

**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) April 10, 2020



WATSCO, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation)

1-5581

(Commission File Number)

59-0778222

(IRS Employer Identification No.)

**2665 South Bayshore Drive, Suite 901
Miami, Florida 33133**

(Address of principal executive offices, including zip code)

(305) 714-4100

(Registrant's telephone number, including area code)

N/A

(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):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common stock, \$0.50 par value	WSO	New York Stock Exchange
Class B common stock, \$0.50 par value	WSOB	New York Stock Exchange

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

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

As previously reported on December 5, 2018, Watsco, Inc., a Florida corporation (the "Company"), and certain of its subsidiaries (collectively, the "Borrowers") entered into an unsecured, five-year \$500,000,000 syndicated multicurrency credit agreement with the lenders party thereto, Bank of America, N.A. as Administrative Agent (in such capacity, the "Administrative Agent"), Swing Line Lender and L/C Issuer, JPMorgan Chase Bank, N.A. as Syndication Agent, and Branch Banking and Trust Company, U.S. Bank National Association and Wells Fargo Bank, National Association as Co-Documentation Agents (the "Credit Facility").

The Credit Facility contains a provision pursuant to which the Company may request certain increases in the aggregate commitments available thereunder for borrowing, and, on April 10, 2020, the Borrowers, the Administrative Agent, Regions Bank, and PNC Bank N.A. as a joining Lender entered into a Revolving Credit Increase and Joinder Agreement to the Credit Facility (the "Revolving Credit Increase Agreement"), which increased the aggregate borrowing capacity under the Credit Facility from \$500,000,000 to \$560,000,000. All other material terms of the Credit Facility remain unmodified and in full force and effect.

The foregoing description of the Revolving Credit Increase Agreement is only a summary and is qualified in its entirety by reference to the full text of the Revolving Credit Increase Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1*	Revolving Credit Increase and Joinder Agreement, dated as of April 10, 2020, by and among Watsco, Inc., Watsco Canada, Inc. and Carrier Enterprise Mexico, S. de R.L. de C.V., as Borrowers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Regions Bank, and PNC Bank N.A. as a joining Lender.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Pursuant to Item 601(a)(5) of Regulation S-K, schedules and similar attachments to this exhibit have been omitted because they do not contain information material to an investment or voting decision and such information is not otherwise disclosed in such exhibit. The Company will supplementally provide a copy of any omitted schedule or similar attachment to the U.S. Securities and Exchange Commission or its staff upon request.

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, thereunto duly authorized.

Dated: April 16, 2020

WATSCO, INC.

By: /s/ Ana M. Menendez

Ana M. Menendez,

Chief Financial Officer

**REVOLVING CREDIT INCREASE
AND JOINDER AGREEMENT**

This **REVOLVING CREDIT INCREASE AND JOINDER AGREEMENT** dated as of April 10, 2020 (this "Agreement") is by and among **WATSCO, INC.**, a Florida corporation (the "Company"), **WATSCO CANADA, INC.**, a New Brunswick corporation (the "Canadian Borrower"), **CARRIER ENTERPRISE MEXICO, S. DE R.L. DE C.V.**, a limited liability corporation organized under the laws of Mexico (the "Mexican Borrower"), **BANK OF AMERICA, N.A.**, as Administrative Agent, Swing Line Lender and L/C Issuer (in such capacity, the "Administrative Agent"), **REGIONS BANK** ("Regions"), and **PNC BANK, NATIONAL ASSOCIATION**, as a joining Lender (the "New Lender"). Reference is made to the Credit Agreement dated as of December 5, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among the Company, the Canadian Borrower, the Mexican Borrower, the Subsidiaries of the Company party thereto pursuant to Section 2.14 thereof (such Subsidiaries, together with the Canadian Borrower and the Mexican Borrower, the "Designated Borrowers" and, each a "Designated Borrower" and, together with the Company, the "Borrowers" and, each a "Borrower") the Lenders party thereto from time to time and the Administrative Agent. Capitalized terms used by not defined herein have the meanings ascribed thereto in the Credit Agreement.

Statement of Purpose

In March 2020, the Company gave written notice to the Administrative Agent requesting that the Aggregate (USD/MC) Commitments be increased in the aggregate principal amount of \$60,000,000 (the "Accordion Request"), in accordance with the terms and conditions of Section 2.15 of the Credit Agreement. Pursuant to such request, the aggregate principal amount of the Aggregate (USD/MC) Commitments has been increased by \$60,000,000, with a \$10,000,000 increase provided by Regions.

In order to provide the Borrowers with the full amount of the Accordion Request, the New Lender is willing to provide new USD/MC Commitments in the principal amount of \$50,000,000 (the "Revolving Commitment Increase").

The New Lender is also willing to join the Credit Agreement and the other Loan Documents, as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. New Lender Joinder. By its execution of this Agreement, the New Lender hereby acknowledges, agrees and confirms that, on and after the Agreement Effective Date (defined below):

(a) it shall be deemed to be a party to the Credit Agreement as a "Lender", and a "Committed (USD/MC) Lender", as applicable, for all purposes of the Credit Agreement

and the other Loan Documents, and shall have all of the obligations of, and shall be entitled to the benefits of, a Lender and a Committed (USD/MC) Lender, as applicable, under the Credit Agreement and the other Loan Documents as if it had executed the Credit Agreement; it shall be bound by all of the terms, provisions and conditions contained in the Credit Agreement and the other Loan Documents;

(b) it has received a copy of the Credit Agreement and such other documents and information as it deems appropriate and has, independently and without reliance upon the Administrative Agent, any Arranger, any other Lender or any of their respective Affiliates, made its own credit analysis and decision to enter into this Agreement and to become a Lender and a Committed (USD/MC) Lender, as applicable, under the Credit Agreement;

(c) it will, independently and without reliance upon the Administrative Agent, any Arranger, any other Lender or any of their respective Affiliates and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon the Credit Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder;

(d) it shall perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender or a Committed (USD/MC) Lender, as applicable;

(e) it shall provide any additional documentation to evidence its status as a Lender and a Committed (USD/MC) Lender, as applicable, as of the Agreement Effective Date or as required to be delivered by it pursuant to the terms of the Credit Agreement; and

(f) the Administrative Agent may file this Agreement in the Register under Section 10.06(c) of the Credit Agreement.

2. Upon the Agreement Effective Date, Schedule 2.01 of the Credit Agreement shall be amended and restated in the form attached hereto as Exhibit A.

3. By its execution of this Agreement, Regions hereby acknowledges, agrees and confirms that, on and after the Agreement Effective Date (defined below), its USD/MC Commitment shall be increased as set forth on Exhibit A attached hereto.

4. Representations and Warranties. In order to induce the Administrative Agent, the L/C Issuer, Regions and the New Lender to enter into this Agreement, the Borrowers represent and warrant to the Administrative Agent and the Lenders as follows:

(a) The representations and warranties of the Borrowers and each other Loan Party contained in Article V of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, after giving effect to this Agreement, are true and correct in all material respects (or, to the extent any such representation and warranty is subject to a materiality or Material Adverse Effect qualification, in all respects) 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 in all material respects (or, to the extent any such representation and warranty is subject to a materiality or Material Adverse Effect qualification, in all respects) as of such earlier date, and except that for purposes of this Section 4, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement.

(b) After giving effect to this Agreement, no Default or Event of Default has occurred and is continuing or would result from the proposed Credit Extension of the application of the proceeds thereof.

5. Conditions to Effectiveness. Upon the satisfaction of each of the following conditions, this Agreement shall be deemed to be effective (the date of such satisfaction, the "Agreement Effective Date"):

(a) the Administrative Agent shall have received counterparts of this Agreement executed by the Administrative Agent, Regions, the New Lender, the Company, the Canadian Borrower and the Mexican Borrower;

(b) no Default or Event of Default shall exist as of the Agreement Effective Date immediately prior to or after giving effect to the Revolving Commitment Increase;

(c) the Administrative Agent shall have received a certificate of each Loan Party dated as of the Agreement Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (x) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase (which, with respect to any such Loan Party, may, if applicable, be the resolutions entered into by such Loan Party in connection with the incurrence of the Obligations on the Closing Date), and (y) in the case of the Company, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Article V of the Credit Agreement and the other Loan Documents are true and correct in all material respects (or, to the extent any such representation and warranty is subject to a materiality or Material Adverse Effect qualification, in all respects) on and as of the Agreement Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects (or, to the extent any such representation and warranty is subject to a materiality or Material Adverse Effect qualification, in all respects) as of such earlier date, and except that the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to subsections (a) and (b), respectively, of Section 6.01 of the Credit Agreement, (B) no Default or Event of Default exists and (C) the Company and its Restricted Subsidiaries are in compliance with each financial covenant set forth in Section 7.11 of the Credit Agreement, calculated on a Pro Forma Basis pursuant to Section 1.03(c) of the Credit Agreement; and

(d) the Borrowers shall have paid any fees required to be paid on or before the Agreement Effective Date.

6. Execution in Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of an original executed counterpart hereof.

7. Governing Law. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8. Entire Agreement. This Agreement is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements, of the parties concerning its subject matter.

9. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their heirs, beneficiaries, successors and permitted assigns.

[Signature Pages Follow]

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

COMPANY:

WATSCO, INC.

By: /s/ Ana M. Menendez
Name: Ana M. Menendez
Title: Chief Financial Officer and Treasurer

CANADIAN BORROWER:

WATSCO CANADA, INC.

By: /s/ Ana M. Menendez
Name: Ana M. Menendez
Title: Vice President and Treasurer

MEXICAN BORROWER:

CARRIER ENTERPRISE MEXICO, S. DE R.L. DE C.V.

By: /s/ Ana Menendez
Name: Ana M. Menendez
Title: Secretary

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ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: /s/ Gavin Shak

Name: Gavin Shak

Title: Assistant Vice President

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SWING LINE LENDER AND L/C ISSUER:

BANK OF AMERICA, N.A.

By: /s/ Julia Rocawich
Name: Julia Rocawich
Title: Senior Vice President

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REGIONS BANK, as a Lender

By: /s/ Cheryl L. Shelhart
Name: Cheryl L. Shelhart
Title: Director

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PNC BANK, NATIONAL ASSOCIATION, as a new
Lender

By: /s/ Ryan Garr
Name: Ryan Garr
Title: Vice President

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