

MEMORANDUM

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

FROM: Jesus Leal, P.E., NRS Consulting Engineers, Inc.

SUBJECT: North Alamo Water Supply Corporation
Victoria Road Plant No. 5 RO Brackish Groundwater Desalination Project
Demonstration Project Grant Contract between the Texas Water Development Board (TWDB) and North Alamo Water Supply Corporation (Corporation);
TWDB Contract No. 1104831108

DATE: November 22, 2010

CONTRACT: TWDB Contract No. 1104831108

Recent Project Activities:

In accordance with TWDB contract, North Alamo Water Supply Corporation provides the following update:

Task 2.1 Fiberglass Research and Evaluation

This task has been completed.

Task 2.2 Design/Specifications/Bidding

This task has been completed.

Task 2.3 Test Drilling

This task has been completed.

Task 2.4 Aquifer Evaluation and Recommendations

This task has been completed.

Task 2.5 TCEQ Coordination and Exception Process

R.W. Harden is in the process of compiling a technical package with all information related to fiberglass for use in the construction of water production wells to be submitted to the Texas Commission on Environmental Quality (TCEQ) for their review and approval process.

Task 3.1 Design/Bid/Phase-Production Well

R.W. Harden is in the process of preparing plans and specifications for the Production Well.

Task 3.2 Bidding Phase

No Update.

Task 3.3 Bid Evaluation

No Update.

Task 4.1 Construction

No Update.

Task 4.2 Testing/Monitoring

No Update.

Task 4.3 Start Up/Operations

No Update.

Task 4.5 Report

No Update.

Issues Encountered:

None.

Items to be Addressed and Anticipated Project Activities:

We anticipate a meeting with TCEQ once fiberglass information is submitted to discuss the technical details of the drilling process and fiberglass materials. The anticipated project activities include bidding and evaluation of bids for production wells.