

DEL FRISCO'S RESTAURANT GROUP, INC.

FORM 8-K (Current report filing)

Filed 10/25/17 for the Period Ending 10/24/17

Address	920 S. KIMBALL AVE. SUITE 100 SOUTHLAKE, TX, 76092
Telephone	817-601-4621
CIK	0001415301
Symbol	DFRG
SIC Code	5812 - Retail-Eating Places
Industry	Restaurants & Bars
Sector	Consumer Cyclical
Fiscal Year	12/25

**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): October 24, 2017

Del Frisco's Restaurant Group, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 001-35611

Delaware
(State or other jurisdiction of
incorporation)

20-8453116
(IRS Employer
Identification No.)

920 S. Kimball Ave., Suite 100
Southlake, TX 76092
(Address of principal executive offices, including zip code)

(817) 601-3421
(Registrant's telephone number, including area code)

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.

Item 1.01 Entry into a Material Definitive Agreement

On October 20, 2017, Del Frisco's Restaurant Group, Inc. (the "Company") entered into the Sixth Amendment to Loan Agreement and Consent (the "Amendment") to its Loan Agreement, as amended, dated as of October 15, 2012, by and among Del Frisco's Restaurant Group, Inc., certain subsidiaries as guarantors, and JP Morgan Chase Bank N.A. (the "Loan Agreement"). The Amendment, among other things, consents to the Company's sale and leaseback of its Orlando, Florida Del Frisco's Double Eagle Steak House location. Additionally, the Amendment modifies the definition of the Operating Leverage Ratio under the Loan Agreement.

The foregoing summary of the Amendment is not complete and is subject in its entirety to the complete text of the Amendment, a copy of which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

[Exhibit 10.1](#) Sixth Amendment to Loan Agreement and Consent, dated as of October 20, 2017, to Loan Agreement, as amended, dated as of October 15, 2012, by and among Del Frisco's Restaurant Group, Inc., certain subsidiaries as guarantors, and JP Morgan Chase Bank N.A.

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.

Del Frisco's Restaurant Group, Inc.

Date: October 24, 2017

By:

/s/ Neil H. Thomson

Neil H. Thomson

Chief Financial Officer

SIXTH AMENDMENT TO LOAN AGREEMENT AND CONSENT

This SIXTH AMENDMENT TO LOAN AGREEMENT AND CONSENT (this “Amendment”) is made and entered into as of October __, 2017, by and between DEL FRISCO’S RESTAURANT GROUP, INC., a Delaware corporation (the “Borrower”), and JPMORGAN CHASE BANK, N.A., a national banking association (the “Lender”), and acknowledged and agreed to by each Guarantor.

WITNESSETH:

WHEREAS, the Lender and the Borrower previously entered into that certain Loan Agreement dated as of October 15, 2012 (as has been and may be amended, restated, supplemented, modified or replaced from time to time, the “Loan Agreement”) pursuant to which the Lender agreed to make certain Loans to the Borrower as described therein;

WHEREAS, pursuant to Section 7.02 of the Loan Agreement, the Borrower is prohibited from, among other things, disposing of all or any part of its business, assets or property, except as expressly permitted by such Section 7.02, and pursuant to Section 7.03 of the Loan Agreement, the Borrower is prohibited from entering into certain sale and leaseback transactions except as expressly permitted by such Section 7.03;

WHEREAS, the Borrower has requested that the Lender consent to the sale and leaseback of all of the real property and fixtures of the Loan Parties located at 9150 International Drive, Orlando, Florida 32819 (such transaction, collectively, the “Orlando Disposition”), and the Lender, subject to the terms and conditions contained herein, has agreed to consent to the Orlando Disposition, to be effective as of the date hereof;

WHEREAS, in addition, the Borrower has requested that certain terms of the Loan Agreement be amended in the manner set forth herein, and the Lender, subject to the terms and conditions contained herein, has agreed to such amendments, to be effective as of the date hereof.

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereby agree as follows:

1. Definitions. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement.

2. Amendments to the Loan Agreement. Subject to the conditions hereof and upon satisfaction of the terms set forth in Section 7 herein, the Loan Agreement is hereby amended as follows:

(a) The proviso to the first sentence of Section 2.01(a) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“provided, however, the total principal amount outstanding at any time will not exceed \$50,000,000.00 (the “*Revolving Credit Commitment*”) minus the Letter of Credit Liabilities.”

(b) Section 2.01(d) of the Loan Agreement is hereby deleted and replaced with: “Intentionally omitted.”

(c) Section 8.01 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

8.01 Operating Leverage (Funded Debt). The ratio of (a) Total Funded Debt as of the last day of any fiscal quarter to (b) Adjusted EBITDA for the four fiscal quarter period ending on such date to exceed (i) for the fiscal quarters of Borrower ending on each of December 31, 2017 and March 31, 2018, 1.25 to 1.00, and (ii) for each fiscal quarter of Borrower thereafter, 1.00 to 1.00.

3. Consent to Orlando Disposition. Notwithstanding the terms of the Loan Agreement or any other Loan Document to the contrary (including, without limitation, Sections 7.02 and 7.03 of the Loan Agreement), and subject to the conditions hereof and upon satisfaction of the terms set forth in Section 7 herein, Lender hereby consents to the Orlando Disposition so long as (i) the Orlando Disposition occurs no later than March 31, 2018, (ii) the proceeds of the Orlando Disposition, when aggregated with the proceeds of all other Asset Sales made during the fiscal quarters of the Borrower ending on each of December 31, 2017, March 31, 2018, June 30, 2018, September 30, 2018, and December 31, 2018 are less than \$20,000,000, and (iii) the Orlando Disposition

complies with clauses (i) and (ii) of Section 7.02(d) of the Loan Agreement.

4. Consent of Guarantors. Each Guarantor hereby consents, acknowledges and agrees to the amendments set forth herein and hereby confirms, reaffirms and ratifies in all respects the Guaranty to which it is a party (including without limitation the continuation of such Guarantor's payment and performance obligations thereunder upon and after the effectiveness of this Amendment) and the enforceability of such Guaranty against such Guarantor in accordance with its terms.

5. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Borrower hereby acknowledges and agrees that the Loan Agreement and all of the other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

6. Representations and Warranties. Each Loan Party hereby represents and warrants to the Lender that after giving effect to this Amendment :

(a) The representations and warranties of the Borrower and each other Loan Party contained in Article V of the Loan Agreement or in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date;

(b) This Amendment has been duly authorized, executed and delivered by the Borrower and each Guarantor and constitutes a legal, valid and binding obligation of such parties, enforceable against such parties in accordance with its terms; and

(c) No Default or Event of Default under the Loan Agreement or under any other Loan Document exists.

7. Conditions to Effectiveness. This Amendment shall not be effective until the following conditions precedent have been satisfied:

(a) the Lender shall have received, in form and substance satisfactory to the Lender, each of the following:

(i) counterparts of this Amendment executed by the Borrower, the Lender and each Guarantor;

(ii) an amended and restated Note executed by the Borrower;

(iii) such other documents, instruments and certificates as reasonably requested by the Lender;

(b) the Lender shall have received payment or evidence of payment of all fees and expenses owed by the Borrower to the Lender including, without limitation, the reasonable fees and expenses of Winstead PC, counsel to the Lender;

(c) the Lender shall have received evidence, in form and substance reasonably satisfactory to the Lender, that all actions required to be taken by the Borrower and each other Loan Party in connection with the transactions contemplated by this Amendment have been taken;

(d) the representations and warranties contained in the Loan Agreement and in each other Loan Document shall be true and correct as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date; and

(e) no Default or Event of Default under the Loan Agreement or under any other Loan Document exists.

Upon the satisfaction of the conditions set forth in this Section 7, this Amendment shall be effective as of the date hereof.

8. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original (including electronic copies) but all of which together shall constitute one and the same instrument.

9. Governing Law. This Amendment shall in all respects be governed by, and construed in accordance with, the laws of the State of Texas.

10. Enforceability. Should any one or more of the provisions of this Amendment be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

11. No Novation. This Amendment is given as an amendment and modification of, and not as a payment of, the obligations of the Borrower and the Guarantors under the Loan Agreement and each other Loan Document and is not intended to constitute a novation of the Loan Agreement or any other Loan Document. All of the indebtedness, liabilities and obligations owing by the Borrower and the Guarantors under the Loan Agreement and the other Loan Documents shall continue.

12. Expenses. The Borrower agrees to pay all reasonable out of pocket costs and expenses (including without limitation reasonable fees and expenses of any counsel, financial advisor, and agent for the Lender) incurred before or after the date hereof by the Lender and its affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Amendment and the other Loan Documents.

13. Entire Agreement. THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

BORROWER :

DEL FRISCO'S RESTAURANT GROUP, INC.

By: _____
Neil Thomson
Chief Financial Officer

LENDER :

JPMORGAN CHASE BANK, N.A.

By: _____
Douglas K. Eller
Relationship Executive

REAFFIRMATION OF GUARANTY

By signing below, each Guarantor (a) acknowledges, consents and agrees to the execution, delivery and performance by the Borrower of this Amendment, (b) acknowledges and agrees that its obligations in respect of its respective guaranty are not released, diminished, waived, modified, impaired or affected in any manner by this Amendment or any of the provisions contemplated herein, (c) ratifies and confirms its obligations under its respective guaranty, and (d) acknowledges and agrees that it has no claims or offsets against, or defenses or counterclaims to, its respective guaranty.

CENTER CUT HOSPITALITY, INC.
LONE STAR FINANCE, LLC
SULLIVAN'S OF ALASKA, INC.
SULLIVAN'S OF ARIZONA, INC.
CALIFORNIA SULLIVAN'S, INC.
DEL FRISCO'S OF COLORADO, INC.

SULLIVAN'S – AUSTIN, L.P.
DEL FRISCO – DALLAS, L.P.
DEL FRISCO – FORT WORTH, L.P.

By: ROMO HOLDING, LLC,
its sole general partner

DEL FRISCO'S GRILLE OF TEXAS, LLC
SULLIVAN'S OF ILLINOIS, INC.
SULLIVAN'S OF INDIANA, INC.
SULLIVAN'S OF KANSAS, INC.
LOUISIANA STEAKHOUSE, INC.
SULLIVAN'S OF BALTIMORE, INC.
DEL FRISCO'S OF BOSTON, LLC
SULLIVAN'S RESTAURANTS OF NEBRASKA, INC.
DEL FRISCO'S OF NEVADA, INC.
DEL FRISCO'S OF NEW YORK, LLC
DEL FRISCO'S GRILLE OF NEW YORK, LLC
SULLIVAN'S OF NORTH CAROLINA, INC.
NORTH PHILADELPHIA SULLIVAN'S, INC.
DEL FRISCO'S OF PHILADELPHIA, INC.
DEL FRISCO'S OF WASHINGTON DC, LLC
DEL FRISCO'S OF FLORIDA, LLC
DEL FRISCO'S OF TEXAS, LLC

By: CENTER CUT HOSPITALITY, INC., its sole member

By: _____
Neil Thomson
Chief Financial Officer

By: _____
Neil Thomson
Chief Financial Officer

ROMO HOLDING, LLC

By: CENTER CUT HOSPITALITY, INC.,
its sole member

By: _____
Neil Thomson
Chief Financial Officer