

COMFORT SYSTEMS USA INC  
Form 8-K  
April 19, 2018

**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) **April 18, 2018**

**Comfort Systems USA, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-13011**  
(Commission  
File Number)

**76-0526487**  
(IRS Employer  
Identification No.)

**675 Bering Drive, Suite 400**  
**Houston, Texas**  
(Address of principal executive offices)

**77057**  
(Zip Code)

Registrant's telephone number, including area code **(713) 830-9600**

(Former name or former address, if changed since last report.)

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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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement**

As previously disclosed, as of July 16, 2010, Comfort Systems USA, Inc. (the Company) entered into an amended and restated senior credit facility (the Facility) with certain subsidiaries of the Company, as guarantors (the Guarantors), arranged by Wells Fargo Bank, National Association (the Agent) and provided by a syndicate of banks including Wells Fargo Bank, National Association and other lenders from time to time party thereto (the Lenders). As of September 23, 2011, the Company entered into an Amendment No. 1 to Second Amended and Restated Credit Agreement, Second Amended and Restated Security Agreement, and Second Amended and Restated Pledge Agreement (the First Amendment) with the Guarantors, the Agent, and the Lenders. As of June 25, 2013, the Company entered into Amendment No. 2 to Second Amended and Restated Credit Agreement and Amendment to Other Loan Documents (the Second Amendment) with the Guarantors, the Agent, and the Lenders. As of July 22, 2014, the Company entered into Amendment No. 3 to Second Amended and Restated Credit Agreement and Amendment to Other Loan Documents (the Third Amendment) with the Guarantors, the Agent, and the Lenders. As of February 22, 2016, the Company entered into Amendment No. 4 to Second Amended and Restated Credit Agreement and Amendment to Other Loan Documents (the Fourth Amendment) with the Guarantors, the Agent, and the Lenders. As of April 18, 2018, the Company entered into Amendment No. 5 to Second Amended and Restated Credit Agreement and Amendment to Other Loan Documents (the Fifth Amendment) and, together with the Facility, the First Amendment, the Second Amendment, the Third Amendment, and the Fourth Amendment, the Amended Facility) with the Guarantors, the Agent, and the Lenders.

The Amended Facility is secured by a first lien on substantially all of the Company's personal property except for assets related to projects subject to surety bonds and assets held by certain unrestricted subsidiaries and a second lien on the Company's assets related to projects subject to surety bonds. The Amended Facility provides an increased line of credit to the Company from \$325 million to \$400 million, with a \$100 million accordion option. The line of credit includes up to \$125 million issuable in the form of letters of credit. The Amended Facility will expire in April 2023 and contains only two financial covenants:

*Total Leverage Ratio* The Amended Facility requires that the ratio of the Company's Consolidated Total Indebtedness to its Consolidated EBITDA not exceed 3.00 to 1.00 as of the end of each fiscal quarter through the maturity date.

*Fixed Charge Coverage Ratio* The Amended Facility requires that the ratio of (a) Consolidated EBITDA, less non-financed capital expenditures, tax provision, certain dividends and amounts used to repurchase stock to (b) the sum of interest expense and scheduled principal payments be at least 2.00; provided that the numerator of the fixed charge coverage ratio will be reduced by stock repurchases and dividends as specified above only if the Company's Net Leverage Ratio (Consolidated Total Indebtedness minus cash in excess of \$20 million, divided by Consolidated EBITDA) exceeds 1.75 to 1.0. The Amended Facility also allows the numerator of the fixed charge coverage ratio not to be reduced for stock repurchases made after the effective date of the Fifth Amendment in an aggregate amount not to exceed \$30 million if at the time of and after giving effect to such repurchase the Company's Net Leverage Ratio was less than or equal to 1.75 to 1.00. Consolidated EBITDA, capital expenditures, tax provision, dividends, stock repurchase payments, interest expense, and scheduled principal payments are defined under the Amended Facility for purposes of this covenant to be amounts for the four quarters ending as of any given quarterly covenant compliance measurement date.

*Other Restrictions* The Amended Facility permits acquisitions of up to \$40 million per transaction, provided that the aggregate purchase price of all such acquisitions in the same fiscal year do not exceed \$80 million. However, these limitations only apply when the Company's Total Leverage Ratio is greater than 2.0 to 1.0.



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.

COMFORT SYSTEMS USA, INC.

By: */s/ Trent T. McKenna*  
Trent T. McKenna, Senior Vice President and General  
Counsel

Date: April 19, 2018