

Otter Tail Corp  
Form 8-K  
March 05, 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): February 27, 2014

**OTTER TAIL CORPORATION**

(Exact name of registrant as specified in its charter)

Minnesota                      0-53713              27-0383995  
(State or other jurisdiction (Commission (I.R.S. Employer  
of incorporation)              File Number) Identification No.)

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215 South Cascade Street, P.O. Box 496, Fergus Falls, MN 56538-0496  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (866) 410-8780

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

As previously reported in a Form 8-K filed by Otter Tail Corporation (“OTC”) on August 16, 2013 (the “August 8-K”), on August 14, 2013, Otter Tail Power Company, a Minnesota corporation and wholly owned subsidiary of OTC (“OTP”), entered into a Note Purchase Agreement (the “Note Purchase Agreement”) with the Purchasers named therein, pursuant to which OTP agreed to issue to the Purchasers, in a private placement transaction, \$60 million aggregate principal amount of OTP’s 4.68% Series A Senior Unsecured Notes due February 27, 2029 (the “Series A Notes”) and \$90 million aggregate principal amount of OTP’s 5.47% Series B Senior Unsecured Notes due February 27, 2044 (the “Series B Notes” and, together with the Series A Notes, the “Notes”). On February 27, 2014 OTP issued all \$150 million aggregate principal amount of the Notes.

As reported in the August 8-K, the Note Purchase Agreement states that OTP may prepay all or any part of the Notes (in an amount not less than 10% of the aggregate principal amount of the Notes then outstanding in the case of a partial prepayment) at 100% of the principal amount prepaid, together with accrued interest and a make-whole amount, provided that if no default or event of default under the Note Purchase Agreement exists, any optional prepayment made by OTP of (i) all of the Series A Notes then outstanding on or after November 27, 2028 or (ii) all of the Series B Notes then outstanding on or after November 27, 2043, will be made at 100% of the principal prepaid but without any make-whole amount. In addition, the Note Purchase Agreement states the Company must offer to prepay all of the outstanding Notes at 100% of the principal amount together with unpaid accrued interest in the event of a change of control of OTP.

The Note Purchase Agreement contains a number of restrictions on the business of OTP that became effective upon issuance of the Notes. These include restrictions on OTP’s ability to merge, sell assets, create or incur liens on assets, guarantee the obligations of any other party, and engage in transactions with related parties. The Note Purchase Agreement also contains affirmative covenants and events of default, as well as certain financial covenants. Specifically, OTP may not permit its Interest-bearing Debt (as defined in the Note Purchase Agreement) to exceed 60% of Total Capitalization (as defined in the Note Purchase Agreement), determined as of the end of each fiscal quarter. OTP is also restricted from allowing its Priority Indebtedness (as defined in the Note Purchase Agreement) to exceed 20% of Total Capitalization, also determined as of the end of each fiscal quarter. The Note Purchase Agreement does not include provisions for the termination of the agreement or the acceleration of repayment of amounts outstanding due to changes in OTP’s credit ratings. The Note Purchase Agreement includes a “most favored lender” provision generally requiring that in the event OTP’s existing credit agreement or any renewal, extension or replacement thereof, at any time contains any financial covenant or other provision providing for limitations on interest expense and such a covenant is not contained in the Note Purchase Agreement under substantially similar terms or would be more beneficial to the holders of the Notes than any analogous provision contained in the Note Purchase Agreement (an “Additional Covenant”), then unless waived by the Required Holders (as defined in the Note Purchase Agreement), the Additional Covenant will be deemed to be incorporated into the Note Purchase Agreement. The Note Purchase Agreement also provides for the amendment, modification or deletion of an Additional Covenant if such Additional Covenant is amended or modified under or deleted from the credit agreement, provided that no default or event of default has occurred and is continuing.



The foregoing summary of the material terms of the Note Purchase Agreement is qualified in its entirety by reference to the full text of the Note Purchase Agreement, a copy of which was filed as Exhibit 4.1 to the August 8-K and is incorporated herein by reference.

On February 27, 2014 OTP used a portion of the proceeds of the Notes to retire OTP's \$40.9 million unsecured term loan and to repay \$82.5 million of short-term debt then outstanding under OTP's Second Amended and Restated Credit Agreement. The remaining proceeds of the Notes will be used to pay fees and expenses related to the issuance of the Notes and for other general purposes, including planned construction program expenditures.

## **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.

OTTER TAIL CORPORATION

Date: March 5, 2014

By: /s/ George A. Koeck  
George A. Koeck  
Senior Vice President, General Counsel and Corporate  
Secretary