

**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 15, 2018

OPTICAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

000-27022
(Commission
File Number)

54-1237042
(I.R.S. Employer
Identification Number)

5290 Concourse Drive
Roanoke, VA
(Address of principal executive offices)

24019
(Zip Code)

(540) 265-0690
(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 (see General Instruction A.2. below):

- 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 or Rule 12b-2 of the Securities Exchange Act of 1934.

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.

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Item 1.01 Entry into a Definitive Agreement

Fifth Loan Modification Agreement. On October 15, 2018, Optical Cable Corporation (the “Company”) and Pinnacle Bank, a Tennessee banking corporation, as successor in interest by name change and by merger with the Bank of North Carolina (the “Lender”) entered into a Fifth Loan Modification Agreement (the “Agreement”) to modify the Credit Agreement dated April 26, 2016 (as amended and modified by Loan Modification Agreement dated December 21, 2016, and by Second Loan Modification Agreement dated February 28, 2017, and by Third Loan Modification Agreement dated April 27, 2017, and by Fourth Loan Modification Agreement dated April 10, 2018 (collectively, the “Credit Agreement”) and the associated Term Loan A Note, Term Loan B Note, and Revolving Credit Note, all dated April 26, 2016 (collectively, the “Notes”). The Credit Agreement, the Notes, and the ancillary documents (as defined in the Credit Agreement), as amended by the Agreement are defined as the “Loan”.

The Company’s credit facilities from the Lender pursuant to the Loan consist of (i) the term loan evidenced by the Term Loan A Note, (ii) the term loan evidenced by the Term Loan B Note, and (iii) a \$7,000,000 revolving line of credit (the “Revolving Loan”).

The primary purpose of the Agreement was to: (i) extend the expiration date of the Revolving Loan in one year increments by Lender giving written notice of extension to the Company no later than April 30 of the calendar year immediately prior to the calendar year of the then effective Revolving Loan expiration date, (ii) modify the fixed charge coverage ratio financial covenant for the Company to not less than 1.25 to 1.00 under the Loan, (iii) modify the debt to worth ratio of total liabilities to tangible net worth financial covenant for the Company to no greater than 0.95:1.00 under the Loan, (iv) modify the current ratio financial covenant for the Company to not less than 3.00 to 1.00 under the Loan, and (v) extend the Revolving Loan expiration date to April 30, 2020.

The Loan remains generally secured by the land and buildings at the Company’s headquarters and manufacturing facilities located in Roanoke, Virginia and its manufacturing and office facilities located near Asheville, North Carolina and the Company’s personal property and assets.

All other terms of the Loan remain unaltered and remain in full force and effect.

The Agreement with the Lender is attached hereto as Exhibit 4.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

The following is filed as an Exhibit to this Report.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
4.1	<u>Fifth Loan Modification Agreement dated October 15, 2018 by and between Optical Cable Corporation and Pinnacle Bank, a Tennessee banking corporation, as successor in interest by name change and by merger with the Bank of North Carolina. (FILED HEREWITH)</u>

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.

OPTICAL CABLE CORPORATION

By: /s/ TRACY G. SMITH
Name: Tracy G. Smith
Title: Senior Vice President and Chief Financial Officer

Dated: October 17, 2018

FIFTH LOAN MODIFICATION AGREEMENT

THIS FIFTH LOAN MODIFICATION AGREEMENT, is made as of the 15th day of October, 2018, by and between **OPTICAL CABLE CORPORATION**, a Virginia corporation (the "**Borrower**"), and **PINNACLE BANK**, a Tennessee banking corporation, successor in interest through name change and by merger with Bank of North Carolina (the "**Lender**").

RECITALS

A. The Borrower and Bank of North Carolina entered into that certain Credit Agreement dated April 26, 2016, as amended and modified by Loan Modification Agreement dated December 21, 2016, and by Second Loan Modification Agreement dated February 28, 2017, and by Third Loan Modification Agreement dated April 27, 2017, and by Fourth Loan Modification Agreement dated April 10, 2018 (collectively, the "**Credit Agreement**"). Pursuant to the Credit Agreement, the Borrower made and delivered certain Notes described therein.

B. The Borrower and the Lender further entered into that certain Special Project Loan Agreement dated April 10, 2018. Pursuant to the Special Project Loan Agreement, the Borrower made and delivered to Lender a Special Project Revolving Credit Note dated April 10, 2018, in an amount not to exceed \$6,000,000 (the "Special Project Note"). Borrower and Lender each agree that the Special Project Loan Agreement terminated in accordance with its terms on October 1, 2018. Borrower and Lender agree that Lender's obligations under the Special Project Loan Agreement have been completely satisfied and terminated, including, without limitation, any obligation of Lender to make advances to Borrower in conjunction with the Special Project Revolving Credit Facility. Further, Borrower and Lender agree that all of Borrower's obligations under the Special Project Loan Agreement have been completely satisfied and terminated, including, without limitation, any obligation of Borrower to deposit receipts from the Special Project Customer into the Special Deposit Account, and that the Special Project Note has been fully paid and satisfied.

C. The Borrower and the Lender desire to amend and modify the terms of the Credit Agreement, as provided herein. Lender is the holder of the Credit Agreement and the Notes described therein.

NOW, THEREFORE, in consideration of the mutual promises and conditions contained herein, the parties hereto agree as follows:

1. The foregoing recitals are incorporated in and constitute terms of this Agreement.
2. Capitalized terms contained in this Agreement which are not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.
3. The Credit Agreement is amended and modified as follows:
 - (a) Effective as of October 15, 2018, Section 1.6 of the Credit Agreement is replaced in its entirety by the following provision:

1.6. Extension of Revolving Credit Expiration Date by Lender. In the exercise of its sole and absolute discretion, from time to time the Lender may extend the Revolving Credit Expiration Date in one year increments by giving written notice of extension to the Borrower no later than April 30 of the calendar year immediately prior to the calendar year of the then effective Revolving Credit Expiration Date (the "Revolving Credit Extension Deadline"). For example, assuming an effective Revolving Credit Expiration Date of April 30, 2020, if the Lender elects to extend the Revolving Credit Expiration Date from April 30, 2020, to April 30, 2021, the Lender will give written notice of such extension to the Borrower no later than April 30, 2019. In the event that the Lender does not give written notice of extension by the effective Revolving Credit Extension Deadline, unless sooner terminated pursuant to other provisions of this Agreement, the Revolving Credit Facility and the obligation of the Lender to make Advances hereunder shall automatically terminate on the Revolving Credit Expiration Date then in effect, without further action by, or notice of any kind from, the Lender.

(b) Effective as of October 15, 2018, Section 7.2 of the Credit Agreement is replaced in its entirety by the following provision:

7.2 Fixed Charge Coverage Ratio. Borrower shall maintain a Fixed Charge Coverage Ratio of not less than 1.25 to 1.0 for fiscal year 2018, and all fiscal years thereafter, measured annually on the last day of such fiscal year.

(c) Effective as of October 15, 2018, Section 7.6 of the Credit Agreement is replaced in its entirety by the following provision:

7.6 Debt to Worth Ratio. Borrower shall maintain a ratio of Total Liabilities to Tangible Net Worth of no greater than 0.95:1.00. This covenant shall be monitored quarterly, and will commence with the fiscal quarter ending October 31, 2018.

Sections 7.6.1 and 7.6.2 are not affected by this modification of Section 7.6.

(d) Effective as of October 15, 2018, Section 7.7 of the Credit Agreement is replaced in its entirety by the following provision:

7.7 Current Ratio. Borrower shall maintain a Current Ratio of not less than 3.00 to 1.00. This covenant shall be monitored quarterly, and will commence with the fiscal quarter ending October 31, 2018.

Sections 7.7.1 and 7.7.2 are not affected by this modification of Section 7.7.

(e) Effective as of October 15, 2018, the definition of Revolving Credit Expiration Date in Annex A to Credit Agreement is replaced in its entirety by the following provision:

“Revolving Credit Expiration Date” means (a) **April 30, 2020**, or, in the event that the Lender from time to time elects to extend the Revolving Expiration Date in accordance with the provisions of Section 1.6 of the Credit Agreement, the last date to which Lender elects to extend the Revolving Credit Expiration Date in accordance therewith, or (b) such later date as to which the Lender shall, in its sole discretion, agree in writing to extend the Revolving Credit Expiration Date without regard to Section 1.6 of the Credit Agreement.

4. In accordance with the provisions of the Credit Agreement, as modified above, the Lender hereby extends the current Revolving Credit Expiration Date to April 30, 2020. The Borrower acknowledges and agrees to such extension of the Revolving Credit Expiration Date.

5. Although the two Deed of Trust Modification Agreements (as defined in the Special Project Loan Agreement) increasing each of the two Deeds of Trust from \$17,000,000 to \$19,600,000, were executed to act as collateral for the Special Project Note, and the Special Project Note has been fully paid and satisfied, the two Deeds of Trust (as defined in the Special Project Loan Agreement) will not be modified at this time. Subject to Lender's receipt of an update to existing title insurance, any endorsements Lender may determine are necessary in its sole discretion, and no new exceptions to title without Lender's written approval, the two Deeds of Trust shall be modified, at Borrower's option, to remove all references to the Special Project Note and Special Project Loan Agreement and to reduce the maximum amount of each Deed of Trust back to \$17,000,000, and any UCC Financing Statement filed in connection with the Special Project Note shall be amended to release any additional collateral granted by Borrower to secure the Special Project Note.

6. Except as expressly amended and modified hereby, all terms and conditions of the Credit Agreement and the Financing Documents remain unchanged, and of full force and effect in accordance with their terms. The amendments and modifications contained in this Agreement do not constitute or create a novation of the Credit Agreement, the Notes, or any of the other Financing Documents, or the obligations of the Borrower evidenced thereby.

6. The Borrower hereby acknowledges the Lender's performance of all of the Lender's obligations under the Financing Documents, ratifies all of the Financing Documents, as expressly amended and modified hereby, and certifies that they are enforceable in accordance with their terms, without defense or offset.

7. The Borrower represents and warrants to the Lender to induce the Lender to enter into this Agreement, that the execution, delivery and performance of this Agreement has been duly authorized by all requisite action and such authorization has not been rescinded, and that all representations and warranties made by it in the Financing Documents are true, correct and enforceable on and as of the date hereof.

8. The effective date of this Agreement shall be **October 15, 2018**.

9. This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia. The parties consent to the jurisdiction and venue of the courts of the Commonwealth of Virginia, specifically to the courts of the City of Roanoke, Virginia, and to the jurisdiction and venue of the United States District Court for the Western District of Virginia in connection with any action, suit or proceeding arising out of or relating to this Agreement.

10. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11. This Agreement may be signed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Loan Modification Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

[The signature pages follow]

Signature Page of Borrower

Witness:

**BORROWER:
OPTICAL CABLE CORPORATION**

/s/ Matt Arnold
Matt Arnold

By: /s/ Tracy G. Smith (Seal)
Tracy G. Smith
Chief Financial Officer & Senior Vice President

Signature Page of Lender

Witness:

**LENDER:
PINNACLE BANK**

/s/ Matt Arnold
Matt Arnold

By: /s/ Shannon S. Miller _____ **(Seal)**
Shannon S. Miller
Senior Vice President