BLONDER TONGUE LABORATORIES INC
Form 8-K
January 05, 2006

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 29, 2005

Blonder Tongue Laboratories, Inc.
(Exact Name of registrant as specified in its charter)

Delaware	1-14120	52-1611421
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One Jake Brown Road, Old Bridge, New Jersey 08857
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (732) 679-4000

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:

[_] 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 29, 2005, Blonder Tongue Laboratories, Inc. (the "Company") and its majority-owned subsidiary, BDR Broadband, LLC ("BDR"), as Borrowers, and its wholly-owned subsidiary, Blonder Tongue Investment Company, as Guarantor, entered into a Credit and Security Agreement ("Credit Agreement") with National City Business Credit, Inc. ("NCBC") and National City Bank (the "Bank"). The Credit Agreement provides for (i) a $10.0 million asset based revolving credit facility ("Revolving Loan") and (ii) a $3.5 million term loan facility ("Term Loan"), both of which have a three year term. The amounts which may be borrowed under the Revolving Loan are based on certain percentages of Eligible Receivables and Eligible Inventory, as such terms are defined in the Credit Agreement.

The Revolving Loan bears interest at a rate per annum equal to the Libor Rate plus 2.25%, or the "Alternate Base Rate", being the higher of (i) the prime lending rate announced from time to time by the Bank or (ii) the Federal Funds Effective Rate (as defined in the Credit Agreement), plus 0.50%. The Term Loan bears interest at a rate per annum equal to the Libor Rate plus 2.75% or the Alternate Base Rate plus 0.50%. In connection with the Term Loan, the Company previously entered into a interest rate swap agreement ("Swap Agreement") with the Bank which exchanges the variable interest rate of the Term Loan for a fixed interest rate of 5.13% per annum effective January 10, 2006 through the maturity of the Term Loan.

The Revolving Loan terminates on December 28, 2008, at which time all outstanding borrowings under the Revolving Loan are due. The Term Loan requires equal monthly principal payments of $19,444 each, plus interest, with the remaining balance due at maturity. Both loans are subject to a prepayment penalty if satisfied in full prior to the second anniversary of the effective date of the loans.

Proceeds from the Credit Agreement will be used to refinance the Company's existing credit facility with Commerce Bank, N.A., to pay transaction costs, to provide working capital and for other general corporate purposes.

The Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants, including certain financial covenants. The Credit Agreement contains customary events of default, including, among others, non-payment of principal, interest or other amounts when due.

The obligations of the Company under the Credit Agreement are secured by substantially all of the assets of the Company and the Guarantor.

The foregoing description of the Credit Agreement and Swap Agreement are qualified in their entirety by reference to the complete terms and conditions of the Credit Agreement and Swap Agreement, which are filed as Exhibit 99.1 and 99.2 to this Current Report on Form 8-K.

ITEM 1.02. TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT.

The material terms and conditions of the Credit Agreement are set forth in Item 1.01 of this Current Report on Form 8-K and are incorporated by reference into this Item 1.02. On December 29, 2005, the Company used a portion of the proceeds received under the Credit Agreement to repay all amounts outstanding under, the Loan and Security Agreement with Commerce Bank, NA ("Commerce Bank"), dated March 20, 2002, as amended ("Commerce Credit Facility") and terminated the Commerce Credit Facility. The Commerce Credit Facility provided for a $18.5 million credit facility, comprised of (i) a $6.0 million revolving line of credit, (ii) a $9.0 million term loan and (iii) a $3.5 million mortgage loan. Borrowings under the revolving line of credit were limited to certain percentages of eligible accounts receivable and inventory. The Commerce Credit Facility was collateralized by a security interest in all of the Company's assets pursuant to a Mortgage, Security Agreement and Fixture Filing dated March 20, 2002 between the Company and Commerce Bank, an Assignment of Rents and Leases in favor of Commerce Bank, a Patent Security Agreement dated March 20, 2002 between the Company and Commerce Bank, a Trademark Security Agreement dated March 20, 2002 between the Company and Commerce Bank, and a Collateral Pledge Agreement dated November 14, 2003 between the Company and Commerce Bank (collectively, the "Security Agreements"). In connection with the termination of the Commerce Credit Facility, each of the Security Agreements was also terminated. The maturity date of the revolving line of credit and term loan was April 1, 2006. The mortgage loan matured on April 1, 2017, however, was callable after March 20, 2007 at the lender's option.

ITEM 2.03. CREATION OF DIRECT FINANCIAL OBLIGATION.

The material terms and conditions of the Credit Agreement and Swap Agreement are set forth in Item 1.01 of this Current Report on Form 8-K and are incorporated by reference into this Item 2.03. Upon a default under the Credit Agreement, including the non-payment of principal or interest, the obligations of the Company under the Credit Agreement may be accelerated and the assets securing such obligations may be sold.

ITEM 7.01. REGULATION FD DISCLOSURE.

On January 5, 2006, the Company issued a press release announcing the closing of the credit facility with NCBC and the Bank (as discussed in Item 1.01 hereof), which press release is attached hereto as Exhibit 99.3. This press release is incorporated into this Item 7.01 by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) The following exhibits are filed herewith:

Exhibit 99.1	Credit and Security Agreement
Exhibit 99.2	Interest Rate Swap
Exhibit 99.3	Press Release dated January 5, 2006

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. These statements are neither promises nor guarantees, are based upon assumptions and estimates that might not be realized and are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. There are a number of factors that may cause actual results to differ from these forward-looking statements, including the success of marketing and sales strategies and new product development, the price of raw materials, and general economic and business conditions. Other risks and uncertainties that may materially affect the Company are provided in the Company's annual reports to shareholders and the Company's periodic reports filed with the Securities and Exchange Commission from time to time, including reports on Forms 10-K and 10-Q. Please refer to these documents for a more thorough description of these and other risk factors.

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.

BLONDER TONGUE LABORATORIES, INC.

By: /s/ Eric Skolnik
Eric Skolnik
Senior Vice President and
Chief Financial Officer

Date: January 5, 2006