



GUADALUPE-BLANCO RIVER AUTHORITY
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GBRA Western Canyon Project Upheld in Ruling by Judge Ferguson; FOCL Motions Denied

***GBRA now able to provide water to area communities including Boerne, Bulverde
and Fair Oaks Ranch***

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FOR IMMEDIATE RELEASE

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SEGUIN – The Western Canyon Treated Water Supply Project achieved another legal victory today when U.S. District Judge Royal Ferguson issued a Final Order of Judgment in favor of the Guadalupe-Blanco River Authority (GBRA) and the U.S. Army Corps of Engineers (Corps), and ruled against the Friends of Canyon Lake (FOCL).

“This decision is a victory for the citizens and communities in Comal and Kendall counties who currently rely on wells in the Trinity and Edwards Aquifer. These entities, including the cities of Boerne, Bulverde and Fair Oaks Ranch, desperately need this new supply of surface water,” said GBRA general manager W. E. “Bill” West, Jr.

“They have been extremely patient through several years of legal delays resulting from lawsuits filed by FOCL. Today, their patience has been rewarded. FOCL asked the Court to stop this project and that request was denied. Right now, the work to build the Canyon Intake Structure is underway and continuing,” said West.

As part of the Western Canyon Project’s permitting process, the Corps conducted an Environmental Assessment that supplemented an earlier Environmental Impact Statement (EIS) performed on Canyon Lake in 1975. The Corps then issued a Finding of No Significant Impact, or FONSI, and granted GBRA approval to proceed with the Project.

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FOCL subsequently filed a lawsuit against the U.S. Army Corps of Engineers, Les Brownlee, Secretary of the Army, and GBRA as an intervenor-defendant, claiming that the Environmental Assessment was not sufficient and another EIS should be performed.

Today's ruling by Judge Ferguson in Federal Court is the latest in a series of losses for FOCL, as well as the latest in a series of losses for FOCL's attorney, who also represents the O'Connor interests opposing the Lower Guadalupe Water Supply Project (LGWSP).

FOCL's State-court lawsuit challenging the permit amendment that GBRA obtained in August 2001 for its Canyon Reservoir water rights permit, was overruled or dismissed on several different occasions. On March 5, 2002 in a pre-trial hearing, Judge Margaret Cooper of the 353rd District Court in Travis County dismissed all issues raised by FOCL, leaving the sole issue to be decided if GBRA properly posted its intention to file the permit amendment request with TNRCC. On March 18, 2002 the District Court ruled in GBRA's favor on that remaining issue, stating that "FOCL has failed to demonstrate any violation by GBRA of the Open Meetings Act." The Court also authorized GBRA to issue the \$75,000,000 in contract revenue bonds that were approved by its Board of Directors on October 17, 2001.

A subsequent appeal by FOCL to the Texas Court of Appeals, Third District, also resulted in a ruling in favor of GBRA in October 2002. FOCL then tried its final appeal to the Texas Supreme Court but on March 6, 2003 the States highest Court denied FOCL's petition for review.

As a result of today's decision of the Federal District Court, FOCL's only remaining legal option is to the U.S. Court of Appeals for the Fifth Circuit, in New Orleans.

The Project consists of a water treatment plant, raw water intake at Comal Park, two remote pump stations, raw and treated water pipelines, and a SCADA-Control system. The treatment plant will initially treat 10 million gallons per day (MGD) and

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deliver it through approximately 43 miles of pipeline to customers.

Water supply agreements for treated water service by GBRA from the Western Canyon project have been executed with the cities of Boerne, Bulverde and Fair Oaks Ranch, Tapatio Springs Resort/Kendall County Utility Company, Cordillera Ranch and Johnson Ranch developments. Additional customers may eventually be added from other certificated water supply areas. Contracts have also been signed with the San Antonio Water System (SAWS) and the San Antonio River Authority (SARA) to use some water on a 'returnable' basis.

“Work is currently underway on various portions of the Western Canyon project at Canyon Lake,” said West. “Almost all right of way has been acquired, construction on the project’s membrane filtration plant is proceeding, and the GBRA Board of Directors have awarded contracts to Martin K. Eby Construction Company, Inc. of Wichita, Kansas for the Water Treatment Plant, Cajun Constructors of Baton Rouge, Louisiana for the Raw Water Intake structure and Keystone Construction Company, Inc. of Austin for the remote booster pump station. Only a couple of pipeline contracts remain to be awarded.”

“The project’s bonds were sold in April 2003. Although the project was scheduled to go on line in July 2005 -- with careful scheduling and management and despite the lawsuits -- the current estimate is for water delivery to begin in late 2005,” West said.