



NEWS

GUADALUPE-BLANCO RIVER AUTHORITY
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Western Canyon Regional Water Supply Project bonds issued

Boerne, Bulverde and Fair Oaks Ranch look forward to new water resource

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FOR IMMEDIATE RELEASE

April 16, 2003

SEGUIN – At the Guadalupe-Blanco River Authority (GBRA) board meeting April 16, 2003, General Manager W. E. “Bill” West, Jr. announced that \$79,450,000 in revenue bonds were issued by GBRA Tuesday, April 15, 2003, to finance construction of an alternative water supply project for the cities of Boerne, Bulverde, Fair Oaks Ranch and other customers.

“With the financing now set, we can move forward on construction,” said West. “The Western Canyon Regional Water Supply Project will supply residents of western Comal County and portions of Kendall County with a desperately needed alternative water supply. These communities, which now rely on the fragile Trinity Aquifer, have been regularly experiencing water quality and quantity problems during periods of low rainfall and drought.”

Fair Oaks Alderman Dan Kasprovicz said, “It’s been a long struggle, but this is so important to us. We’re on the south end of the Trinity Aquifer and there’s been amazing growth and development in this area. We’ve put a lot of conservation projects in place, but growth is outpacing what we can do with conservation. We’ve had good rainfall this last year, but we may already be on the edge of a crisis. If this dry spell continues we will start to draw on that bank account. It’s vital to our quality of life now and in the future that we have access to this new water supply.”

Bill Cole, mayor of the City of Bulverde, said, “Without water, we have no growth — residential or business. The Western Canyon project provides a necessary resource for future economic development and an improved water source for our citizens.”

Ron Bowman, Boerne city manager, said, “We’re going to move forward now on the infrastructure we need to build on our end. This water is a priority for us. We’re very excited.”

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GBRA will build a 10-million gallon-per-day water treatment plant with approximately 43 miles of pipeline to provide the new water resource. West said negotiations are already underway for the pipeline right-of-way, and groundbreaking on the treatment plant may be scheduled as early as May. Construction is anticipated to take approximately 24 months. GBRA is responsible for the design, permitting, financing, construction and operation of the project.

The Western Canyon Regional Water Supply Project also has the potential to reduce pressure on the Edwards Aquifer, West said, by providing water not initially needed within the GBRA district to Bexar County, with the provision that the water will be returned or replaced at the end of the contract period.

“Taking a regional approach and working closely with the San Antonio River Authority (SARA) and San Antonio Water System (SAWS) helped provide the end-users that made the overall project more cost-effective,” said West. “It also helps reduce San Antonio’s reliance on the Edwards Aquifer which is critical to the health of the Comal and San Marcos Springs. The springs supply up to 80 percent of the base flow of the Guadalupe River during times of drought, so this is in the best interests of the Guadalupe River basin. Therefore, this project is important to our regional water resources today as well as for the region’s future water needs.”

The bond issue was rated by Moody’s Investor Service, Inc. at an “A1” rating primarily due to the credit strength and history of the project’s participants which include the cities of Boerne, Bulverde and Fair Oaks Ranch, SAWS, SARA, Kendall County Utility Company, Tapatio Springs Service Company, Inc. and Cordillera Ranch, Ltd.

According to West, due to the excellent “A1” rating, GBRA was able to purchase bond insurance which elevated the bond rating to “AAA,” the highest bond rating available. Morgan Stanley Dean Witter of New York was the lead underwriter for the bond issue. Morgan Stanley Dean Witter characterized the bond sale as “very successful” resulting in an interest rate of 4.79 percent.

Institutional investors were very enthusiastic about the offering according to Alvin Schuerg, executive manager of finance and administration for GBRA. Special efforts were made to mitigate payments for municipalities and other customers during the construction phase.

“We built in two years of capitalized interest,” said Schuerg. “This will pay bondholders during the two-year construction period. Users will not pay for debt service during this time. We did this in response to the sensitive budgets of many of our customers. They will begin payment after the 24-month period, which will be at or near the time their water deliveries should begin.