

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): **July 30, 2020**

Communications Systems, Inc.

(Exact name of Registrant as Specified in its Charter)

Minnesota

(State Or Other Jurisdiction Of Incorporation)

001-31588

(Commission File Number)

41-0957999

(I.R.S. Employer Identification No.)

10900 Red Circle Drive

Minnetonka, MN

(Address Of Principal Executive Offices)

55343

(Zip Code)

(952) 996-1674

Registrant's Telephone Number, Including Area Code

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value, \$0.05 per share	JCS	NASDAQ Global Market

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
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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 1.02 Termination of a Material Definitive Agreement

On July 30, 2020, Transition Networks, Inc. (“Seller”), a Minnesota corporation and wholly owned subsidiary of Communications Systems, Inc. (the “Company”) entered into a Termination of Real Estate Purchase Agreement (“Termination Agreement”) with Launch Properties, LLC, a Minnesota limited liability company (“Buyer”). Buyer and Seller were parties to a purchase agreement dated August 2, 2018, and subsequently amended, under which Buyer had agreed to purchase from Seller the 105,000 square-foot building in Minnetonka, Minnesota where the Company’s executive and administrative offices are located (the “Property”). Under the terms of the Termination Agreement, Buyer and Seller agreed that the purchase agreement, as amended, was terminated and is no longer in effect, except for any indemnification rights that Seller might have against Buyer under the purchase agreement. Seller represented in the Termination Agreement that it is not aware of any claims for indemnification that would trigger Buyer’s obligations under the indemnification provisions of purchase agreement. Under the Termination Agreement, the parties confirmed, based on the original purchase agreement and amendments, that the escrow amount of \$225,000 paid by Buyer under the purchase agreement, as amended, would be forfeited and paid directly to Seller by the third-party title escrow company.

Item 8.01 Other Events

As noted above in Item 1.02, on July 30, 2020, the Company’s Transition Networks, Inc. subsidiary, as Seller, entered into a Termination Agreement with Buyer to terminate the purchase agreement for the Property.

The Company has entered into a new listing agreement to relist the Property for sale. This allows the Company to consider options while it also determines its future office and warehouse space needs considering (i) its May 14, 2020 acquisition of Ecessa Corporation, (ii) the Company’s corporate development and M&A strategy, and (iii) the continuing effect of the COVID-19 pandemic, which on one hand would suggest employees require more physical office space around their work areas and on the other hand would suggest the Company might require less office space if a significant number of employees continue to work remotely. The Company has not committed to a specific plan considering the many uncertainties related to the duration of COVID-19 pandemic and its effect on the national and world economies.

The Company will provide additional information about developments in this area as they occur.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Exhibit Name
10.1	Termination of Real Estate Agreement dated as of July30, 2020, by and between Transition Networks, Inc. and Launch Properties, LLC.

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.

COMMUNICATIONS SYSTEMS, INC.

By: /s/ Mark D. Fandrich
Mark D. Fandrich, Chief Financial Officer

Date: August 4, 2020

TERMINATION OF REAL ESTATE PURCHASE AGREEMENT

THIS TERMINATION OF REAL ESTATE PURCHASE AGREEMENT (“**Termination**”) is made and entered into as of this 30th day of July, 2020, by and between Transition Networks, Inc., a Minnesota corporation (“**Seller**”), and Launch Properties, LLC, a Minnesota limited liability company (“**Buyer**”).

Recitals

- A. Buyer and Seller are parties to that certain Purchase Agreement dated August 2, 2018 (“**Original Purchase Agreement**”), as amended by that certain First Amendment of Purchase Agreement dated July 2, 2019 (the “**First Amendment**”), that certain Second Amendment of Purchase Agreement dated February 20, 2020 and that certain Third Amendment of Purchase Agreement dated May 4, 2020 (collectively, the “**Purchase Agreement**”), pursuant to which Buyer agreed to purchase certain real property from Seller on the terms and conditions more particularly described in the Purchase Agreement.
- B. Buyer has deposited \$225,000.00 with the Title Company, comprised of the following amounts: \$125,000.00, as required by the Original Purchase Agreement; the First Additional Earnest Deposit of \$50,000.00, as required by the First Amendment and the Second Additional Earnest Deposit of \$50,000.00, as required by the First Amendment (collectively, the “**Earnest Money**”).
- C. Buyer and Seller desire to terminate the Purchase Agreement pursuant to the terms and conditions herein.

Agreement

In consideration of the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Termination. Buyer and Seller acknowledge and agree that the Purchase Agreement is hereby terminated and no longer of any force or effect. No party to the Purchase Agreement has any further rights or obligations thereunder, except that Seller shall be entitled to exercise any rights or remedies it may have pursuant to Section 4.2 of the Original Purchase Agreement. Seller represents and warrants that it is not aware of any liability, claim, lien or damages that might trigger Buyer’s indemnification obligation in Section 4.2 of the Original Purchase Agreement.
 2. Earnest Money. In accordance with Section 7 of the Original Purchase Agreement, as amended by Section 2(b) of the First Amendment, the parties acknowledge and agree that the Earnest Money in the amount of \$225,000.00 is nonrefundable to Buyer. The parties hereby instruct Land Title, Inc., the Title Company, to release the Earnest Money to Seller without the requirement for any further documentation or direction from either Seller or Buyer.
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3. Further Assurances. The parties agree that, upon request, each party shall furnish such further information, execute and deliver such other documents, and do such other acts and things, as the other party shall reasonably request for the purpose of carrying out the intent of this Termination.
4. Delivery of Third Party Reports. Buyer shall deposit (by email drop box link) copies of all third party reports with respect to the Property not previously provided to Seller upon full execution of this Termination.
5. Governing Law. This Termination shall be governed by the laws of the State of Minnesota.
6. Capitalized Terms. Unless otherwise defined herein, capitalized terms shall have the meaning ascribed to them in the Purchase Agreement.
7. Binding Effect. This Termination reflects the entire agreement of the parties with respect to the matters set forth herein. This Termination shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
8. Counterparts. This Termination may be executed in counterparts, and signature upon this Termination transmitted by electronic means including email or facsimile shall suffice and be binding upon the respective parties.

IN WITNESS WHEREOF, the parties have executed this Termination as of the date first set forth above.

BUYER:

Launch Properties, LLC,
a Minnesota limited liability company

By: /s/Daniel O. Regan
Name: Daniel O. Regan
Title: Chief Manager

SELLER:

Transition Networks, Inc.,
a Minnesota corporation

By: /s/Mark Fandrich
Name: Mark Fandrich
Title: Chief Financial Officer
