

BIOLARGO, INC.
Form 8-K
January 03, 2018
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): December 31, 2017

BioLargo, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-19709
(Commission File Number)

65-0159115
(IRS Employer
Identification No.)

14921 Chestnut St., Westminster, CA 92683 92704
(Address of principal executive offices)

(Zip
Code)

Registrant's telephone number, including area code: (949) 643-9540

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 (17CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17CFR 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.

Item 1.01 Entry into a Material Definitive Agreement

On December 31, 2017, BioLargo, Inc. (the “Company”) and its Chief Financial Officer Charles K. Dargan, II formally agreed to extend the engagement agreement dated February 1, 2008 (the “Engagement Agreement”, which had been previously extended multiple times), pursuant to which Mr. Dargan has been serving as the Company’s Chief Financial Officer. The Engagement Extension Agreement dated as of December 31, 2017 (the “Engagement Extension Agreement”) provides for an additional term to expire September 30, 2018 (the “Extended Term”), and is retroactively effective to the termination of the prior extension on October 1, 2017.

Mr. Dargan shall be compensated through the issuance of an option to purchase 300,000 shares of the Company’s common stock, at a strike price of \$0.39 per share, which is equal to the closing price of the Company’s common stock on the last business day of the year, to expire December 31, 2027, and to vest over the term of the engagement with 75,000 shares having vested as of December 31, 2017, and the remaining shares to vest 25,000 shares monthly beginning January 31, 2018, and each month thereafter, so long as the Engagement Agreement is in full force and effect.

Mr. Dargan will continue to be reimbursed for business expenses he incurs in connection with the performance of his services as the Company’s Chief Financial Officer. All other provisions of the Engagement Agreement not expressly amended pursuant to the Engagement Extension Agreement remain the same, including provisions regarding indemnification and arbitration of disputes.

Item 9.01 Financial Statements and Exhibits

4.1 Option to purchase common stock issued to Charles K. Dargan dated December 31, 2017

10.1 Engagement Extension Agreement dated as of December 31, 2017 between BioLargo, Inc. and Charles K. Dargan, II.

Management contract or compensatory plan, contract or arrangement

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.

Date:

January BIOLARGO, INC.
3, 2018

By: /s/ Dennis P. Calvert
Dennis P. Calvert
President and Chief Executive Officer

Roizen's most recent venture is a consumer products company marketing motivational music, apparel, and other products.

Our elected Board is committed to good governance practices as evidenced by the fact the Company's current Corporate Governance Quotient (CGQ[®]), as determined by RiskMetrics Group, is better than 92% of Russell 3000 companies and 91% of Software and Services firms. As Tennenbaum already has an appointed designee to our Board, the corporate governance and strategic direction questions it raised were formally discussed at numerous meetings. Despite what Tennenbaum tells you, the Board gave serious consideration to their recommendations. However, it concluded that changes were unnecessary and could even be detrimental to common shareholders.

You should also know that both prior and subsequent to nominating our Directors for re-election, we attempted to interview Tennenbaum's nominees for our Board. We wanted to understand how they might provide the corporate strategy and operations guidance that Tennenbaum claims they can provide. Tennenbaum instead hampered our attempts to conduct interviews, and likewise, the individual nominees did not respond to our requests. As such, we will not comment on the nominees' suitability for our Board at this time. This lack of response by Tennenbaum and the nominees alone, however, should raise questions as to their independence of Tennenbaum and their ability to represent all shareholders.

With 9.7% common ownership and one Tennenbaum representative on our ten-person Board, we believe Tennenbaum already has adequate, proportional representation for its common shares.

Since its interests as a preferred security holder are starkly in conflict with yours, we urge you to avoid giving Tennenbaum disproportionate representation over you and other common shareholders by electing any of its nominees.

VOTE FOR THE ONLINE RESOURCES DIRECTORS ON THE WHITE CARD

Our Board nominees have been proposed for their continuing ability to independently act in the best interests of all shareholders, not to support the agenda of a single security holder.

§ Tennenbaum's interests are very different from yours. It has large incentives to quickly sell the Company, and will take a disproportionate amount of the Company's value from you if it is allowed to do so.

§ We are a consistent high performer, and only halfway through a transforming five-year plan. While we continuously look at alternatives for achieving shareholder value, we believe cutting this plan short will rob you of a significantly better opportunity for return.

§ Our independent elected Board members are the best advocates of ALL shareholder interests, and our strong, experienced nominees bring balance and diverse views to our Board.

On behalf of our elected independent directors, Michael Heath joins me in asking for your support. Thank you and please take a moment to vote your WHITE card now.

Sincerely,

/s/ Matthew P. Lawlor

/s/ Michael H. Heath

Chairman & Chief Executive Officer
Online Resources Corporation

Lead Independent Director
Online Resources Corporation
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IMPORTANT!

Regardless of how many shares you own, your vote is very important. Please sign, date and mail the enclosed **WHITE** card.

Please vote each WHITE card you receive since each account must be voted separately. Only your latest dated proxy counts. We urge you *NOT to sign any blue card* sent to you by Tennenbaum.

Even if you have sent a blue card to Tennenbaum, you have every right to change your vote. You may revoke that proxy, and vote as recommended by our Board by signing, dating and mailing the enclosed **WHITE** card in the enclosed envelope.

If your shares are registered in your own name, please sign, date and mail the enclosed **WHITE** card in the postage-paid envelope provided today.

If your shares are held in the name of a brokerage firm or bank nominee, *please sign, date and mail the enclosed WHITE card in the postage paid envelope to give your broker or bank specific instructions on how to vote your shares.* Depending upon your broker or custodian, you may be able to vote either by toll-free telephone or by the Internet. Please refer to the enclosed voting form for instructions on how to vote electronically. You may also vote by signing, dating and returning the enclosed voting form.

**If you have any questions on how to vote your shares,
please call our proxy solicitor:**

MORROW & CO., LLC AT (800) 607-0088

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RECONCILIATION OF CORE NET INCOME

	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Forecast 2009
Net Income (Loss) Available to Common Stockholders	\$0.20	\$ 0.88	\$(0.16)	\$ 0.09	\$(0.24)	\$(0.17)
Loss on Extinguishment of Debt				0.19		
Preferred Stock Accretion Related to Redemption Premium			0.03	0.05	0.05	0.05
Change in Fair Value of Derivatives and Mark to Market Investment				(0.05)	(0.04)	
Equity Compensation Expense			0.10	0.11	0.15	0.22
Tax Allowance Benefit		(0.53)		(0.47)	(0.01)	
Amortization of Intangible Assets		0.02	0.19	0.32	0.33	0.25
Other, Including Impact of Treasury Method and Rounding		(0.01)		0.01		
Core Net Income	\$0.20	\$ 0.36	\$ 0.16	\$ 0.25	\$ 0.24	\$ 0.35
Impact of Change in Interest Rates	\$	\$	\$	\$	\$ 3.4	\$ 6.5
Per Share	\$	\$	\$	\$	\$ 0.12	\$ 0.21
Core Net Income without Change in Interest Rates	\$0.20	\$ 0.36	\$ 0.16	\$ 0.25	\$ 0.36	\$ 0.56
YOY Growth					42%	57%

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This letter contains statements about future events and expectations, which are forward-looking statements. Any statement in this letter that is not a statement of historical fact may be deemed to be a forward-looking statement. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Specifically factors that might cause such a difference include, but are not limited to: the company's history of losses and anticipation of future losses; the company's dependence on the marketing efforts of third parties; the potential fluctuations in the company's operating results; the company's potential need for additional capital; the company's potential inability to expand the company's services and related products in the event of substantial increases in demand for these services and related products; the company's competition; the company's ability to attract and retain skilled personnel; the company's reliance on the company's patents and other intellectual property; the early stage of market adoption of the services it offers; consolidation of the banking and financial services industry; and those risks and uncertainties discussed in filings made by the company with the Securities and Exchange Commission, including those risks and uncertainties contained under the heading "Risk Factors" in the company's Form 10-K, latest 10-Q, and S-3 as filed with the Securities and Exchange Commission. These factors should be considered in evaluating the forward-looking statements, and undue reliance should not be placed on such statements.