

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): August 12, 2013 (August 8, 2013)

SCI Engineered Materials, Inc.
(Exact Name of Registrant as specified in its charter)

Ohio

(State or other
jurisdiction of
incorporation or
organization)

0-31641

(Commission File No.)

31-1210318

(IRS Employer
Identification Number)

2839 Charter Street
Columbus, Ohio 43228
(614) 486-0261
(Address, including zip code, and telephone number
including area code of Registrant's
principal executive offices)

Not Applicable
(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))
-

Item 1.01. Entry into a Material Definitive Agreement.

The disclosure contained in "Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant" of this Current Report on Form 8-K is incorporated in this Item 1.01 by reference.

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

The Director of the Department of Development of the State of Ohio, now known as the Ohio Development Services Agency (ODSA) and SCI Engineered Materials, Inc. (SCI) entered into a Loan Agreement dated February 13, 2008, in the original principal amount of \$400,000.00 evidenced by a Cognovit Promissory Note dated February 13, 2008 (Loan).

On August 8, 2013, SCI signed a Notice and Acknowledgement of Modification to Payment Schedule. The parties have agreed to authorize the ODSA to modify the amortization schedule of the Loan from time to time, setting forth the amount of principal, interest and service fee payable under the Loan. Pursuant to the request by SCI, the ODSA has modified the payment schedule of the Loan. This Revised Schedule shall supersede all prior amortization schedules, whether in the Loan or in an attachment to the Loan, and the ODSA shall update the Loan with the Revised Schedule as an attachment to the Loan. All other terms of the Loan remain unchanged. The balance of the Loan at July 31, 2013 was \$147,108.02. SCI will make interest and service fee payments of approximately \$400 for six months beginning August 2013. Beginning in February 2014, SCI will make monthly payments of approximately \$6,100 which include principal, interest and service fee. The final payment, due August 2015, will be approximately \$42,000.

The ODSA and SCI also entered into a Loan Agreement dated February 1, 2011, in the original principal amount of \$744,250.00 evidenced by a Cognovit Promissory Note dated February 1, 2011 (Loan 2).

On August 8, 2013, SCI signed a second Notice and Acknowledgement of Modification to Payment Schedule. The parties have agreed to authorize the ODSA to modify the amortization schedule of Loan 2 from time to time, setting forth the amount of principal, interest and service fee payable under Loan 2. Pursuant to the request by SCI, the ODSA has modified the payment schedule of Loan 2. This Revised Schedule shall supersede all prior amortization schedules, whether in Loan 2 or in an attachment to Loan 2, and the ODSA shall update Loan 2 with the Revised Schedule as an attachment to Loan 2. All other terms of Loan 2 remain unchanged. The balance of Loan 2 at July 31, 2013 was \$611,520.00. SCI will make interest and service fee only payments of approximately \$1,700 for six months beginning August 2013. Beginning in February 2014, SCI will make monthly payments of approximately \$10,500 which include principal, interest and service fee. The final payment due, November 2018, will be approximately \$72,000.

Also, on August 8, 2013, SCI issued a new Promissory Note (Note) in the amount of \$128,256.97 to The Huntington National Bank, as Lender, with a maturity date of October 5, 2016. Beginning in September 2013, monthly payments of approximately \$3,800, including interest, are due. This Note replaced an existing promissory note to the Huntington National Bank which had a balance of \$128,256.97 at July 31, 2013 and an original maturity date of February 28, 2014.

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.

SCI ENGINEERED MATERIALS, INC.

Date: August 12, 2013

By: /s/ Daniel Rooney
Daniel Rooney
Chairman of the Board, President and Chief Executive Officer

**NOTICE AND ACKNOWLEDGEMENT OF MODIFICATION
TO PAYMENT SCHEDULE**

The Director of the Department of Development of the State of Ohio, now known as the Ohio Development Services Agency (the "Director") and SCI Engineered Materials, Inc. (the "Borrower") entered into a Loan Agreement dated February 13, 2008, in the original principal amount of \$400,000.00 evidenced by a Cognovit Promissory Note dated February 13, 2008 (the "Note").

The parties have agreed to authorize the Director to modify the amortization schedule of the Note from time to time, setting forth the amount of principal, interest and service fee payable under the Note. Pursuant to the request by the Company, the Director has modified the payment schedule of the Note to the amortization schedule noted as Schedule #2, which is attached hereto as Exhibit A (the "Revised Schedule"). This Revised Schedule shall supersede all prior amortization schedules, whether in the Note or in an attachment to the Note, and the Director shall update the Note with the Revised Schedule as an attachment to the Note. All other terms of the Note remain unchanged.

DIRECTOR:

Ohio Development Services Agency, State of Ohio

David Goodman, Director

By: _____

Print: _____

Title: _____

Date: _____

ACKNOWLEDGED AND AGREED
BY BORROWER:

SCI Engineered Materials, Inc.,
an Ohio corporation

By: s/s Daniel Rooney

Print: Daniel Rooney

Title: President & CEO

Date: 8-8-13

**NOTICE AND ACKNOWLEDGEMENT OF MODIFICATION
TO PAYMENT SCHEDULE**

The Director of the Department of Development of the State of Ohio, now known as the Ohio Development Services Agency (the "Director") and SCI Engineered Materials, Inc. (the "Borrower") entered into a Loan Agreement dated February 1, 2011, in the original principal amount of \$744,250.00 evidenced by a Cognovit Promissory Note dated February 1, 2011 (the "Note").

The parties have agreed to authorize the Director to modify the amortization schedule of the Note from time to time, setting forth the amount of principal, interest and service fee payable under the Note. Pursuant to the request by the Company, the Director has modified the payment schedule of the Note to the amortization schedule noted as Schedule #2, which is attached hereto as Exhibit A (the "Revised Schedule"). This Revised Schedule shall supersede all prior amortization schedules, whether in the Note or in an attachment to the Note, and the Director shall update the Note with the Revised Schedule as an attachment to the Note. All other terms of the Note remain unchanged.

DIRECTOR:

Ohio Development Services Agency, State of Ohio

David Goodman, Director

By: _____

Print: _____

Title: _____

Date: _____

ACKNOWLEDGED AND AGREED
BY BORROWER:

SCI Engineered Materials, Inc.,
an Ohio corporation

By: s/s Daniel Rooney

Print: Daniel Rooney

Title: President & CEO

Date: 8-8-13



PROMISSORY NOTE

Table with 8 columns: Principal, Loan Date, Maturity, Loan No, Call / Coll, Account, Officer, Initials. Row 1: \$128,256.97, 08-08-2013, 08-05-2016, [blank], [blank], 8001654719, [blank], [blank].

Borrower: SCI ENGINEERED MATERIALS, INC. 2839 CHARTER STREET COLUMBUS, OH 43228
Lender: THE HUNTINGTON NATIONAL BANK Columbus Commercial Banking P. O. Box 341470 - NC1W25 Columbus, OH 43234-9909

Principal Amount: \$128,256.97 Date of Note: August 8, 2013

PROMISE TO PAY. SCI ENGINEERED MATERIALS, INC. ("Borrower") promises to pay to THE HUNTINGTON NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Hundred Twenty-eight Thousand Two Hundred Fifty-six & 97/100 Dollars (\$128,256.97), together with interest on the unpaid principal balance from August 8, 2013, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 35 payments of \$3,846.53 each payment and an irregular last payment estimated at \$3,846.59. Borrower's first payment is due September 5, 2013, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on August 5, 2016, and will be for all principal and all accrued interest not yet paid.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the LIBO Rate. As used herein, LIBO Rate shall mean the rate obtained by dividing: (1) the actual or estimated per annum rate, or the arithmetic mean of the per annum rates, of interest for deposits in U.S. dollars for the related LIBO Rate Interest Period (as hereinafter defined), as determined by Lender in its discretion based upon reference to information which appears on page LIBOR01, captioned British Bankers Assoc. Interest Settlement Rates, of the Reuters America Network, a service of Reuters America Inc. for such other page that may replace that page on that service for the purpose of displaying London interbank offered rates; or, if such service ceases to be available or ceases to be used by Lender, such other reasonably comparable money rate service as Lender may select or upon information obtained from any other reasonable procedure, as of two Banking Days (as hereinafter defined) prior to the first day of a LIBO Rate Interest Period; by (2) an amount equal to one minus the stated maximum rate (expressed as a decimal), if any, of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) that is specified on the first day of each LIBO Rate Interest Period by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System, or any other regulations of any governmental authority having jurisdiction with respect thereto as conclusively determined by the Lender.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule.

LATE CHARGE. If a payment is 11 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased by adding an additional 3.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:
Payment Default. Borrower fails to make any payment when due under this Note.
Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.
Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.
False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.
Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.
Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.
Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.
Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.



PROMISSORY NOTE
(Continued)

Page 2

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Ohio without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Ohio.

CONFESSION OF JUDGMENT. Borrower hereby irrevocably authorizes and empowers any attorney-at-law, including an attorney hired by Lender, to appear in any court of record and to confess judgment against Borrower for the unpaid amount of this Note as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Note, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Note have been paid in full. Borrower waives any conflict of interest that an attorney hired by Lender may have in acting on behalf of Borrower in confessing judgment against Borrower while such attorney is retained by Lender. Borrower expressly consents to such attorney acting for Borrower in confessing judgment.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$15.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

FINANCIAL STATEMENTS. Borrower agrees to furnish from time to time on the request of the Lender true and complete financial statements and such other information as the Lender may reasonably require.

ADDITIONAL LIBO RATE PROVISIONS. As used herein, Banking Day shall mean any day other than a Saturday or a Sunday on which banks are open for business in Columbus, Ohio, and on which banks in London, England, settle payments.

As used herein, LIBO Rate Interest Period shall mean One (1) month(s), provided that: (1) if any LIBO Rate Interest Period would otherwise expire on a day which is not a Banking Day, the LIBO Rate Interest Period shall be extended to the next succeeding Banking Day (provided, however, that if such next succeeding Banking Day occurs in the following calendar month, then the LIBO Rate Interest Period shall expire on the immediately preceding Banking Day).

In the event that Lender reasonably determines that by reason of (1) any change arising after the date of this Note affecting the interbank eurocurrency market or affecting the position of the Lender with respect to such market, adequate and fair means do not exist for ascertaining the applicable interest rates by reference to which the LIBO Rate then being determined is to be fixed, (2) any change arising after the date of this Note in any applicable law or governmental rule, regulation or order (or any interpretation thereof, including the introduction of any new law or governmental rule, regulation or order), or (3) any other circumstance affecting the Lender or the interbank market (such as, but not limited to, official reserve requirements required by Regulation D of the Board of Governors of the Federal Reserve System), the LIBO Rate plus the applicable spread shall not represent the effective pricing to the Lender of accruing interest hereunder based upon the LIBO Rate, then, and in any such event, the accruing of interest hereunder based upon the LIBO Rate shall be suspended until Lender shall notify the Borrower that the circumstances causing such suspension no longer exist. In such case, beginning on the date of such suspension interest shall accrue hereunder at a variable rate of interest per annum, which shall change in the manner set forth below, equal to _____ percentage points in excess of the Prime Commercial Rate (as hereinafter defined).

In the event that on any date Lender shall have reasonably determined that accruing interest hereunder based upon the LIBO Rate has become unlawful by compliance by the Lender in good faith with any law, governmental rule, regulation or order, then, and in any such event, the Lender shall promptly give notice thereof to the Borrower. In such case, accruing interest hereunder based upon the LIBO Rate shall be terminated and the Borrower shall, at the earlier of the end of each LIBO Rate Interest Period then in effect or when required by law, repay the advances based upon the LIBO Rate, together with all interest accrued thereon. In such case, when required by law, interest shall accrue hereunder at a variable rate of interest per annum, which shall change in the manner set forth below, equal to _____ percentage points in excess of the Prime Commercial Rate.

As used herein, Prime Commercial Rate shall mean the rate established by Lender from time to time based on its consideration of economic, money market, business and competitive factors, and it is not necessarily the Lender's most favored rate. Subject to any maximum or minimum interest rate limitation specified herein or by applicable law, any variable rate of interest on the obligation evidenced hereby based upon the Prime Commercial Rate shall change automatically without notice to the Borrower immediately with each change in the Prime Commercial Rate. If during any period of time while interest is accruing hereunder based upon the Prime Commercial Rate the obligation evidenced by this Note is not paid at maturity, whether maturity occurs by lapse of time, demand, acceleration or otherwise, the unpaid principal balance and any unpaid interest thereon shall, thereafter until paid, bear interest at a rate equal to _____ percentage points (which shall be 0.00 percentage points, unless completed) in excess of the rate indicated in the immediately preceding two paragraphs.

If, due to (1) the introduction of or any change in or in the interpretation of any law or regulation, (2) the compliance with any guideline or request from any central bank or other public authority (whether or not having the force of law), or (3) the failure of the Borrower to repay any advance when required by the terms of this Note, there shall be any loss or increase in the cost to the Lender of accruing interest hereunder based upon the LIBO Rate, then the Borrower agrees that the Borrower shall, from time to time, upon demand by the Lender, pay to the Lender additional amounts sufficient to compensate the Lender for such loss or increased cost. A certificate as to the amount of such loss or increase cost, submitted to the Borrower by the Lender, shall be conclusive evidence, absent manifest error, of the correctness of such amount.

Notwithstanding the section above captioned PREPAYMENT, during any period of time while interest is accruing hereunder based upon the LIBO Rate Borrower may not prepay any portion of the outstanding principal balance prior to the expiration of the then current LIBO Rate Interest Period.

PAYMENT DATES. If the due date of any payment under this Note shall be a day that is not a Banking Day (as defined herein), the due date shall be extended to the next succeeding Banking Day; provided, however, that if such next succeeding Banking Day occurs in the following calendar month, then the due date shall be the immediately preceding Banking Day.

DETERMINATION OF INDEX. This Note expresses an initial interest rate and an initial index value to 3 places to the right of the decimal point. This expression is done solely for convenience. The reference sources for the index used by Lender, as stated in this Note, may actually quote the index on any given day to as many as 5 places to the right of the decimal point. Therefore, the actual index value used to calculate the interest rate on and the amount of interest due under this Note will be to 5 places to the right of the decimal point.

IMPORTANT INFORMATION ABOUT PROCEDURES REQUIRED BY THE USA PATRIOT ACT. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each entity or person who opens an account or establishes a relationship with the Lender.

What this means: When an entity or person opens an account or establishes a relationship with the Lender, the Lender may ask for the name, address, date of birth, and other information that will allow the Lender to identify the entity or person who opens an account or establishes a

