

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: May 2011 To July 2011

CONTRACT: 0604830579

Recent Project Activities:

4/29/11

A conference call was held with the project partners. The project is being delayed. There are some materials that are not available for delivery. There are also some change orders that need to be made regarding the input line for Train D and the clean in place process. All work should be completed within the next two weeks and should be moving on to the next Train installations.

5/26/11

A meeting was held at the City of Kenedy with the City, Veolia, and SARA. Construction has been at a standstill since April. The contractor is negotiating the change order costs with CMA. All membranes have been delivered and are ready to be installed. We still anticipate only two weeks of work need to get the construction portion of the project complete. With the delays we are now looking at extending the project through February of 2012 or amending the scope of the project to only pilot Train D.

6/22/11

No Changes. The contractor has been notified that if work is not completed within 30 days, liquidated damages will be assessed.

7/22/11

Construction has resumed again and the contractor should be complete by the end of today. I will follow up Monday to confirm his work has been completed. The pilot study will begin on the remaining trains once the membranes are up and running. Bob Johnson & Associates are scheduled to begin the installing the membranes on July 25th. A schedule change has been amended and will be forward to TWDB for approval.

Items to be Addressed and Anticipated Project Activities:

Update meeting to be scheduled for August 15, 2011