

INTEST CORP
Form 8-K
March 15, 2019
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**

March 11, 2019

Date of Report (Date of earliest event reported)

inTEST Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-36117

22-2370659

(State or Other Jurisdiction of Incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

804 East Gate Drive, Suite 200, Mt. Laurel, New Jersey 08054

(Address of Principal Executive Offices, including zip code)

(856) 505-8800

(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:

Written Communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 11, 2019, the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of inTEST Corporation (the "Company") approved the 2019 Executive Compensation Plan for our President and Chief Executive Officer, James Pelrin, and Secretary, Treasurer and Chief Financial Officer, Hugh T. Regan, Jr.

The components of this plan include (i) base salary, (ii) short term incentive compensation in the form of a performance based bonus and (iii) long term incentive compensation in the form of equity compensation grants, the material terms of which are summarized and described more fully below.

Base Salary: Base salaries for 2019, effective as of January 1, 2019 are as follows:

James Pelrin	\$340,000
Hugh T. Regan, Jr.	\$265,000

Short Term Incentive Compensation: Each executive officer will be eligible to receive a performance bonus payment upon satisfaction of the following weighted performance metrics during 2019:

- (i) Achievement of the Company's Financial Goals – 60%
- (ii) Completion of an Acquisition by the Company in 2019 – 15%
- (iii) Implementation of Ambrell Strategy with Respect to Operations – 15%
- (iv) Increase 2019 chiller product revenues by 35% over 2018 and achieve a minimum aggregate gross margin of 32% on those revenues – 10%

The performance bonus payment target percentages to be used in each executive officer's bonus calculation for 2019 are as follows:

James Pelrin	70%
Hugh T. Regan, Jr.	55%

The amount of the executive officer's bonus may range from zero (if none of the performance metrics are satisfied) to an amount that may exceed the target performance bonus amounts.

Achievement of Financial Goals: A portion of each executive officer's performance bonus may be earned based upon the Company's achievement of net revenue and earnings before income tax amounts as compared to budgeted net revenue and earnings before income tax amounts for 2019. Each executive officer is eligible to earn the portion of the executive officer's performance bonus based upon the following matrix:

	Revenue v. Target					
	<80%	80%	90%	100%	110%	120%
	<80%	0%	0%	0%	0%	0%
Earnings	80%	0%	50%	63%	75%	88%
before	90%	0%	63%	75%	88%	100%
income tax	100%	0%	75%	88%	100%	113%
v.	110%	0%	88%	100%	113%	125%
Target	120%	0%	100%	113%	125%	138%

Completion of an Acquisition in 2019: A portion of each executive officer's performance bonus will be earned based upon the Company's consummation of an acquisition of a company or assets of a company in 2019. The acquired company or assets must have generated minimum trailing twelve months revenues of \$5,000,000. In addition, the transaction must close in 2019 with the transfer of substantially all assets and/or stock of the target company to the Company completed in 2019.

Implementation of Ambrell Strategy with Respect to Operations: A portion of each executive officer's performance bonus will be earned based upon the implementation of the business strategy with respect to the Company's subsidiary, Ambrell.

Increase 2019 Chiller Product Revenues: A portion of each executive officer’s performance bonus will be earned based upon a 35% increase in chiller product revenues for the year ending December 31, 2019 over the year ended December 31, 2018. This achievement is predicated upon a minimum aggregate gross margin of 32% for chiller product revenues for the year ending December 31, 2019.

Long Term Incentive Compensation: The executive officers were awarded equity compensation grants consisting of restricted stock and stock options as follows:

	Shares of <u>Restricted Stock</u>	Options to Purchase Shares of Common Stock
James Pelrin	31,100	93,200
Hugh T. Regan, Jr.	13,200	39,400

All restricted stock awards will vest in equal increments over four years. All stock option awards will vest in equal increments over four years and will have an exercise price that is no less than the closing price of the Company's common stock as listed on the NYSE American on March 11, 2019. All equity awards are subject to the terms of the Company's Amended and Restated 2014 Stock Plan and the Company's standard forms of award agreements, which have been previously filed with the Securities and Exchange Commission (“SEC”).

Item 8.01. Other Events

On March 11, 2019, the Board approved the grant of restricted stock to our non-employee directors as follows:

	Shares of <u>Restricted Stock</u>
Robert E. Matthiessen	9,000
Steven J. Abrams	9,000
Joseph W. Dews IV	9,000
William Kraut	9,000

The above restricted stock awards will vest 25% on each of the following dates: March 31, 2019, June 30, 2019, September 30, 2019, and December 31, 2019, and are subject to the terms of the Company's Amended and Restated 2014 Stock Plan and the Company's standard form of Restricted Stock Award Agreement, previously filed with the SEC.

SIGNATURE

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.

inTEST CORPORATION

By: /s/ Hugh T. Regan, Jr.
Hugh T. Regan, Jr.
Secretary, Treasurer and Chief Financial Officer

Date: March 15, 2019