

Vivint Solar, Inc.
Form 8-K
August 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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): August 7, 2018

Vivint Solar, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

001-36642

45-5605880
(IRS Employer

of incorporation)

(Commission File Number) Identification No.)

1800 West Ashton Blvd.
Lehi, UT
(Address of Principal Executive Offices)

84043
(Zip Code)

Registrant's telephone number, including area code: (877) 404-4129

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 (see General Instruction A.2. below):

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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 August 3, 2018 (the “Closing Date”), Vivint Solar, Inc. (the “Company”) and certain of its subsidiaries entered into the transactions described in the press release noted in Item 7.01 below and attached hereto as Exhibit 99.1. As part of such transactions, Vivint Solar Asset 1 Project Company, LLC (“Borrower”), which is indirectly owned by the Company together with investors, entered into a loan agreement (the “Loan Agreement”) pursuant to which it may borrow up to an aggregate principal amount of \$130.00 million with certain financial institutions for which Wells Fargo Bank, National Association is acting as administrative agent, collateral agent and depositary agent.

Borrower may make multiple borrowings under the loan agreement during the availability period, commencing on the Closing Date and continuing until late 2019 (the “Availability Period”). Proceeds of the loans will be used to (1) purchase residential solar projects from a wholly owned subsidiary of the Company, (2) fund certain reserve accounts, and (3) pay transaction costs and fees in connection with this transaction. After the Availability Period, all outstanding loans under the Loan Agreement will be aggregated into a single term loan (the “Term Loan”) with a maturity date 20 years after the date of aggregation. During the first 10 years after the date of aggregation (“Sweep Period”), principal payments will be determined in accordance with a target debt balance schedule to be generated based on the projected cash flows from the solar energy systems owned by the Borrower on the date of aggregation. Failure to make principal payments during the Sweep Period will not result in a default under the Loan Agreement. Instead, such principal payments that remain unpaid at the end of the Sweep Period will remain payable by the Borrower in accordance with a payment waterfall. After the Sweep Period, the Borrower will make mandatory payments of principal in accordance with an amortization schedule to be determined based on the projected cash flows from the solar energy systems owned by the Borrower on the date of aggregation.

Interest on each loan will accrue at an annual rate equal to the U.S. swap rate for the weighted-average life of such loan, plus an applicable margin equal to the greater of (a) 1.90% plus a spread adjustment based on the risk premium on the borrowing date relative to the market index-based risk premium on the Closing Date and (b) 1.50%. Scheduled principal payments are due on a quarterly basis, at the end of January, April, July and October of each year. Upon the occurrence of certain events, Borrower will be required to make prepayments of the loans, including the payment of a make-whole amount in certain circumstances.

The Loan Agreement includes customary events of default, conditions to borrowing and covenants, including negative covenants that restrict, subject to certain exceptions, the Borrower’s ability to incur indebtedness, incur liens, make fundamental changes to its business, make certain types of restricted payments and investments or enter into certain transactions with affiliates. The Borrower will fund a debt service reserve account on the Closing Date in an amount equal to the scheduled principal and interest payments over the succeeding six months. The Borrower’s ability to make distributions to the investors and the Company is subject to certain distribution conditions, including maintenance of a debt service coverage ratio of 1.15 to 1.00, no defaults, and funding of certain reserves.

The obligations of the Borrower are secured by a pledge of the class B membership interests in the Borrower’s parent entity, a pledge of the membership interests in the Borrower, all of the Borrower’s assets, and contracts (and rights thereunder) held by Borrower relating to the purchase and sale of projects and maintenance and administrative services with respect to the projects owned by the Borrower.

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

The information related to the Loan Agreement described under Item 1.01 above is hereby incorporated by reference under this Item 2.03.

Item 7.01 Regulation FD.

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On August 7, 2018, the Company issued a press release announcing the closing of certain transactions described therein, including the Loan Agreement. A copy of that press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. This information, including the information contained in the press release, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any of the Company’s filings, whether made before or after the date hereof, regardless of any general incorporation language in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
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99.1	<u>Press Release issued by Vivint Solar, Inc., dated August 7, 2018</u>
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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.

Vivint Solar, Inc.

By: /s/ Dana Russell
Dana Russell
Chief Financial Officer and Executive Vice President
Date: August 7, 2018