

**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 8, 2018

**Energy Recovery, Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-34112

(Commission File Number)

01-0616867

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

**1717 Doolittle Dr. San Leandro, CA 94577**  
(Address if Principal Executive Offices)(Zip Code)

**510-483-7370**

(Registrant's telephone number, including area code)

**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 (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))

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.

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

(c)(e) On August 8, 2018, the Board of Directors of Energy Recovery, Inc. (the “Company”) appointed Mr. Joshua Ballard, 45, to serve as Chief Financial Officer of the Company, effective as of August 13, 2018. The Company believes that Mr. Ballard possesses specific attributes that qualify him to serve as the Chief Financial Officer, including his extensive finance background and executive experience in several companies. Immediately prior to joining the Company, Mr. Ballard was the Operating Partner at Orox Capital Management, a private equity fund, where he served as Chief Financial Officer of Southwest Spirits & Wine, a portfolio company, since 2017. From 2014 to 2017, Mr. Ballard was the Managing Director of Lanterne Advisors, LLC. From 2003 to 2014, Mr. Ballard was an Executive Director of SigmaBlevzer Investment Group, a private equity fund manager, where he held several executive positions within SigmaBlevzer, including as the President of Jus-Made, a portfolio company. Mr. Ballard earned his MBA from Thunderbird, School of Global Management and his B.A. from the University of Iowa. Mr. Ballard is also a Chartered Financial Analyst and a Chartered Management Accountant.

There are no family relationships between Mr. Ballard and any of the executive officers or directors of the Company, and there are no arrangements or understandings between Mr. Ballard and any other person pursuant to which he was appointed as an executive officer of the Company. There are no related party transactions with Mr. Ballard that are reportable under Item 5.02 of Form 8-K and Item 404(a) of Regulation S-K.

The Company entered into an offer letter agreement with Mr. Ballard, dated August 3, 2018 (the “Offer Letter”), establishing his compensation as Chief Financial Officer, effective as of August 13, 2018. As the Chief Financial Officer, Mr. Ballard will be paid an initial annual base salary of \$325,000 and a one-time sign-on bonus of \$100,000. However, the sign-on bonus is subject to repayment in the event Mr. Ballard resigns from the Company within the first year of employment. Mr. Ballard will also be eligible to receive an annual cash bonus equal to up to 60% of his annual base salary upon the Company’s and his achievement of goals to be established by the Board and the Chief Executive Officer each fiscal year. However, for 2018, Mr. Ballard has been guaranteed an annual bonus of \$195,000, subject to his being employed through the date that the 2018 annual bonuses will be paid to the other executive officers. Mr. Ballard is also entitled to participate in all of the Company’s benefit programs available to management employees and to receive reimbursement for reasonable expenses incurred in connection with Mr. Ballard’s relocation to Northern California. Mr. Ballard will also be granted options to purchase shares of the Company’s common stock under the Company’s 2016 Incentive Plan with a Black-Scholes value of \$1,000,000. These options will have an exercise price equal to the closing price of the Company’s common stock on the date of grant and will vest over four years, with 25% of such options vesting on the first anniversary of the grant date and the 1/36<sup>th</sup> of the remaining options vesting on each monthly anniversary of the grant date. Mr. Ballard will also be a participant in the Company’s Change in Control Severance Plan. In addition, Mr. Ballard will also be eligible for certain severance benefits if he is terminated without cause other than in connection with a change in control (as defined in the Change in Control Severance Plan) that will be made pursuant to his Offer Letter.

The foregoing description of the terms of Mr. Ballard’s employment is a summary and is qualified in its entirety by the text of the Offer Letter to Mr. Joshua Ballard, a copy of which is being filed with this Current Report on Form 8-K.

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**Item 7.01 Regulation FD Disclosure.**

On August 14, 2018, the Company issued a press release announcing the appointment of Mr. Ballard as Chief Financial Officer of the Company, a copy of which is attached hereto as Exhibit 99.1. The information in this Item 7.01, including Exhibit 99.1, is being furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1	<a href="#">Offer Letter to Mr. Joshua Ballard</a>
99.2	<a href="#">Press Release Dated August 14, 2018</a>

**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.

Date: August 14, 2018

Energy Recovery, Inc.

By: /s/ William Yeung

William Yeung  
General Counsel



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## Energy Recovery Announces Appointment of Josh Ballard as Chief Financial Officer

**SAN LEANDRO, Calif.—August 14, 2018** — [Energy Recovery, Inc.](#) (NASDAQ:ERII), the leader in pressure energy technology for industrial fluid flows, today announced the appointment of Mr. Josh Ballard as Chief Financial Officer, effective August 13, 2018. In this role, Mr. Ballard will oversee Energy Recovery’s finance, IT, and investor relations organizations as the company continues to cultivate its core water business and further develop innovative PX® Pressure Exchanger® technology solutions for new markets.

Mr. Ballard has more than 20 years of experience and most recently held the position of Operating Partner at Orox Capital Management, a Dallas-based private equity firm. During his time there he was responsible for the management of and collaboration with portfolio company teams to implement long-term strategic plans and improve finance and operations. Additionally, he served as the CFO for Southwest Spirit and Wines, an Orox Capital portfolio company, during a critical growth period in the company’s development.

Energy Recovery’s President and CEO Chris Gannon stated, “Josh brings a strong finance and operations background which will support us as we scale our water and oil and gas businesses. He has tremendous experience, both domestically and internationally, working across industries within complex organizations to successfully navigate high growth. I am confident in Josh and his abilities to further enhance our already outstanding organization.”

Mr. Ballard stated, “I am excited to join Energy Recovery during this pivotal time in its growth. I am aligned with the leadership team’s strategic vision for the future and look forward to being a part of this dynamic and fast-paced team as we continue to build on the company’s success.”

Prior to joining Orox Capital Management, Mr. Ballard was the Managing Director of Lanterne Advisors, LLC, where he held multiple CFO roles with venture-backed companies. He also served as Executive Director of Finance and Investor Relations for SigmaBleyzer Investment Group, a private equity fund, with investments across a broad range of industries within the U.S., Southeast Europe, and other former Soviet Union countries. During this time, he not only managed the domestic and international operations of SigmaBleyzer, but also Investor Relations functions for its five funds with nearly \$1 billion under management. Mr. Ballard started out his

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career working on multiple international oil and gas projects, most notably with Fluor Corporation.

Mr. Ballard holds a CFA, CMA and a Global MBA in Finance from Thunderbird, School of Global management.

### **About Energy Recovery**

Energy Recovery, Inc. (ERII) is an energy solutions provider to industrial fluid flow markets worldwide. Energy Recovery solutions recycle and convert wasted pressure energy into a usable asset and preserve pumps that are subject to hostile processing environments. With award-winning technology, Energy Recovery simplifies complex industrial systems while improving productivity, profitability, and efficiency within the oil & gas, chemical processing, and water industries. Energy Recovery products save clients more than \$1.8 billion (USD) annually. Headquartered in the Bay Area, Energy Recovery has offices in Houston, Ireland, Shanghai, and Dubai. For more information about the Company, please visit [www.energyrecovery.com](http://www.energyrecovery.com).

### **Contact**

Investor Relations  
ir@energyrecovery.com  
(510) 746-2512

August 3, 2018

Mr. Josh Ballard  
Via Email: jballard@lanternadvisors.com

Re: Offer of Employment with Energy Recovery, Inc.

Dear Josh,

We are pleased to offer you a full-time position with Energy Recovery, Inc. ("ERI") as Chief Financial Officer reporting to Chris Gannon, President and Chief Executive Officer, based in our headquarters in San Leandro, California. We believe your technical skills and work experience will provide a valuable addition to our team.

**Salary and Start Date.** We would like your employment with ERI to start no later than August 20, 2018. You will receive a bi-weekly salary of \$12,500 (annualized \$325,000), less taxes and deductions as authorized or required by law, which will be paid bi-weekly in accordance with the Company's standard payroll procedures.

**Annual Incentive Plan.** You will also be eligible to participate in the Company's Annual Incentive Plan (the "AIP"), under which you will be eligible to receive up to 60% of your base salary for achieving certain performance goals, subject to the Company's meeting its annual financial targets and other goals, and governed per the AIP's terms. For 2018, ERI will guarantee you a bonus of \$195,000, provided that you are in good standing with the Company (including being employed by the Company) at the time the Company pays out such bonuses (typically in March of the following year).

**Sign-on Bonus.** This offer includes a one-time sign-on bonus of \$100,000.00, less deductions authorized or required by law, which you will receive with your first paycheck as an ERI employee. If you choose to resign from ERI for any reason within the first year of your employment, you agree to return to ERI a pro-rata share of this sign-on bonus. The pro-rata share to be returned shall be computed using the number of days remaining in your first year of employment at the time of resignation, divided by 365.

**Sign-on Stock Option Grant.** As part of this offer and subject to the approval of the Company's Board of Directors or its Compensation Committee, you may be granted an option to purchase \$1,000,000 of ERI Common Stock under the standard terms of the Company's 2016 Incentive Plan. The option will vest over four (4) years with twenty-five percent (25%) of the shares vesting on the first anniversary of the vesting commencement date, which will be the first day of your employment. After the first anniversary of the vesting commencement date, one thirty-sixth (1/36<sup>th</sup>) of the remaining shares will vest each month thereafter. All options will be subject to the Company's 2016 Incentive Plan and any award agreement.

**Long Term Incentive Plan.** Subject to the approval and discretion of the Company's Board of Directors or its Compensation Committee, each year you may be granted an option to purchase shares of the Company's Common Stock under the Company's 2016 Incentive Plan. The exercise price per share will be equal to the closing price on NASDAQ of a share of the Company's common stock on the day the Committee approves your grant, and all awards will be subject to the terms and conditions of the 2016 Incentive Plan or such other Plan the Board and shareholders may approve and any award agreement.

1717 Doolittle Drive      T +1 510.483.7370  
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**Change of Control Plan.** Under this offer, you will also be named a Participant in the Company's Change in Control Plan, as amended (the "CCP"), which will govern when your options will vest in the event there is a change of control as that term is defined in the CCP.

**Termination.** In the event that ERI terminates your employment without Cause (as defined in Article 2 of ERI's CCP), other than in connection with a Change in Control (as that term is defined in ERI's CCP) per Article 3.2 of ERI's CCP, you will be entitled to all payments required by applicable local law, including all earned and unpaid salary, less deductions required or permitted by law.

In addition, in such a no-Cause termination, without altering the "at will" nature of your employment, you will be entitled to receive the "Additional Benefits" as set forth below in exchange for a severance agreement, signed by you and in a form reasonably satisfactory to the Company, that provides, among other terms, a release and waiver of all known and unknown claims that you may then have against the Company or persons or companies affiliated with the Company; such agreement must be signed and returned to the Company (and remain unrevoked for any revocation period required by applicable law) within the time set by the Company. Additional Benefits: For such a no-Cause termination prior to the second anniversary of your start date, you will receive severance in the form of a lump sum payment, equal to twelve (12) months' annual base salary; if the no-Cause termination occurs after the second anniversary of your start date, you will receive severance in the form of a lump sum payment equal to six (6) months' annual base salary; the applicable severance amount will be paid on or about the sixtieth day after the date of your no-Cause termination, subject to the Company's timely receipt of the signed and unrevoked release and waiver. These Additional Benefits will be computed using your annual base salary as of the date of the termination, less deductions required or permitted by applicable law.

To the extent the Additional Benefits compensation is subject to Section 409A of the Code, the severance payment (or any distribution of the equity compensation related thereto, if applicable) shall not be paid or made, as applicable, unless your termination of employment constitutes a "separation from service" (within the meaning of Code Section 409A and any the regulations or other guidance thereunder ("Section 409A")). Notwithstanding anything to the contrary contained herein, no such payment or distribution will be made to you prior to the earlier of (a) the expiration of the six-month period measured from the date of your separation from service or (b) the date of your death, if you are deemed at the time of such separation from service to be a "specified employee" (within the meaning of Section 409A) and to the extent such delayed commencement is otherwise required in order to avoid a prohibited distribution under Section 409A. All payments which had been delayed pursuant to the immediately preceding sentence will be paid to you in a lump sum upon expiration of such six-month period (or, if earlier, upon your death).

In the event that you resign for any reason (other than for "Good Reason" in conjunction with a "Change of Control" as defined in the CCP per Article 3.2 of ERI's CCP), or are terminated by ERI for Cause (as defined in the CCP), you will only be entitled to payments required by applicable local law, including all earned and unpaid salary, less deductions required or permitted by law, and you will not be entitled to the Additional Benefits set forth above.

**Relocation Expenses.** ERI will pay for reasonable and customary relocation expenses for you and your family for your move to California not to exceed \$125,000 (the "Relocation Payment"). If you choose to resign from ERI for any reason within the first year of your employment, you agree to return to ERI a pro-rata share of this Relocation Payment. The pro-rata share to be returned shall be computed using the number of days remaining in your first year of employment at the time of resignation, divided by 365. Further, you authorize ERI to collect any such monies owed as a deduction on your final pay check, except as prohibited by applicable law. To be eligible for the Relocation

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Payment, your move to the San Francisco Bay Area must be completed no later than **October 1, 2018**.

**Benefits.** As a full-time employee, you will be eligible to receive employee benefits including, paid-time-off under the company's DTO "Discretionary Time Off" policy, medical, dental and vision insurance for you and your dependents; as well as long-term disability and life insurance. Your eligibility to participate in these programs will begin the first of the month following your date of hire. Please note that the benefits program may change from time to time at the Company's discretion.

**Employment Status.** Although your status may change, your employment with the Company remains "at will", meaning that either you or the Company will be entitled to terminate your employment at any time and for any reason, with or without cause or prior notice. Any contrary representations which may have been made to you are superseded by this offer letter. In addition, although your job duties, title, compensation, benefits, as well as the Company's personnel policies and procedures may change in the future, the "at will" nature of your employment may not be changed.

**Background & Reference Checks.** It is ERI policy to conduct background, drug, and professional reference checks prior to employment. This offer is contingent upon positive results, in the Company's sole discretion, of both the basic background check (Background Authorization Form attached) and professional reference checks. This offer is also contingent upon your successfully passing a pre-employment drug test in accordance with ERI's Drug-Free Workplace Policy.

Please note that this offer also is conditioned upon your ability to present employment eligibility and properly complete the Form I-9 by the third workday after your date of hire as required by the Immigration Reform & Control Act of 1986. A copy of the form will be provided to you.

Please accept this offer of employment as of the start date set forth above by signing your name and setting forth the agreed start date below. Then return this letter to me in person or by way of email on or before **August 6, 2018**. If your acceptance is not received by this date, we shall assume that you have declined the offer and it shall be null and void. Please call me if you have any questions regarding the information outlined herein.

Very truly yours,

/s/ Chris Gannon

Chris M. Gannon  
President & Chief Executive Officer

Signed Acceptance: /s/ Josh Ballard  
Josh Ballard

Start Date: August 13, 2018

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