

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): June 25, 2014

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))
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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

(b) On June 25, 2014, Alexander J. Buehler informed Energy Recovery, Inc. (the ‘Company’) of his resignation as the Company’s Chief Financial Officer, effective on that day in order to pursue another opportunity.

Effective June 27, 2014, the Board of Directors has appointed Joel Gay to succeed Mr. Buehler as Chief Financial Officer. Mr. Gay joined the Company in January 2012 as Vice President of Finance and Business Intelligence. From April 2007 through December 2011, Mr. Gay was Chief Financial Officer North America at Insituform (now Aegion). Mr. Gay holds a Master’s degree in Business Administration from the University of Chicago, Booth School of Business and a Bachelor of Arts degree from St. Thomas University.

As Chief Financial Officer of the Company, Mr. Gay will receive an annual base salary of \$265,000 along with standard company benefits. He will also participate in the Company’s Annual Incentive Plan (“AIP”). The maximum target and payout under the AIP for 2014 will be determined by the Company’s Chief Executive Officer and the Board of Directors based on Mr. Gay’s performance. Mr. Gay will receive options to purchase 100,000 shares of Company common stock that will be subject to the Company’s standard four year vesting schedule. The grant date will be July 3, 2014. In addition, if after ninety days of his appointment as Chief Financial Officer, Mr. Gay has performed to the satisfaction of the Chief Executive Officer and the Board of Directors, he will receive an additional grant of options to purchase another 100,000 shares of the Company’s common stock with a grant date to be determined by the Board of Directors. Mr. Gay will also be named as a participant in the Company’s Change of Control Plan, a copy of which is on file with the Securities and Exchange Commission (“SEC”). Additionally, he will be eligible for certain severance benefits if he is terminated without cause, other than in connection with a Change in Control. Mr. Gay will enter into the Company’s standard Indemnification Agreement, the form of which is also on file with the SEC.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated June 27, 2014
99.2	Offer Letter to Mr. Joel Gay

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 here unto duly authorized.

ENERGY RECOVERY, INC.
(Registrant)

Date: **June 30, 2014**

/s/ Juan B. Otero
Juan B. Otero
Legal Counsel and Corporate Secretary



INDEX TO EXHIBITS

Exhibit Number

Description

99.1	Press Release dated June 27, 2014
99.2	Offer Letter to Mr. Joel Gay

Energy Recovery Appoints Joel Gay as Chief Financial Officer

SAN LEANDRO, Calif., June 27, 2014—Energy Recovery Inc (NASDAQ: ERII), the leader in capturing reusable energy from industrial fluid flows and pressure cycles, today announced that it has promoted Mr. Joel Gay to Chief Financial Officer, replacing Alex Buehler, who will be leaving to pursue the next step in his career.

Joel joined Energy Recovery in January 2012 and has held several positions at the company, including most recently serving as Vice President of Finance since June 2013. Prior to joining Energy Recovery, Joel was the CFO of the largest division of Aegion Corp (NASDAQ: AEGN).

“I have worked with and known Joel since 2007 and believe he has a unique combination of thought leadership, financial analytics and business acumen that will greatly benefit our company going forward. We are very happy to have such talent on our team,” stated Energy Recovery CEO Tom Rooney.

Joel Gay stated, “To be appointed as Energy Recovery’s Chief Financial Officer is a distinct honor. As a result of a strong balance sheet, robust IP portfolio and cohesive strategic plan, our growth prospects are bright. I look forward to supporting Tom and the balance of senior management in executing against our strategy.”

Joel Gay received his MBA from the University of Chicago’s Booth School of Business and a Bachelor of Arts from St. Thomas University.

Tom Rooney stated, “One of the most rewarding aspects of my job is having the opportunity to mentor brilliant young executives as they progress through their careers. In this instance, I have the pleasure of watching both Alex Buehler and Joel Gay take exciting steps forward in their respective careers. We appreciate Alex’s efforts these past few years and wish him all the best in his next role.”

About Energy Recovery Inc

Energy Recovery Inc (NASDAQ: ERII) technology harvests the power of pressure from high-pressure fluid flows and pressure cycles. Through collaboration with industry, Energy Recovery helps make industrial processes within water, oil & gas, and chemical industries more profitable and environmentally sustainable. With over 15,000 energy recovery devices installed worldwide, Energy Recovery sets the standard for engineering excellence, cost savings and technical services to clients across the globe. Year after year, the company’s clean technologies save clients over \$1.4 Billion in energy costs. Headquartered in the San Francisco Bay Area, Energy Recovery has offices in Madrid, Shanghai and Dubai. www.energyrecovery.com.



June 26, 2014

Mr. Joel Gay
Via Email Delivery: jgay@energyrecovery.com

Re: Offer of Promotion

Dear Joel,

I am pleased to offer you a promotion to the position of Chief Financial Officer reporting directly to me and I am confident that you will excel in your new position. Commensurate with your promotion, your compensation and benefits will be as follows:

Base Salary. Effective June 27, 2014 you will receive an annual base salary of \$265,000 in bi-weekly payments of \$10,192.31, less deductions authorized or required by law.

Benefits. You will receive three (3) weeks of paid time off that accrues each pay period. You will continue to receive employee benefits including medical, dental and vision insurance for you and your dependents, as well as long-term disability and life insurance. Please note that the benefits program may change from time to time at the Company's discretion.

Annual Incentive Plan. You will participate in the Company's Annual Incentive Plan ("AIP"). For 2014 there will no maximum or target payout established in advance, but rather your AIP payout will be a function of your performance as determined by me and the Board of Directors.

Future Compensation. Your overall compensation for 2015 will be determined in consultation with a compensation consultant and it is the intent that such compensation be roughly equal in quantum to that received by our former Chief Financial Officer in 2011.

Stock Option Grant. As part of your promotion you will be granted an option to purchase 100,000 shares of Energy Recovery common stock under the standard terms of the Company's Amended and Restated 2008 Equity Incentive Plan (the "Plan"). The effective date of the grant shall be July 3, 2014. The exercise price per share will be equal to the closing price of Energy Recovery's common stock on NASDAQ on July 3, 2014. Said options will vest over four (4) years with twenty-five percent (25%) of the shares vesting on the first anniversary of the grant date, which will be the first day of your employment. After the first anniversary of the grant date, one thirty-sixth (1/36th) of the remaining shares will vest each month thereafter. In addition, if after ninety (90) days of your promotion, you have performed to my satisfaction and that of the Board of Director's, you will be granted an additional option to purchase 100,000 shares of Energy Recovery's common stock under similar terms as your initial promotion grant. The grant date will be established by the Compensation Committee of the Board of Directors.

1717 Doolittle Drive	T +1 510.483.7370
San Leandro	F +1 510.483.7371
California 94577	info@energyrecovery.com
United States	energyrecovery.com

Long-Term Incentive Plan. You will continue to participate in the Long Term Incentive Plan subject to the approval of the company's Board of Directors or its Compensation Committee.

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. Any contrary representations which may have been made to you are superseded by this offer letter. In addition, although your job duties, 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.

Termination. In the event that Energy Recovery terminates your employment without Cause (as defined in Article 2 of Energy Recovery's Change in Control Plan as amended), other than after or in connection with a Change in Control, as that term is defined in the Company's Change in Control Plan, you will be entitled to all payments required by applicable local law, including all earned and unpaid salary, any accrued and unused vacation pay, less deductions required or permitted by law.

In addition, without altering the "at will" nature of your employment, you will be entitled to receive additional benefits in the form of severance ("Additional Benefits") as set forth below in exchange for an agreement to release all claims known or unknown against the Company and to satisfy certain other conditions set forth in any Company Severance Plan then in effect, including an agreement to refrain from engaging in any business or rendering service to any entity, organization of company in competition with Energy Recovery for twenty-four (24) months after your termination date and provided that Energy Recovery receives the signed, unrevoked release agreement within the stated number of days of your termination date.

Additional Benefits: If you are terminated without Cause prior to the second anniversary of your promotion date you will receive severance in the form of a lump sum payment equal to twelve (12) months' salary; if the without Cause termination occurs after the second anniversary date of your promotion, you will receive a severance in the form of a lump sum payment equal to six (6) month's salary. 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 the distribution of the equity compensation 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")). In addition, 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 or are terminated by Energy Recovery for Cause, you will only be entitled to payment required by applicable local law, including all earned and unpaid salary, any accrued and unused vacation pay and all earned but unpaid and un-deferred bonus attributable to the year that ends immediately before the year in which the termination occurs, less deductions required or permitted by law.

I am very excited to work with you in your new capacity as Chief Financial Officer and fully confident in your success. Please indicate your acceptance below. Should you have any questions please let me know.

Very truly yours,

/s/ Thomas S. Rooney, Jr.

Thomas S. Rooney, Jr.
Chief Executive Officer

Signed Acceptance: /s/ Joel Gay
Date: June 27, 2014

1717 Doolittle Drive T +1 510.483.7370
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California 94577 info@energyrecovery.com
United States **energyrecovery.com**