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TVI Corporation Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Charlie Pond [ph] with Feitl & Company [ph].

Charlie Pond – Feitl & Company

Good morning everyone and congratulations on achieving your previously stated goal of operating profitability.

Harley Hughes

Thank you.

Charlie Pond – Feitl & Company

I will have a few questions but I will get back in the queue so I will just ask two to begin with. How much do you anticipate it is going to cost to close up the entire Florida shelter operation?

Sherri Voelkel

Charlie, the Florida shelter operation has essentially already been folded up, and most of the charges are reflected in the third quarter P&L. The remaining thing that we have to do is negotiate a termination on the lease agreement, and we are in the process of that. The termination fee, as it stands now is 12 months of lease payments, which are \$360,000, offset by a security deposit that we have there.

Charlie Pond – Feitl & Company

Okay. And for a follow-up, could you please repeat again the terms of the so-called reverse springing warrant that you have negotiated with BB&T on the forbearance agreement?

Don Yount

Hey, Charlie, it is Don. The reverse springing warrant is for 4.9% of the outstanding common stock to be purchased at essentially market. It is an average of trading days, so we determine the price in the warrant agreement.

Charlie Pond – Feitl & Company

When does that kick in though?

Don Yount

It was as of the closing date, which was last Thursday, November 20, approximately \$0.16 or \$0.17. Actually, it is \$16.4, now that I think about it. And the reason that we use the term reverse springing warrant is because as the company pays down the debt based on some specific milestones in the agreement, the warrant was a way. It only exists for lack of a better term, with the file date being April 2010, the spring of 2010. And it was a future that the bank agreed to on the off chance we were able to accelerate payments on the term loan and our prospects of doing that are obviously up in the air. But it was a mechanism that we put in place to un-dilute the current shareholders that we were able to perform exceedingly well.

Charlie Pond – Feitl & Company

Okay, well, under the circumstances of these extraordinary times that we are in right now, it seems like it was a fairly reasonable request to grant to BB&T under the circumstances.

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