

October 7, 2019

Preserve Lake Dunlap Association
1778 Sunflower Blf
New Braunfels, TX 78130-1957

Dear Mr. Harmon:

The Guadalupe-Blanco River Authority (GBRA) is committed to being a good neighbor and serving as a partner in the effort to ensure the long-term sustainability of the Guadalupe Valley Lakes. To that end, GBRA is in strong support of Preserve Lake Dunlap Association's (PLDA) proposal to create a water control and improvement district to fund the necessary replacement of the spill gates at the hydroelectric dam at Lake Dunlap.

Having worked together over the past several years to identify a long-term replacement solution for the dams, as well as the necessary funding for such a replacement – we appreciate the continued partnership, dialogue, and collaboration with PLDA on this important issue. While specific details are still being finalized, the proposed agreement between GBRA and PLDA is indicative of the collective community effort needed to address the necessary replacement of the aging dams.

Nationally-recognized engineering firm Black & Veatch has already been engaged to begin design for a replacement of the Lake Dunlap dam. GBRA will continue to work with Black & Veatch and will fund the completion of all design engineering work necessary for the spill gate replacement at the Lake Dunlap dam. Utilizing our more than 50 years' experience, GBRA will continue to own and operate the spill gates at the Lake Dunlap dam and the associated hydroelectric operations. GBRA will also oversee and manage all aspects of the spill gate replacement project, working closely with PLDA to furnish available information related to the replacement.

GBRA is prepared to issue the debt necessary for the completion of the project with the debt service to be covered by contract with the proposed taxing district. Additionally, GBRA will contribute all gross revenues generated from the hydroelectric system at Lake Dunlap to the proposed taxing district to fund the continued dam maintenance and operations costs.

GBRA is prepared to present our Board of Directors with a proposed memorandum of understanding with PLDA outlining these agreements at the October 23 meeting for formal approval.

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Guadalupe-Blanco River Authority
flowing solutions

While we recognize that the solutions for identifying and funding a necessary replacement solution will be different for each of the six Guadalupe Valley Lakes, we believe this agreement serves as a roadmap for similar partnerships to secure a long-term future for these lakes.

We appreciate PLDA's efforts and continued partnership as we work together to achieve our common goal of ensuring the longevity of the Guadalupe Valley Lakes for our communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin Patteson", with a long horizontal flourish extending to the right.

Kevin Patteson
General Manager/CEO