

**Gonzales County Underground Water Conservation District**  
**Minutes of the Board of Directors**  
**October 14, 2014**  
**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, Kermit Thiele, and Bruce Patteson. Also present for the meeting were GCUWCD General Manager Greg Sengelmann and GCUWCD Well Mitigation Manager Link Benson, administrative assistant, Laura Martin, and office assistant, Brittany Kalisek. Other Attendees included: (See Attached List)

**Public Comment:**

Public comments were made by landowner Mr. Pat Rosato. Public comments were made by landowner Ms. Nancy Foster. Public comments were made by Mr. Ted Boriack. A recording of the board meeting and comments received has been filed at the District office.

The minutes from the September 9, 2014 Public Tax Hearing were reviewed. Mr. Barry Miller made a motion to approve the minutes and Mr. Steve Ehrig seconded the motion. The motion passed unanimously.

The minutes from the September 9, 2014 Board Meeting were reviewed. Mr. Ehrig made a motion to approve the minutes and Mr. Bruce Patteson seconded the motion. The motion passed unanimously.

Ms. Laura Martin gave the financial report. CD rates in financial report were reviewed from local banks. Mr. Kermit Thiele made a motion to approve the financial statement and Mr. Miller seconded the motion. The motion passed unanimously.

The Board reviewed the District's outstanding bills. The bills were as follows: \$97.70 to AT&T Mobility for basic mobile telephone, \$187.74 to GVTC for telephone 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, \$169.65 to Ricoh for copier rental, \$1,707.16 to Texas Municipal League Intergovernmental Risk Pool for insurance, \$124.10 to Resurrection Remodeling for a wire to the computer in the mitigation office, \$1,000.00 to Texas Alliance of Groundwater Districts for annual membership, \$332.75 to TWCA for Annual Dues, \$30.00 to TWCA for Annual Dues, and \$17.52 to Reese's Print Shop for office supplies. Mr. Miller made a motion to pay the District's bills. Mr. Thiele seconded the motion. The motion passed unanimously.

The Board reviewed the Western and Eastern Mitigation Funds' outstanding bills. The bills for the Western Fund were as follows: \$226.60 to the U.S. Post Office for office rent, \$200.00 to GVEC for electricity to a well, \$200.00 to GVEC for electricity to a well, \$11,795.40 to B&S Water Well Service for mitigation services. The bill for the Eastern Fund was as follows: \$12.36 to Reese Print Shop for office supplies, \$60.00 to Greg's OttaCtTE Technologies, LLC for setup of new computer, \$9,570.80 to B&S Water Well Service for mitigation. Mr. Patteson made a motion to pay the Western and Eastern Mitigation Fund bills and Mr. Thiele seconded the motion. The motion passed unanimously.

The Directors discussed a request for renewal of all permits for Schertz Seguin Local Government Corporation. Mr. Greg Sengelmann read the particulars pertaining to the wells. SSLCG requested in the renewal letter to renew all wells, not only the wells due for renewal (#1-#6). Mr. Miller made a motion to table renewal of permit applications until rules for the district have been reviewed and possibly altered. Mr. Thiele seconded the motion. The motion to table the item passed unanimously.

Mr. Tieken took a short personal recess.

Next, the Directors discussed a request for an industrial well Drilling and Production Permit filed by Mr. David Lindeman on July 9, 2014. This was an agenda item tabled at the last Board Meeting. Mr. Sengelmann reviewed the particulars pertaining to the well and stated that Mr. Lindeman submitted an application to re-work a plugged oil and gas well for industrial supply use. The well would be completed in the Carrizo Aquifer at a depth of approximately 3,000 feet. The well meets the district's fence line offset and spacing regulations. Mr. Lindeman is administratively complete on his application as of July 25, 2014. Calls and letters from several adjacent landowners requesting additional information as well as protesting the well had been received. Mr. David Hill, with Rail Road Commission (TRC) UIC had been contacted by Mr. Sengelmann. According to Mr. Hill "based on the plugging report alone, there was not sufficient information to indicate if the TRC would approve the use of the well." Mr. Sengelmann suggested waiting until the Rail Road Commission reviews the P13 report to be submitted by Mr. Lindeman. Mr. Thiele made a motion to table the permit application until more information from the Railroad Commission and research is completed. Mr. Patteson seconded the motion to table the permit. The motion passed, with Mr. Thiele, Mr. Patteson, Mr. Ehrig, and Mr. Tieken voting to approve the motion. Mr. Miller voted against tabling the matter.

The Directors discussed a request for an industrial well Drilling & Production Permit filed by Seger Family Investments, LLP. Mr. Sengelmann reviewed the particulars of the well permit for the re-work of the industrial well. The well was completed in the Carrizo Aquifer and meets the fence line and spacing regulations. The permit application was administratively complete as of August 25<sup>th</sup>, 2014. The office did not receive any phone calls from adjacent landowners with questions regarding the well. Mr. Miller made a motion to approve the permitting of the well. Mr. Patteson seconded the motion. The motion passed unanimously.

#### **Manager's Report:**

Mr. Sengelmann gave his monthly manager's report. On September, 2<sup>nd</sup>, 4<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup>, and 30<sup>th</sup> Mr. Sengelmann measured water levels in each of the District's aquifers. On September 3<sup>rd</sup> he traveled to Lockhart to post the Regular Board Meeting agenda. On September 23<sup>rd</sup>, 24<sup>th</sup>, and 25<sup>th</sup> Mr. Sengelmann traveled with Zach Hildebrand to assist with access to water wells to collect twenty-five water quality samples. They collected samples from the Carrizo, Yegua-Jackson, and Oakville Formation. Mr. Sengelmann gave the water level reports for Carrizo Aquifer Observation outcrop wells, Carrizo Aquifer wells within SSLGC well field, Wilcox/Queen City wells within SSLGC well field, SAWS Carrizo, Queen City, and Sparta wells. Mr. Sengelmann included a graph on Water Pressure Decline in Gonzales County for the Carrizo Aquifer. Mr. Sengelmann gave the water production reports for Schertz-Seguin Local Government Corporation, Aqua Water Supply Corporation, San Antonio Water Systems and Canyon Regional Water Authority. The Palmer Drought Index, as of October 7<sup>th</sup>, 2014 indicates that we are in moderate drought conditions. Mr. Sengelmann mentioned the GMA13 meeting in Pleasanton on Thursday, October 16<sup>th</sup> at 10:00 a.m. 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. Ehrig seconded the motion. The motion passed unanimously.

#### **Mitigation Fund Manager's Report:**

Mr. Link Benson gave his monthly manager's report. On September 2<sup>nd</sup> Mr. Benson traveled to Harwood to meet Mrs. Holt, the land owner, to check a well. On September 8<sup>th</sup>, he traveled to Nixon to check Mr. Millington's well to determine whether it was a Queen City or Carrizo well. On September 9<sup>th</sup>, Mr. Benson traveled to Belmont to check on Mr. Garza's well. On September 9<sup>th</sup>, he traveled to Smiley to meet with Mr. Payne, the land owner, because his well quit flowing. On September 9<sup>th</sup>, Mr. Benson traveled to Smiley and met with B&S to look at Mr. Payne's well. On September 10<sup>th</sup>, he traveled to Seguin to discuss Mr. Garza's well with DeHardes Water Well Service. On September 11<sup>th</sup>, he traveled to Waelder to look at the Dudman's Carrizo well for pre-mitigation. On September 12<sup>th</sup>, Mr. Benson traveled to Waelder to meet with B&S for Mr. Dudman's well. On September 18<sup>th</sup>, he traveled to Smiley to meet with B&S at Mr. Payne's well to observe the pump being installed. On September 19<sup>th</sup>, he traveled to Smiley to meet with B&S at Mr. Payne's well to run a test with a 3 inch pump, to see if it would fit in the casing to the specific depth needed, before ordering a

smaller pump. On September 20<sup>th</sup>, Mr. Benson traveled to Smiley to meet with B&S at Mr. Payne's to observe the pump being installed into well. On September 24<sup>th</sup>, he traveled to Waelder and met B&S at Dudman's well to observe pump installation. On September 29<sup>th</sup>, Mr. Benson traveled to Smiley to the Knadel well and met with Ms. Liz Kaiser, because the well quit flowing. On September 30<sup>th</sup>, he traveled to Nixon to meet with B&S to discuss mitigation on work to be done. Mr. Benson discussed ongoing mitigation projects and solutions.

Mr. Miller stated that if a house or livestock is out of water they are a priority and must be fixed. Cannot leave houses and livestock without water; the mitigation office is to "fix-it".

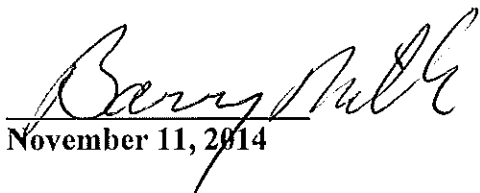
The Board discussed and took action on paying the Mitigation Manager's expenses for the month. Mr. Miller made a motion to pay the Mitigation Manager's expenses and Mr. Ehrig seconded the motion. The motion passed unanimously.

In other items of interest were Mr. Miller recommended completing a plugging well management plan for the funding available to plug wells. Creation of a list of wells needing to be plugged, total depth of those wells, and finding a contractor to agree to the work.

**Adjourn:**

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

**Approved By:**

  
November 11, 2014

GS:lm

## Gonzales County Underground Water Conservation District Investment Report

### TexPool Commentary (November 1, 2014)

If the recent Federal Reserve policy statement tells you anything, it's that no one can predict with certainty what the policymakers will do. Last year the Ben Bernanke-led Fed stunned the market by not beginning to taper the amount of assets it was buying monthly, known as quantitative easing (QE). Last week came another surprise—although, thankfully, a positive one.

The consensus was that little news would come from the Federal Open Market Committee (FOMC) meeting at the end of the month: it would stay the course, end QE and retain dovish language in regard to when it will raise the federal funds rate. If anything, we thought there might be a surprise to the downside. But instead the statement defied expectations by taking a more hawkish tone. The end of QE was almost an afterthought as the committee acknowledged the conditions of the labor market "improved somewhat further" and that, while inflation continues to be "below the Committee's longer-run objective," surveys indicate that "longer-term inflation expectations have remained stable."

Subtle Fed speak took things even farther. In respect to labor, it said that indicators suggest that "underutilization of labor resources is gradually diminishing," which is a far more positive statement than "there remains significant underutilization of labor resources." And from an inflation perspective, the committee left in the wording of "considerable time" as to when it will raise the target rate after the end of QE if projected inflation is still below two percent but that if inflation accelerates, it will hike rates earlier.

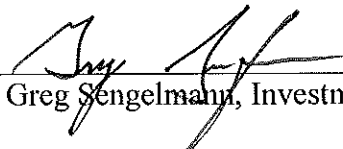
But just when it seemed Chair Janet Yellen had indeed traded soft coos for sharp talons, the rest of the statement was hedge after hedge! First came the announcement that if labor and inflation data disappoints, the FOMC won't hesitate from holding off on a rate liftoff. And then came a warning that even when the dual mandate data gives the go signal, it will likely keep the red light on: "economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run."

So in the end, we are back in the same place: waiting for rates to rise.

### Average weighted yield to maturity as compared to Benchmark

Date Range	Sage Capital	Lonestar	Tex Pool	6 Mo. Treasury Yield
As of November 6, 2014	0.40	0.75	0.0248%	0.06%

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: 11-6-14

# Gonzales County Underground Water Conservation District

## Board Meeting Sign in Sheet

October 14, 2014

<u>Name</u>	<u>Organization</u> & email	<u>Landowner (yes or no)</u>
Art Cosito	Self	Yes
Ken Holt	SDWS	
Ernie Hines	CRWA	Yes
Alan Cochran	SSLGC	Yes
Sully Pletzer		Yes
Bill Fleming	SSLGC	No
Emmet Baker	Self	Yes
GRATHAN MOORE	HCPWA	No
TED BORIAN	SELF	YES
Richard Stoll	FBLI	YES
Nancy Foster	self	yes
Mark Sproger	WPA	yes

(12)