Amended and Restated Pledge Agreement, dated as of December 18, 2015, among Quanta Services, Inc., the other Pledgors identified therein, and Bank of America, N.A., as Administrative Agent for the ratable benefit of the Secured Parties

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.

Dated: December 23, 2015

QUANTA SERVICES, INC.

By: /s/ Derrick A. Jensen

Name: Derrick A. Jensen

Title: Chief Financial Officer

EXHIBIT INDEX

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