

Minutes of the Board of Directors
January 13, 2015
Board Meeting

The regular meeting of the Board of Directors of the Gonzales County Underground Water Conservation District (the District) was called to order. Present for the meeting were directors: Bruce Tieken, Steve Ehrig, Barry Miller, and Bruce Patteson. Also present for the meeting were GCUWCD General Manager Greg Senglemann, GCUWCD, administrative assistant Laura Martin and administrative assistant Brittany Kalisek. Other Attendees included: (See Attached List)

Public Comment: Public comments were made by Mr. Pat Rosato. A recording of the board meeting and comments received are filed at the District office.

The minutes from the December 9, 2015 Board Meeting were reviewed. Mr. Steve Ehrig made a motion to approve the minutes and Mr. Barry Miller seconded the motion. The motion passed unanimously.

Ms. Laura Martin gave the financial report. Bank statements were balanced and reconciled on 01/06/2105. CD rates in financial report were reviewed from local banks. Mr. Miller made a motion to approve the financial statement and allow CD #8011 at Sage Capital Bank to roll over after maturing. Mr. Ehrig seconded the motion. The motion passed unanimously.

The Board reviewed the District's outstanding bills. The bills were as follows: \$92.78 to AT&T Mobility for basic mobile bill, \$224.18 to GVTC for phone and internet service, \$578.50 to the US Post Office for office rent, \$35.00 to Rockin'S Marketing & Design for website maintenance, \$180.00 to WorkSpace Infrastructure & Mobility LLC for computer services, \$165.50 to Ricoh for copier rental, \$5,517.27 to Mr. Greg Ellis for legal counsel from September 2015 to November 2015, \$120.00 for TAGD quarterly meeting registration, and \$49.00 to USPS for postage. Mr. Miller made a motion to pay the District's bills. Mr. Bruce Patteson seconded the motion. The motion passed unanimously.

The Board reviewed the Mitigation Fund's outstanding bills. The bills were as follows: \$226.60 to the US Post Office for office rent, \$5,155.60 to B&S Water Well Service for mitigation to a well, and \$6,194.20 to B&S Water Well Service for mitigation on a well. Mr. Ehrig made a motion to pay the Mitigation Fund bills and Mr. Patteson seconded the motion. The motion passed unanimously.

The Board and District Manager, Mr. Greg Senglemann, then discussed the agenda item concerning the amendments to the District's Rules and upcoming workshop scheduled. Copies of drafts of the proposed Rules went to the directors on January 14, 2015. A Rules Workshop was scheduled for January 22nd at 1:30 p.m. at the Conference room at the District office. A timeline was given as to when the rules would be ready. No action was needed on the agenda item.

The Board and District Manager then discussed the agenda item concerning possible use of a consultant to identify historic aquifer levels for monitoring Desired Future Conditions for GMA13. No action was taken on the agenda item.

Manager's Report:

Mr. Senglemann gave his monthly managers report. On December 1st, he travelled to the Green Dickson Scout Camp to check on a well that had quit pumping. The well will need to be replaced. On December 3rd, and 5th, he travelled to Lockhart to post the December Board Meeting agenda. On December 4th, Mr. Senglemann travelled to Goliad to meet with several groundwater districts and representatives from the NRCS to discuss irrigation planning issues in the regional planning process. On December 5th, he met with a representative of the Natural Resources Conservation Service to discuss aquifer conditions and water levels as required by the District's Management Plan. On December 8th, he met with representatives of the Guadalupe Blanco River Authority to discuss conjunctive water use as required by the District's Management Plan. On December 9th, 12th, and 17th, the TAGD Legislative Committee met through conference calls to discuss the TWCA's proposed brackish water bills and develop our own brackish water bill. On December 10th, Mr. Senglemann attended the Oil and Gas Policy Briefing in Austin sponsored by the Eagle Ford Shale Legislative Caucus and the House Energy Caucus. On December 15th, he investigated a reported blow-out on a water well located on the Lenard Phillips property on FM 532. Mr. Senglemann contacted Mr. Phillips who stated that he was going to contact the oil and gas well company to report the blow-out and report back. On December 15th, he mailed an enforcement letter to representatives of the Alta Jenkins Estate in reference to the water well supplying water to the Norte Oil & Gas Services facility in Pilgrim that was operating without a permit. The enforcement action requires that water operations from the

Norte Oil & Gas facility cease until a permit to use the well for industrial purposes is acquired from the District. On December 17th, he attended a meeting held by Base Water, LLC. The company is planning on installing an oil and gas water recycling and treatment plant, on CR 192 in the Cheapside area, and will need a water well for its operations. On December 22nd, he mailed a letter to Mr. David Baker informing him that a permit would be required for his grandfathered well due to a change in use status from irrigation to industrial supply. On December 23rd, and 29th, he met with City of Waelder, City of Gonzales, City of Nixon, and Gonzales Economic Development Corporation representatives to discuss future water planning for economic development issues as required by the District's Management Plan. On December 30th he began measuring water levels in the Districts aquifers.

SSLGC's December production was about 1,209 ac-ft which is about 75% of the monthly allowable production. CRWA's December production was about 142 ac-ft which is about 42% of the monthly allowable production. SAWS December production was about 832 ac-ft which is about 85% of the monthly allowable production. AQUA's November production was about 32 ac-ft which is about 8% of the monthly allowable production. The Palmer Drought Index, as of January 6, 2015 indicates that we are in moderate to severe drought conditions.

The Board discussed and took action on the agenda item for paying the General Manager's expenses for the month. Mr. Miller made a motion to approve the expenses, and Mr. Patteson seconded the motion. The motion passed unanimously.

Mitigation Fund Manager's Report:

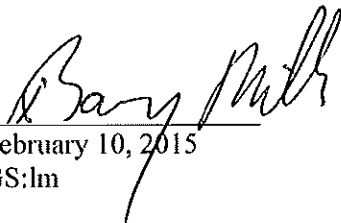
Mrs. Brittany gave Mr. Link Benson's monthly manager report. On December 1st, he traveled to Smiley and met with Mr. Stahl to give cost on electric work. On December 2nd, Mr. Benson traveled and checked the Chandler well, because it had quit flowing. On December 3rd, he went to Smiley to check on the Patteson well that was pumping dirty water. On December 4th-6th, he traveled to Smiley to meet with B&S to pull and observe the Patteson well for a camera survey. On December 10th, he traveled to Nixon to meet with B&S to discuss mitigation work. On December 15th, 18th, and 19th, he traveled to Smiley to pull, and observe the Lester well site. On December 20th, he traveled to San Antonio to take the Lester pump to be checked out. On December 22nd, he traveled to Smiley to meet with B&S to set the Lester pump. On December 23rd, Mr. Benson traveled to Smiley to the Lester well to observe the well pumping. On December 24th, he traveled to Smiley to the Lester well to observe pumping. On December 26th, 28th, and 29th, he traveled to the Lester well to observe water levels. On December 30th, he traveled to the Lester well to observe drawdown of the well. On December 31st, he traveled to Nixon and met with B&S to discuss mitigation work.

The Board discussed and took action on paying the Mitigation Manager's expenses for the month. Mr. Miller made a motion to pay the Mitigation Manager's expenses, and Mr. Ehrig seconded the motion. The motion passed unanimously.

Adjourn:

A motion was made by Mr. Miller to adjourn the meeting and Mr. Ehrig seconded the motion. The motion passed unanimously.

Approved By:


February 10, 2015
GS:lm

Gonzales County Underground Water Conservation District Investment Report

TexPool Commentary (February 1, 2015)

We search tirelessly for the highest yield, yet these days it can feel like a scavenger hunt. Sometimes it goes well. For instance, early in January we went out the curve for some 1-year products, both fixed- and floating-rate, that brought better returns, and we didn't have to rely on the Federal Reserve as much. Other days can be less fruitful in this land of historically low rates. The truth is, for all cash managers, the irregular movement of rates and uneven supply simply makes trading more difficult than it need be. You have good rates for a week or two, say 15 or 20 basis points, and then get zero for three or four days. It's been like this since 2011-12. But the Fed's offering of term repo has helped and will help (the last meeting of the Federal Open Market Committee included an announcement from the New York Fed of more term repo in upcoming months and at quarter-end). The \$300 billion allotment for 2014's year-end definitely helped to smooth what might have been a difficult trading period. Actually, it doesn't even hurt the Fed to offer large amounts because it might not all be bought. Some of that 2014 year-end \$300 billion term repo, and even some of the \$300 billion in overnights, went unused. That suggests there was enough liquidity and supply in the open market so that cash managers didn't need to rely solely on the Fed.

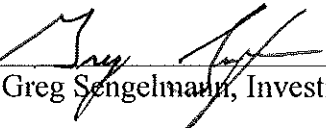
Of course, we would love to return to a time when the Fed was not the lender of "first" resort and we could work primarily with our traditional partners. But we need rates to rise first. While "international developments" (as the Fed's recent policy statement referred to weakening Europe), the swooning price of oil and continued low inflation concern the Fed, our outlook still puts liftoff of the target fed funds rate somewhere around mid-year, perhaps at the August or September FOMC meeting. We feel we are on the right track at this point for tightening.

That is not to say that changes in the economic environment can't upset plans. I truly think that the Fed's mantra of data dependency is as much of a factor going forward as it ever has been. Although we seem to be going nicely in the U.S., we are not isolationists. We are impacted by other issues and have to see how potent they are.

Average weighted yield to maturity as compared to Benchmark

Date Range	Sage Capital	Lonestar	Tex Pool	6 Mo. Treasury Yield
As of February 8, 2015	0.40	0.75	0.043%	0.07%

The portfolio of the Gonzales County Underground Water Conservation District is believed to be in compliance with the District's board approved Investment Policy, State law, and the Investment Strategy.

Signed: 
Greg Sengelmann, Investment Officer

Dated: 2/9/15

Gonzales County Underground Water Conservation District

Board Meeting Sign in Sheet

January 13, 2015

<u>Name</u>	<u>Organization/Email List</u>	<u>Landowner (yes or no)</u>
Kent Holt PAT ROSATO	self	yes
Craig Hines	CRWA	Yes
Alan C. Kerell	SSLGC	yes
Bill Klemm	SSLGC	no
GRAHAM MOORE	HCAVA	no
Brittany Kalisek	GCUWCD	no
Emmet Baker	Self	yes
Sally Proeger		

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