

**MEMORANDUM OF UNDERSTANDING BETWEEN
GUADALUPE-BLANCO RIVER AUTHORITY
AND
MEADOW LAKE WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1**

This MEMORANDUM OF UNDERSTANDING (“MOU”) is hereby made and entered into this _____ day of _____, 2023 (“Effective Date”) by and between Guadalupe-Blanco River Authority (“GBRA”), and the Meadow Lake Water Control and Improvement District No. 1 (“WCID”). This MOU sets forth the mutual intentions of GBRA and WCID regarding evaluation of possible rehabilitation and/or replacement solutions for Nolte Dam to be completed by the WCID, and consideration by GBRA of sale or transfer of Nolte Dam and some or all of the associated Nolte Dam hydroelectric assets. Although this is not a binding contract between the parties, it is intended to memorialize the current intentions and expectations of both parties and the necessary steps to be completed to better inform those intentions.

WHEREAS, GBRA and the Meadow Lake Nolte Dam Association (MLNDA) were both interested in evaluating possible solutions to rehabilitating and/or replacing Nolte Dam and its related facilities;

WHEREAS, the WCID was formed by Order of the Commissioners Court of Guadalupe County, Texas adopted on August 16, 2022 for the purpose of, among other things, financing, constructing, improving, reconstructing, repairing, and maintaining dams, structures, facilities, and equipment in aid thereof, in order to store and preserve the waters within Meadow Lake; and has since continued discussions with GBRA relating to the potential rehabilitation and conveyance of Nolte Dam and its related facilities to the WCID;

WHEREAS, GBRA cooperated with MLNDA, WCID, and the City of Seguin (“City”) in allowing the City (in cooperation with MLNDA), to conduct a Preliminary Engineering Study and cost estimate which was performed by Freese & Nichols, Inc (“FNI”). Cooperation included allowing physical access to the facilities, as well as access to books and records regarding the operation of the Nolte hydroelectric and dam facilities, and the Preliminary Engineering Study was completed in August 2023;

WHEREAS, the WCID has called an election for November 7, 2023, the first uniform election date that the election may be held after completion of the preliminary engineering and financial analyses, for authorization to issue tax bonds to fund a final engineering study, preparation of final engineering, plans, and specifications, and contract documents for bidding and the estimated costs of construction of Obermeyer Gates and other improvements at Nolte Dam (the “Bond Election”);

WHEREAS, subject to passage of the Bond Election, the WCID plans to proceed with a final engineering study that would include construction of the Obermeyer Gates and other improvements at Nolte Dam, updated hydraulics analysis, and determination of hydraulic adequacy and implementation plan, including adequate financial ability to implement necessary requirements (“Rehabilitation Project”);

WHEREAS, the WCID has received GBRA’s already-provided questions and concerns regarding the draft preliminary engineering study and cost estimate performed by FNI. Subject to passage of the Bond Election, the WCID will also develop and provide an acceptable Operations Plan to GBRA identifying the manner in which the WCID or third parties will operate the facilities to manage the flow of water;

WHEREAS, GBRA will continue to pursue the Department of Energy (DOE) funding grants to contribute to the Nolte Dam rehabilitation (Letter of Intent submitted in June 2023), and will cooperate and coordinate with the WCID and the City in preparing and filing the application for the DOE grants and any additional funding grants that may be identified;

WHEREAS, after securing adequate funding for the Rehabilitation Project, and if the WCID decides to proceed with the project, the WCID will solicit bids from qualified contractors and suppliers for completion of the Nolte Dam rehabilitation project in accordance with applicable law;

WHEREAS, the WCID agrees and understands that the WCID will be obligated to comply with any and implement all federal, state, and local regulatory requirements regarding Nolte Dam construction, operation, and any required embankment hardening/improvements, on the schedule and timeline required by such federal, state, and local authorities;

WHEREAS, upon completion of the following tasks, Nolte Dam and some or all of the associated Nolte Dam hydroelectric assets (to be identified and specified in a conveyance agreement), shall be transferred/conveyed by GBRA to the WCID without payment, "AS-IS" and without any representation of fitness for a particular use:

1. successful passage of the Bond Election and bond approval
2. securing of adequate funding by WCID
3. GBRA and the WCID reach agreement on the terms of sale/transfer; and the Board of Directors of GBRA and the WCID authorize and/or approve the terms of sale/transfer;
4. the WCID bids the Rehabilitation Project (with the contract(s) to be awarded by the WCID only after closing, or subject to closing, the transfer/conveyance)
5. the WCID elects to proceed with the Rehabilitation Project
6. Authorization and/or approval by GBRA and the WCID of the sale/transfer and execution by both parties of any and all conveyance and other related documents to effectuate such transfer / conveyance in accordance with the terms approved by the parties;

WHEREAS, upon transfer of ownership to the WCID, GBRA agrees to cooperate with the WCID to work with the Guadalupe Valley Electric Cooperative (GVEC) to allow the WCID to receive revenues generated from the hydroelectric system at Nolte Dam including assignment of any hydroelectric sales agreements to the WCID;

WHEREAS, the parties intend that upon execution of this MOU that the parties will pursue negotiation and execution of an agreement for maintenance responsibilities of the hydroelectric generation facilities and canal until the assets are transferred or this MOU is terminated;

WHEREAS, the parties expect the Rehabilitation Project to be bid by the WCID by **December 31, 2024**. The parties agree that if this expectation is not met that this MOU will automatically terminate on that date if the parties have not earlier agreed to review the intentions and expectations of this MOU and amend this MOU;

WHEREAS, the parties intend for this MOU to constitute the entire understanding between the parties with respect to the subject matter hereof and supersedes all other MOU's executed by the parties for such purposes.

IN WITNESS WHEREOF, the parties hereto have executed this understanding as of the last written date below.

Effective this **xxx day of** _____, 2023.

Meadow Lake Water Control and Improvement District No. 1

By:

Title:

Date:

Guadalupe-Blanco River Authority

By:

Title: General Manager/CEO

Date:

DRAFT