

MEMORANDUM

To: Saqib Shirazi, P.E., Innovative Water Technologies, Texas Water Development Board (TWDB)

FROM: Melissa Bryant, San Antonio River Authority

SUBJECT: Assessment of City of Kenedy's Brackish Desalination Plant Quarterly Report

DATE: April 2011

CONTRACT: 0604830579

Recent Project Activities:

11/29/10

A meeting was held in the City of Kenedy (City) with TWDB, Veolia, CMA, SARA, and the City today. Mr. Crumley explained that TCEQ was not requiring a pilot of the plant with the HydraNautics membranes we plan to use because they had previously been used at the Kenedy Plant. Once the membranes have been installed then 30 days of initial data needs to be collected and submitted to TCEQ. We are still planning to pilot the installation of the Trains to demonstrate the efficiency of the newer membranes versus the older models. Trains A&B can be installed simultaneously since they are identical. Train D can also be installed at the same time as Trains A&B since the array is similar. Train C will need to be staggered by two weeks since it is a different array set up. We will need to extend the schedule of the project to next summer or fall. Mr. Crumley will get me an update on the schedule. Keystone construction has been given the notice to proceed; they should begin the concrete slab for the extension of the plant. The first membranes will be delivered in mid-December, so they will be installed by mid-January. The baseline data will be taken from January 2009 to December 2010. 62 new variables will be added with the installation of the new membranes. During the desal study 44 new variables will be added. 244 variables will be evaluated during installation. Overall 350 variables will be evaluated over the course of the study.

12/20/10

We are still waiting to get the subcontractor and contractor agreements with the City to submit to TWDB. The schedule has been amended and extended to November 2011.

1/18/11

Currently working with City of Kenedy to get contractors agreements so that we can start processing payments for work being done. I spoke to Bob Johnson last week who said they were in the process of finalizing theirs and should have all the contracts to me by the end of this month. The construction contractor has begun on the expansion of the plant. We have a meeting set up in February to discuss updates and visit the plant to see the

construction that's taken place. By this time he should have two of the membranes installed. I have submitted a schedule extension to TWDB, I went ahead and was very pessimistic and extended the deadline to next November. (Hopefully the contractor will not have any delays and we can have everything done by August.)

2/25/11

A meeting was held at the City of Kenedy with TWDB, Veolia, and CMA. We reviewed the subcontracts that need to be submitted. We also reviewed the schedule updates. Construction has begun and the slab for Train D has been completed. Train D has been delivered and should be operational by the end of March. We anticipate Trains A&B to be installed in April and Train C installed in May. All pilot data should be collected by mid-June and the final report completed by end of August. We are still discussing the Zero Discharge Membrane and will have to review the budget to see if there are enough funds to do a pilot study with this study.

3/25/11

Received documents from TWDB to allow CMA to hold main contract and have everyone else as subcontractors. Documents were forward to CMA to amend the City contract.

4/15/11

Received amendments from CMA for contract with City. Submitted to TWDB for approval. Anticipate having conference call with all entities for project update on April 29th at 1 pm.

Items to be Addressed and Anticipated Project Activities:

Update meeting to be scheduled for April 29, 2011