

**Gonzales County Underground Water Conservation District**  
**Minutes of the Board of Directors**  
**August 11, 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 Ticken, Steve Ehrig, Kermit Thiele and Barry Miller. Also present for the meeting were legal counsel Greg Ellis, GCUWCD General Manager Greg Sengelmann, GCUWCD Well Mitigation Manager Link Benson and Administrative Assistant Laura Martin. Other Attendees included: (See Attached List)

**Public Comment:** Public comment was made by Mr. Pat Rosato, Mr. Wayne LePori, Ms. Sally Ploeger, and Mr. Ted Boriack. A recording of the board meeting and comments received are filed at the District office.

The minutes from the July 14, 2015 Board Meeting were reviewed. Mr. Steve Ehrig made a motion to approve the minutes and Mr. Kermit Thiele seconded the motion. The motion passed unanimously.

The minutes from the July 23, 2015 Public Hearing on amendments to the district's rules were reviewed. Mr. Barry Miller made a motion to approve the minutes and Mr. Ehrig seconded the motion. The motion passed unanimously.

The minutes from the July 23, 2015 Special Called Meeting were reviewed. Mr. Ehrig made a motion to approve the minutes and Mr. Miller seconded the motion. The motion passed unanimously.

Ms. Laura Martin gave the financial report. Mr. Miller made a motion to approve the minutes. Mr. Thiele seconded the motion. The motion passed unanimously.

The Board reviewed the District's outstanding bills. The bills were as follows: \$108.07 to AT&T Mobility for basic mobile bill, \$187.36 to GVTC for phone and internet service, \$595.86 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, \$191.80 to Ricoh for copier rental, \$17,027.88 to Groundwater Management Services, LLC for Mr. Greg Ellis legal counsel, \$46.00 to Gonzales Inquirer for published notices, and \$207.16 to Order My Checks for checks for the district account. Mr. Thiele made a motion to pay the District's bills. Mr. Miller 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: \$4,920.40 to B&S Water Well Drillers for water well mitigation and \$795.00 to B&S Water Well Drillers for water well mitigation. The bill for the Eastern Fund was as follows: \$233.40 to the US Post Office for office rent, \$4,226.93 to B&S Water Well Drillers for water well mitigation, and \$720.80 to B&S Water Well Drillers for water well mitigation. Mr. Ehrig made a motion to pay the Western and Eastern Mitigation Fund bills and Mr. Thiele seconded the motion. The motion passed unanimously.

The Board then reviewed Banking Services District Depository applications received. Mr. Miller made a motion to adopt and approve the Banking Services District Depository application from Sage Capital Bank. Mr. Thiele seconded the motion. The motion passed unanimously.

The directors discussed receiving the certification of the 2015 appraisal rolls for Gonzales and Caldwell counties. Mr. Miller stated that the 2015 certified appraisal rolls had been received from the Gonzales County and Caldwell County Appraisal Districts. No action necessary.

Next, the Board discussed the proposed 2015-2016 Fiscal Year Budget for the District. The directors and Mr. Sengelmann discussed each line item of the 2014-2015 Budget to date, adjustments to be made, and the proposed budget for 2015-2016.

The Board then discussed and took action on setting the proposed tax rate for the District. Mr. Miller made a motion to adopt a 2015 proposed tax rate of \$0.0060 of each \$100.00 value for the District. Mr. Ehrig seconded the motion. The motion passed unanimously with three directors present at the meeting; Mr. Tieken, Mr. Ehrig, Mr. Thiele and Mr. Miller voting for the motion. Mr. Patteson was absent from the meeting.

The Board went into Executive Session for personnel matters, per Section 551.074 of the Texas Government Code; at 6:35 pm. Mr. Tieken called the meeting back to order at 7:00 pm.

Next, Mr. Greg Sengelmann and the Board discussed the proposed 2015-2016 GCUWCD Western Mitigation Fund (WMF) Budget line items. Mr. Benson, Mr. Sengelmann and the Directors went over each line item of the 2014-2015 WMF Budget and discussed the proposed 2015-2016 WMF Budget.

The next item on the agenda was to discuss the 2015-2016 GCUWCD Eastern Mitigation Fund (EMF) Budget. Mr. Benson, Mr. Sengelmann and the Directors went over each item for the 2014-2015 EMF Budget and discussed the proposed 2015-2016 EMF Budget.

Mr. Sengelmann discussed existing water quality conditions throughout the district. Maps were provided to the Board indicating the percentage of change in Total Dissolved Solids, Conductivity, and Chlorides in water wells throughout the county. Options were discussed about monitoring wells and the possibility of changing laboratories to have more accurate test results. Mr. James Bene of R.W. Harden and Associates from the audience offered his expertise in water quality testing.

Mr. Greg Ellis and the Directors discussed proposed rule changes and amendments. New state statues will be included in the new draft rules. Mr. Tieken made a motion to schedule a Public Hearing for September 29, 2015 at 5:30 p.m. for proposed Rule Additions and Amendments at Gonzales County Courthouse Commissioner's Courtroom. Mr. Miller seconded the motion. The motion passed unanimously.

Mr. Miller made a motion to make the rules changes, as suggested, for publication in the next draft rules copy. Mr. Thiele seconded the motion. The motion passed unanimously.

The Board discussed creation of management units, along with water quality boundaries, for proposed amendments to the contiguous acre rule. Boundary options, based on the approximate 1,000 ppm TDS line would be drawn along either survey lines, latitude and longitude lines, and roadway lines to define different management units of the district. No action was taken.

The Board, General Manager, Mitigation Manager, and Legal Counsel went into executive session for attorney-client matters at 7:35 p.m. per Section 551.071 Government Code, and returned to session at 8:08 p.m.

Next, the board discussed enforcement proceedings against Mr. Royce Farrar for violation of district rules. Mr. Miller made a motion to send an enforcement letter to Mr. Farrar and Select Energy Services, LLC for rules relating to operating a frack water well without a permit and to suggest a settlement offer for the violation. Mr. Miller made a second motion for a separate well violation for operating an improperly completed water well and failure to submit a State of Texas Water Well Driller's Report. Mr. Thiele seconded the first and second motions. The first and second passed unanimously.

The Directors then discussed and take action of a Provisional Well Drilling & Production Permit for a public supply well for Gonzales County Water Supply Corporation and a Provisional Well Drilling & Production Permit for an industrial well for R Bar M Ranch, Ltd. A motion to table both Provisional Well Drilling and

Production permits until finalization of rules was made by Mr. Thiele. Mr. Ehrig seconded the motion. The motion passed unanimously with Mr. Miller abstaining from a vote.

**Manager's Report:**

On July 1<sup>st</sup> Mr. Sengelmann met with Daniel Meyer of the Plum Creek Conservation District (PCCD) to collect samples from two Carrizo Aquifer wells for age dating analysis. On July 7<sup>th</sup> he met with representatives of the Texas Water Alliance (TWA) and Guadalupe Blanco River Authority (GBRA). On July 8<sup>th</sup> Mr. Sengelmann traveled to Lockhart to post the Board Meeting agenda. On July 9<sup>th</sup> he traveled to the Belmont area to locate wells completed in the river alluvium for use in the GBRA/U.S. Geological Survey aquifer stream interaction study. On July 13<sup>th</sup> Mr. Sengelmann traveled to Belmont to work on the Carrizo Aquifer Observation well that will be used in the GBRA aquifer stream interaction study. On July 20<sup>th</sup> he traveled to Belmont to work on the Carrizo Aquifer Observation well that will be used in the GBRA aquifer stream interaction study.

SSLGC's July production was about 1,208 ac-ft. CRWA's July production was about 286 ac-ft. SAWS July production was about 846 ac-ft. AQUA's June production was about 32 ac-ft. The Palmer Drought Index, as of August 4, 2015 indicates that we are under abnormally dry to moderate drought conditions.

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

**Mitigation Fund Manager's Report:**

Mr. Link Benson gave his monthly manager's report. On July 3<sup>rd</sup>, Mr. Benson traveled to Saturn to observe frack trucks going into Rig location. No water pumping from Farrer well at this time. On July 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup>, he traveled to Saturn to observe frack trucks going into Rig location all day and night. On July 9<sup>th</sup>, Mr. Benson traveled to Smiley to meet with B&S at J. Patteson well. The well pump was not working. On July 10<sup>th</sup>, he traveled to Smiley and met with B&S at J. Patteson well and observed well being pulled, producing gas. On July 11<sup>th</sup>, Mr. Benson traveled to Smiley to check on J. Patteson well to see if the well was working ok. On July 14<sup>th</sup>, he traveled to Gonzales to meet with B&S at the J. Lucas well. On July 15<sup>th</sup>, Mr. Benson traveled to Gonzales and met with B&S at the Holden well. On July 16<sup>th</sup>, he traveled Pilgrim and met with B&S at the W. Ruddock well. On July 29<sup>th</sup>, he traveled to Belmont to meet with Mr. J. Person, landowner, at the well site for possible mitigation. On July 30<sup>th</sup>, Mr. Benson traveled to Belmont to the Person well for review of mitigation procedure. On July 31<sup>st</sup>, he traveled to Nixon and met with B&S to discuss mitigation.

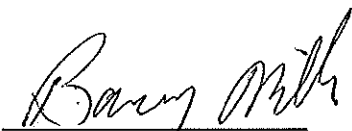
The Board discussed and took action on paying the Mitigation Manager's expenses for the month. Mr. Ehrig made a motion to pay the Mitigation Manager's expenses and Mr. Thiele seconded the motion. The motion passed unanimously.

Mr. Miller made a motion to reconsider the vote on the rules that were adopted on July 23, 2015. Mr. Thiele seconded the motion. The motion passed unanimously.

**Adjourn:**

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

**Approved By:**

  
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September 8, 2015  
GS:lm