

SOUTH JERSEY INDUSTRIES INC

Form 8-K

September 29, 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): September 26, 2014

SOUTH JERSEY INDUSTRIES, INC.

(Exact Name of Registrant as Specified in Charter)

New Jersey
(State or Other Jurisdiction
of Incorporation)

1-6364
(Commission File Number)

22-1901645
(I.R.S. Employer
Identification No.)

1 South Jersey Plaza Folsom, NJ 08037
(Address of Principal Executive Offices) (Zip Code)

(609) 561-9000
(Registrant's Telephone Number, Including Area Code)

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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 September 26, 2014, South Jersey Industries, Inc. (the “Company”) issued \$110 million aggregate principal amount of notes, consisting of (a) \$50 million aggregate principal amount of 3.05% Senior Notes, Series 2014A-3, due September 26, 2019 (the “Series 2014A-3 Notes”), and (b) \$60 million aggregate principal amount of Floating Rate Senior Notes, Series 2014B-2, due September 26, 2019 (the “Series 2014B-2 Notes”). These notes were issued pursuant to a Note Purchase Agreement dated as of June 26, 2014 between the Company and the purchasers named therein (the “Note Purchase Agreement”). The Note Purchase Agreement provides for the issuance of an aggregate of \$240 million of medium term notes (“Notes”), which amount includes the Series 2014A-3 Notes and the Series 2014B-2 Notes. On June 26, 2014, the Company issued an aggregate of \$100 million principal amount of Notes, and on August 15, 2014, the Company issued an aggregate of \$30 million principal amount of Notes.

The Notes are unsecured. The Series 2014A-3 Notes bear interest at the annual rate of 3.05%, with interest payable on March 26 and September 26 in each year, commencing on March 26, 2015. Subject to certain accelerating events, principal on the Series 2014A-3 Notes, plus any accrued but unpaid interest, is payable on September 26, 2019.

The Series 2014B-2 Notes bear interest at a floating rate (set every three months) based on then applicable three-month LIBOR (as defined in the Note Purchase Agreement) plus 132 basis points. Interest is payable at the end of each three-month period (i.e., each March 26, June 26, September 26 and December 26), commencing December 26, 2014. For the first three-month period (the period ending December 26, 2014), interest accrues at an annual rate of 1.56%. Subject to certain accelerating events, principal on the Series 2014B-2 Notes, plus any accrued but unpaid interest, is payable on September 26, 2019.

In the event of a Change in Control (as defined in the Note Purchase Agreement), the Company is required to offer to prepay the Notes at their face amount together with interest accrued thereon to the date of such prepayment. In addition, in the event of the sale of a Substantial Part (as defined in the Note Purchase Agreement) of the assets of the Company and its subsidiaries, the Company may be required to use to portion of such proceeds to prepay or retire Senior Indebtedness, which term is defined in the Note Purchase Agreement and includes, among other things, the Notes.

The Company may prepay, at any time or from time to time, all or any portion of the Notes of a Series (such as the Series 2014A-3 Notes or the Series 2014B-2 Notes), in an amount not less than 10% of the aggregate principal amount of all of the Notes of such Series then outstanding in the case of a partial prepayment, together with interest accrued thereon to the date of such prepayment as well as certain other amounts set forth below; provided that if a Default or an Event of Default (as such terms are defined in the Note Purchase Agreement) has occurred and is continuing at the time such notice is provided or on the prepayment date or if a Default or an Event of Default would result from the making of such prepayment, such prepayment shall be pro rata to the holders of all Notes then outstanding. In connection with the prepayment of a Series 2014A Note (such as a Series 2014A-3 Note), the Company must also pay a “make-whole amount,” to be calculated as provided in the Note Purchase Agreement. In connection with the prepayment of a Series 2014B Note (such as a Series 2014B-2 Note), the Company must also pay any applicable Prepayment Premium, as set forth below, plus, if the payment is made other than at the end of an interest period, a LIBOR breakage amount, to be calculated as provided in the Note Purchase Agreement. The Prepayment Premium with respect to a Series B Note shall be an amount equal to the applicable percentage of the principal

amount of such Series 2014B Note so prepaid or accelerated, as the case may be, set forth opposite the applicable period below:

If Prepaid or Accelerated During the Period	Applicable Percentage
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Prior to the first annual anniversary date of the issuance of such Series B Note	3%
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From and after the first annual anniversary date of the issuance of such Series B Note and prior to the second annual anniversary date of the issuance of such Series B Note	2%
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From and after the second annual anniversary date of the issuance of such Series B Note and prior to the third annual anniversary date of the issuance of such Series B Note	1%
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From and after the third annual anniversary date of the issuance of such Series B Note	0%
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The proceeds from the sale of the Notes will be used refinance indebtedness and for general corporate purposes. The Note Purchase Agreement contains customary representations, warranties and covenants, including a financial covenant limiting the ratio of Indebtedness of the Company and its subsidiaries on a consolidated basis to Consolidated Total Capitalization of not more than 0.65 to 1.0 (as such terms are defined in the Note Purchase Agreement), and customary events of default and acceleration of amounts payable upon an event of default. The forms of a Series 2014A-3 Note and a Series 2014B-2 Note and the Note Purchase Agreement are Exhibits 4.1, 4.2 and 10.1 hereto, respectively. The descriptions of the Notes and the Note Purchase Agreement are qualified in their entirety by reference to the full text of such documents.

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

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

4.1 Form of 3.05% Senior Note, Series 2014A-3, due September 26, 2019.

4.2 Form of Floating Rate Senior Note, Series 2014B-2, due September 26, 2019.

Note Purchase Agreement dated as of June 26, 2014 between South Jersey Industries, Inc. and the purchasers 10.1 listed therein (incorporated by reference to Exhibit 10.1 to the South Jersey Industries, Inc. Current Report on Form 8-K dated June 26, 2014).

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.

SOUTH JERSEY INDUSTRIES, INC.

Dated: September 29, 2014

By: /s/ Stephen H. Clark
Name: Stephen H. Clark
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit No. Description_____

4.1 Form of 3.05% Senior Note, Series 2014A-3, due September 26, 2019.

4.2 Form of Floating Rate Senior Note, Series 2014B-2, due September 26, 2019.