

**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 2, 2019**

ITERIS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

001-08762

(Commission File Number)

95-2588496

(IRS Employer Identification No.)

1700 Carnegie Avenue, Suite 100, Santa Ana, California

(Address of principal executive offices)

92705

(Zip Code)

Registrant's telephone number, including area code: **(949) 270-9400**

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:

- 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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.10 par value	ITI	The NASDAQ Stock Market LLC

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 2.01 Completion of Acquisition or Disposition of Assets.

On July 2, 2019, Iteris, Inc. (“*Iteris*” or the “*Company*”) completed the previously announced acquisition of all outstanding shares of Albeck Gerken, Inc. (“*AGI*”), a professional transportation engineering firm with offices in Tampa (FL), Orlando (FL), Virginia Beach (VA) and Chester Pike (PA), pursuant to a Stock Purchase Agreement, dated June 10, 2019 (the “*Stock Purchase Agreement*”), entered into by and among the Company, AGI and the shareholders of AGI (collectively, the “*Selling Shareholders*”).

The purchase price of \$10,720,000 was delivered to the Selling Shareholders through the payment of an aggregate of \$6,185,000 in cash (adjusted for working capital at closing) and the issuance of 868,774 shares of Iteris Common Stock (the “*Stock Consideration*”), a portion of which was deposited in escrow for 18 months to secure performance of the indemnification and other post-closing obligations of the Selling Shareholders under the Stock Purchase Agreement. In addition, the Company agreed to grant \$1,744,200 in retention bonuses to the Selling Shareholders payable in the form of restricted stock at \$5.22 per share (the “*Retention Shares*”), and \$570,000 in retention bonuses to other employees payable in cash, each vesting over three years following the closing. Attached as Exhibit 10.1 is the form of agreement entered into for the retention bonuses payable in restricted stock to the Selling Shareholders.

The foregoing summary of the Stock Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the full text thereof, a copy of which is incorporated by reference in this Current Report on Form 8-K as Exhibit 2.1.

Item 3.02 Unregistered Sales of Equity Securities

The information set forth in Item 2.01 above is incorporated by reference in this Item 3.02. The issuance of the Stock Consideration and Retention Shares was exempt from the registration requirements of the Securities Act of 1933, as amended (the “*Securities Act*”), pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D of the Securities Act, and in reliance on similar exemptions under applicable state laws.

Item 7.01 Regulation FD Disclosure

The Company issued a press release on July 2, 2019 announcing the completion of the AGI acquisition, a copy of which is attached hereto as Exhibit 99.1 and incorporated by reference into this Item 7.01 in satisfaction of the public disclosure requirements of Regulation FD. The information in the attached press release is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
2.1	Stock Purchase Agreement, dated June 10, 2019, by and among Iteris, Inc., Albeck Gerken, Inc. and its shareholders (incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on June 14, 2019).
10.1	Form of Retention Bonus Agreement entered into between the Company and each of the Selling Shareholders.
99.1	Press release, dated July 2, 2019, announcing closing of acquisition of Albeck Gerken, Inc.

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.

Dated: July 9, 2019

ITERIS, INC.

By: /s/ Joe Bergera
Joe Bergera
Chief Executive Officer



949.270.9400
iteris.com

1700 Carnegie Avenue, Suite 100
Santa Ana, CA 92705

[Date]

[Employee Name]

[Address 1]

[Address 2]

Re: Retention/Stay Bonus

Dear [Employee Name]:

As you know, Iteris, Inc. ("**Iteris**") is acquiring 100% of the issued and outstanding shares of capital stock of your employer, Albeck Gerken, Inc. ("**AGI**"). We consider your continued service and dedication to AGI essential to our plans for AGI. To incentivize you to remain employed with AGI, we are pleased to offer you a retention bonus, as described in this letter agreement. In consideration of your continued service with AGI through and until the third anniversary of the completion of the sale of AGI to Iteris (the "**Retention Period**"), we are offering you a retention bonus in the amount of [\$XX] payable in Restricted Stock ([XX] Units) at the price of [\$XX] per Unit as defined by the Stock Purchase Agreement (the "**Retention Bonus**"), which will be provided to you, less all applicable withholdings and deductions required by law, on the next regularly scheduled pay dates following the first, second, and third anniversaries of the date of this letter agreement (each, an "**Anniversary Date**").

You will be eligible to receive the applicable installment of the Retention Bonus if all of the following eligibility criteria are satisfied on each Anniversary Date:

1. You are actively employed by Iteris or AGI on the applicable Anniversary Date.
2. You have not given notice of your intent to resign from employment on or before the applicable Anniversary Date.
3. Iteris or AGI has not given you notice of its intent to terminate your employment for Cause on or before the applicable Anniversary Date.

If you are eligible to receive the Retention Bonus on an applicable Anniversary Date, an installment of one-third of the Retention Bonus will be paid to you in the next regularly scheduled pay date following the applicable Anniversary Date.

In addition, if your employment is terminated by Iteris or AGI prior to the termination of the Retention Period other than for Cause (as defined below), you will be entitled to receive the balance of any unpaid Retention Bonus set forth above on the next regularly scheduled pay date, subject to your continuing compliance with your post-closing obligations set forth in the Stock Purchase Agreement dated June 10, 2019, including those relating to confidentiality, non-competition and non-solicitation.



For purposes of this letter, **“Cause”** shall mean (i) your willful or continuing failure to perform, or willful or continuing neglect in the performance of your material duties, which, if capable of cure, is not effectively cured by you within five days after written notice by Iteris is received by you; (ii) your material violation of a policy or code of conduct applicable to employees of Iteris or AGI, provided that if they conflict those of Iteris will be the relevant policy or code; (iii) your material breach of any post- closing obligations set forth in the Stock Purchase Agreement, including those relating to confidentiality, non-disparagement, non- competition and non-solicitation, or (iv) your conviction of a felony or a crime involving moral turpitude.

Your employment remains at-will, meaning that you and Iteris or AGI (as applicable) may terminate the employment relationship at any time, with or without cause. This letter agreement is intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended (**Section 409A**) and shall be construed and administered in accordance with Section 409A.

This letter agreement contains all of the understandings and representations between Iteris and AGI, on the one hand, and you relating to the retention bonus, and supersedes all prior and contemporaneous understandings, discussions, agreements, representations, and warranties, both written and oral, with respect to any retention bonus; provided, however, that this letter agreement shall not supersede your offer letter dated July 2, 2019 which shall remain in full force and effect. This letter agreement may not be amended or modified unless in writing signed by both you and the Chief Executive Officer of Iteris.

This letter agreement and all related documents, and all matters arising out of or relating to this letter agreement, whether arising in contract, tort, or statute, are governed by, and construed in accordance with, the laws of the State of Florida, including its statutes of limitations, without giving effect to the conflict of laws provisions thereof, to the extent such principles or rules would require or permit the application of the laws of any other jurisdiction or state. This letter agreement and any controversy hereunder is subject to a mandatory arbitration clause as set forth in the Arbitration Agreement.

Please sign and date this letter agreement and return the signed copy to [Iteris Contact Name] by June 28, 2019. [Iteris Contact Name] email address is [Iteris Contact Email] and [his/her] mailing address is 1700 Carnegie Avenue, Suite 100, Santa Ana, CA 92705-5551.

We look forward to your continued employment with us.

Sincerely,

Iteris, Inc.

Joe Bergera, CEO

Agreed to and accepted by:

[Employee Name]

Date: _____

cc: Sr. Vice President, Human Resources





Iteris Announces Closing of Acquisition of Albeck Gerken

SANTA ANA, Calif. — July 2, 2019 — Iteris, Inc. (NASDAQ: ITI), the global leader in applied informatics for transportation and agriculture, today announced the completion of its previously announced acquisition of Albeck Gerken, Inc., a privately held traffic operations engineering services provider headquartered in Tampa, Florida, with offices in Orlando (FL), Virginia Beach (VA) and Chadds Ford (PA).

Albeck Gerken will operate as a wholly owned subsidiary of Iteris, with the former Albeck Gerken employees being aligned with Iteris' Transportation Systems business segment.

“We are excited to complete this transaction and move forward with the process of integrating Albeck Gerken into the Iteris family,” said Ramin Massoumi, senior vice president and general manager, Transportation Systems at Iteris. “Albeck Gerken’s highly respected team of traffic operations engineering and consulting experts will join an equally respected team of experts in planning, signal operation, and intelligent transportation systems (ITS) design, integration and data analytics. The combined teams will provide unparalleled capabilities to improve safety and mobility for road users in Florida, the Midwest and Mid-Atlantic.”

“I am thrilled to announce the completion of Albeck Gerken’s acquisition by Iteris and the start of our employees’ integration into the Iteris family,” said Jeff Gerken, president of Albeck Gerken. “Albeck Gerken’s extensive traffic engineering and consulting experience will continue to improve the lives of Florida citizens and travelers, as well as road users in the Midwest and Mid-Atlantic, through enhanced arterial traffic operations and safety.”

The acquisition closed for a total purchase price of \$10.7 million in cash and stock, with the ability for key principals to realize an additional \$2.3 million in other incentives over three years from the date of close. For the fiscal year ending December 31, 2018, Albeck Gerken’s audited GAAP revenue was \$8.1 million and EBITDA was \$2.0 million.

About Iteris, Inc.

Iteris is the global leader in applied informatics for transportation and agriculture, turning big data into big breakthrough solutions. We collect, aggregate and analyze data on traffic, roads, weather, water, soil and crops to generate precise informatics that lead to safer transportation and smarter farming. Municipalities, government agencies, crop science companies, farmers and agronomists around the world use our solutions to make roads safer and travel more efficient, as well as farmlands more sustainable, healthy and productive. Visit www.iteris.com for more information and join the conversation on Twitter, LinkedIn and Facebook.

Iteris Forward-Looking Statements

This release may contain forward-looking statements, which speak only as of the date hereof and are based upon our current expectations and the information available to us at this time. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “seeks,” “estimates,” “may,” “should,” “will,” “can,” and variations of these words or similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, statements about the impact and expected benefits of the acquisition of Albeck Gerken. Such statements are not guarantees of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict, and actual results could differ materially and adversely from those expressed in any forward-looking statements as a result of various factors.

Important factors that may cause such a difference include, but are not limited to, our ability to retain, integrate and incentivize the acquired company’s personnel; difficulties or delays in integrating acquired operations and personnel (including those of Albeck Gerken); competitive conditions in the markets we address; changes in demand and market requirements; our ability to maintain and grow existing contractual relationships on a cost-effective basis; and the impact of general economic, political and other conditions in the markets we address. Further information on Iteris, Inc., including additional risk factors that may affect our forward-looking statements, is contained in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and our other SEC filings that are available through the SEC’s website (www.sec.gov).

Iteris Contact

David Sadeghi
Tel: (949) 270-9523
Email: dsadeghi@iteris.com

Investor Relations

MKR Investor Relations, Inc.
Todd Kehrli
Tel: (323) 468-2300
Email: iti@mkr-group.com