

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

RELM WIRELESS CORP

Form: 8-K

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Corporate Issuer CIK: 2186

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 17, 2017

RELM Wireless Corporation

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation)	001-32644 (Commission File Number)	59-3486297 (I.R.S. Employer Identification No.)
7100 Technology Drive, West Melbourne, FL (Address of principal executive offices)		32904 (Zip Code)

Registrant's telephone number, including area code:

(321) 984-1414

N/A

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:

- ☐ 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))
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Item 1.01**Entry into a Material Definitive Agreement.**

On January 17, 2017, RELM Wireless Corporation (the "Company"), RELM Communications, Inc., the Company's wholly-owned subsidiary ("RELM Communications"), and Silicon Valley Bank, as lender ("SVB"), amended their Loan and Security Agreement dated as of October 23, 2008, as amended by the First Amendment thereto dated as of October 20, 2010, the Second Amendment thereto dated as of June 22, 2011, the Third Amendment thereto dated as of December 18, 2012, the Fourth Amendment thereto dated as of January 28, 2015, and the Fifth Amendment thereto dated as of December 29, 2015, by and among the Company, RELM Communications and SVB (as amended, the "Loan and Security Agreement"), under which the Company's existing secured revolving credit facility (the "Credit Facility") is maintained, by entering into the Sixth Amendment to Loan and Security Agreement (the "Sixth Amendment"), to be effective as of December 28, 2016. Under the Sixth Amendment, the Company's Credit Facility with SVB was amended as follows:

- Maximum borrowing availability under the Credit Facility has been reduced to \$1.0 million from \$2.0 million;
- The Credit Facility's maturity date has been extended to December 27, 2017 from December 28, 2016;
- Dividends to the Company's shareholders are permitted in the amount not to exceed \$5.0 million in the aggregate in any 12-month period so long as an event of default does not exist at the time of such dividend and would not exist after giving effect to such dividend; and
- The variable rate at which borrowings under the Credit Facility bear interest has been increased from the prime rate to the prime rate plus 25 basis points.

The Company continues to be subject to substantially the same customary borrowing terms and conditions under the Credit Facility as it was prior to the Sixth Amendment, including the accuracy of representations and warranties, compliance with financial maintenance and restrictive covenants and the absence of events of default.

The Company was in compliance with all covenants under the Loan and Security Agreement, as amended by the Sixth Amendment, as of the date of filing this Current Report on Form 8-K. As of the date of filing this Current Report on Form 8-K, the Company had no borrowings outstanding under the Credit Facility.

The foregoing description of the Credit Facility and the Loan and Security Agreement, as amended by the Sixth Amendment, does not purport to be complete and is qualified in its entirety by reference to the text of the Sixth Amendment filed herewith as Exhibit 10.1 and incorporated herein by reference.

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

The information required by Item 2.03 is included in Item 1.01 above and is incorporated herein by reference.

Item 9.01**Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit No. Description

<u>10.1</u>	Sixth Amendment to Loan and Security Agreement, entered into as of January 17, 2017, by and among Silicon Valley Bank, RELM Wireless Corporation and RELM Communications, Inc.
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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.

RELM WIRELESS CORPORATION

By: /s/ William P. Kelly

William P. Kelly
Executive Vice President and
Chief Financial Officer

Date: January 18, 2017

EXHIBIT INDEX

Exhibit No.	Description
<u>10.1</u>	Sixth Amendment to Loan and Security Agreement, entered into as of January 17, 2017, by and among Silicon Valley Bank, RELM Wireless Corporation and RELM Communications, Inc.

**SIXTH AMENDMENT
TO
LOAN AND SECURITY AGREEMENT**

This Sixth Amendment to Loan and Security Agreement (this "Amendment") is entered into as of January 17, 2017, to be effective as of December 28, 2016, by and among Silicon Valley Bank ("Bank"), Relm Wireless Corporation, a Nevada corporation ("Relm Wireless"), and Relm Communications, Inc., a Florida corporation ("Relm Communications" and together with Relm Wireless, individually and collectively, jointly and severally, "Borrower") whose address is 7100 Technology Drive, West Melbourne, Florida 32904.

RECITALS

- A.** Bank and Borrower have entered into that certain Loan and Security Agreement dated as of October 23, 2008 (as the same has been and may from time to time be further amended, modified, supplemented or restated, the "Loan Agreement").
- B.** Bank has extended credit to Borrower for the purposes permitted in the Loan Agreement.
- C.** Borrower has requested that Bank amend the Loan Agreement to (i) extend the maturity date, and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein.
- D.** Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

Now, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 2.3 (Payment of Interest on the Credit Extensions). Section 2.3(a) is amended in its entirety and replaced with the following:

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Revolving Line shall accrue interest at a floating per annum rate equal to the Prime Rate plus one-quarter of one percent (0.25%), which interest shall be payable monthly in accordance with Section 2.3(f) below. Accrued interest on amounts outstanding under the Revolving Line shall be payable monthly.

2.2 Section 13 (Definitions). The following terms and their respective definitions set forth in Section 13.1 are amended in their entirety and replaced with the following:

"Prime Rate" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors).

"Revolving Line" is an Advance or Advances in an aggregate amount of up to One Million Dollars (\$1,000,000).

"Revolving Line Maturity Date" is December 27, 2017.

2.3 Section 13 (Definitions). Clause (i) of the defined term "Permitted Distributions" is amended in its entirety and replaced with the following:

(i) dividends to the shareholder of Relm Wireless not to exceed Five Million Dollars (\$5,000,000) in the aggregate in any twelve month period so long as an Event of Default does not exist at the time of such dividend and would not exist after giving effect to such dividend.

3. Limitation of Amendments.

3.1 The amendments set forth in Section 2, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower most recently delivered to Bank remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any material law or regulation binding on or affecting Borrower, (b) any material contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

4.6 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

4.7 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Integration. This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

6. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

7. Effectiveness. This Amendment shall be deemed effective as of December 28, 2016, upon (a) the due execution and delivery to Bank of this Amendment by each party hereto, (b) Borrower's payment of a facility fee in an amount equal to Two Thousand Five Hundred Dollars (\$2,500), and (c) payment of Bank's legal fees and expenses in connection with the negotiation and preparation of this Amendment.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BANK

Silicon Valley Bank

By: /s/ Thomas Armstrong
Name: Thomas Armstrong
Title: Director

BORROWER

Relm Wireless Corporation

By: /s/ William P. Kelly
Name: William P. Kelly
Title: EVP & CFO

Relm Communications, Inc.

By: /s/ William P. Kelly
Name: William P. Kelly
Title: EVP & CFO

[Signature Page to Sixth Amendment to Loan and Security Agreement]