Blanco-Pedernales Groundwater Conservation District

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Board Meeting Minutes

Thursday, August 20, 2026

Present: President Jimmy Klepac, Vice President Tom Murrah, Directors James Sultemeier, Gregory Stevens and George Cofran

Staff: Erik Kubinski (GM), Danielle Mauldin and Erin Elizabeth (Admin. Assts.)

Greg Ellis, General Counsel; Natasha Martin, Legal Counsel

Citizens: Sign-In Sheets filed separately

1. Call to Order

The Board President called the meeting to order at 1:30 PM on Thursday, August 20, 2026.

2. Invocation

The invocation was led by Director Gregory Stevens, followed by the Pledge of Allegiance.

3. Public Comments

Three members of the public spoke during general public comment, and three additional speakers addressed the Board in connection with Agenda Item 7 (Lagom Ranch Permit). Victor Tellez, a former Precinct 2 Commissioner, acknowledged past skepticism about the District but recognized its growing importance. He urged the Board to do a better job communicating its rules and purpose to residents in plain language, noting that most public resistance stems from a lack of understanding.

The following speakers addressed Agenda Item 7 ahead of its formal consideration:
Doug McIntyre asked the Board to reject the hearing examiner's July 24 Proposal for Decision (PFD) and grant him standing as an affected person.

Donna Lee asked the Board to deny the permit as submitted.

Leslie Martin, co-founder of Lagom Retreat, spoke in support of her application and expressed willingness to accept any conditions the Board chose to impose.

4. Consent Agenda

The consent agenda, including approval of meeting minutes from July 17, 2026, monthly financial reports, and monthly operational reports, was approved by unanimous vote.

General Manager Erik Kubinski briefly noted that a report from Security State Bank and Trust reflecting the District's transition to IntraFi's Insured Cash Sweep (ICS) services. Interest earnings remain tied to the TexPool and were unchanged by the transition.

5. Public Hearing for Rule Amendment to Rule 4.1.D.

A public hearing on the proposed rule was held. No public comments were received.
The Board discussed the Rule and proposed adding the following provision to the Rule Amendment:

Single-family residence exclusion. A permitted well that is connected to one single-family residence is not required to separately meter the connection to the residence or report the usage for the residence.

It was agreed that this provision shall be included as part of the original rule amendment and will be taken up during the October regular board meeting to provide adequate time for public notices. The Board further discussed fine-tuning the proposed rule amendment so that the amendment includes no reporting requirements when there are two homes attached to an ag well.

6. Discuss and possible action on Rule Amendment 4.1.D.

Following the public hearing, the Board instructed the General Manager and General Counsel to fine-tune the rule amendment so that the amendment includes no reporting requirements when there are two homes attached to an ag well.

Director James Sultemeier moved to direct the General Manager and General Counsel to refine the proposed Rule Amendment 4.1.D. language and re-post it for the required 20-day public comment period, with action to be taken at the next eligible board meeting. Director Tom Murrah seconded the motion. The motion carried unanimously.

7. Discuss and possible action Lagom Ranch Permit P-20250112.

General Manager Kubinski introduced Special Counsel Natasha Martin, who participated remotely, to summarize the contested case hearing process and the hearing examiner's Proposal for Decision (PFD).

Attorney Martin explained that the Board had previously delegated authority to a hearing examiner to conduct a preliminary hearing to determine which protestants had legal standing to proceed to a full evidentiary hearing on the merits. On July 20, 2026, two parties—Mr. McIntyre and Ms. Lee—appeared and presented evidence. The hearing examiner found that neither party demonstrated a personal, justiciable interest distinct from the general public's interest, which is the legal standard required for standing under Texas law. The examiner issued the PFD on July 24, 2026, recommending that the Board deny both requests for a contested case hearing. All other protestants had either not appeared or had withdrawn.

Attorney Martin advised the Board that she found no factual errors or legal misapplication in the PFD and therefore did not recommend modifying it. She further clarified that the PFD addresses only the standing question; the Board retains full authority to issue the permit with conditions different from those in the original application, or to deny it.

General Manager Kubinski summarized the key conditions contained in the proposed Board Order (No. 2026-0820-1):

- The permitted well shall be used solely as a public water supply for a commercial lodging operation consisting of 20 cabins.
- Authorized withdrawal is up to 977,553 gallons per year (3.0 acre-feet per year).
- The permittee shall maintain the existing monitoring well located 554 feet southwest of the production well; that well may not be used for any other purpose.
- The District may install telemetry or other monitoring equipment on the monitoring well.
- The permittee must complete all TCEQ notifications and certifications before commencing commercial withdrawals.

- The permit expires December 31, 2028, if a final TCEQ approval is not received by September 26, 2028.
- The permittee shall comply with all District rules and Chapter 36 of the Texas Water Code, including metering, reporting, conservation, and well construction standards.

Director Tom Murrah moved to grant the commercial water production permit to Lagom Ranch under Board Order No. 20260820-1. Director Gregory Stevens seconded the motion. The motion carried unanimously.

8. Discuss and possible action on proposed FY2027 budget, fee schedule and tax rate.

General Manager Kubinski presented the proposed FY2027 budget, which was built on a zero-based budgeting approach. Key highlights included:

Tax Rate: The proposed ad valorem tax rate is $0.015899 per $100 of assessed valuation, representing a reduction of approximately 1.7% from the current rate of $0.016118. Because the proposed rate does not raise new tax revenue, the District is not required to hold or publish notice of a public budget hearing.

Staffing: The budget includes one new staff hire (a position already filled on a contract basis) and one internal promotion to strengthen the District's technical and database management capacity.

Legal Services: Legal costs increased approximately 69%, distributed across General Counsel, Special Counsel, and Legislative Representative. General Manager Kubinski noted he anticipates increased legal activity in coming years.

Reserve Funds: The election reserve was increased from $12,000 to $30,000 to prepare for the next election cycle. A legal expense reserve fund was significantly increased, and a vehicle replacement fund was increased to plan for eventual replacement of the District's aging truck.

Director Compensation (Line 62): General Manager Kubinski proposed a $100-per-meeting flat fee for Board directors, noting that comparable districts use similar provisions. Director Cofran argued that the increasingly complex nature of the Board's work—involving legal, technical, financial, and regulatory matters—will make it difficult to attract qualified future candidates without some form of compensation, even if current members decline it. Directors Stevens, Sultemeier, and others stated they personally did not wish to receive compensation and preferred to serve on a volunteer basis. After discussion, a consensus emerged among four of the five directors to remove the line item. General Manager Kubinski confirmed it would be struck from the budget.

Fee Schedule: Only changes to out-of-county water testing fees were proposed to the current fee schedule. The District will absorb credit card transaction fees rather than passing them to the public.

Grant Funding (Line 33): A $180,000 TWDB grant remains in the budget as a pass-through item. Its inclusion is contingent on resolving agreement issues that supplier raised with the standard TWDB Grant Agreement.

Director Sultemeier moved to continue the budget process at the proposed no-new-revenue tax rate of $0.015899 per $100 of valuation, and to instruct the General Manager that publication of a public hearing or budget notice in the newspaper is not required. Director Stevens seconded the motion. The motion carried unanimously.

General Manager Kubinski agreed to circulate a revised budget draft by email before the September 10 meeting, at which the full budget, fee schedule, and tax rate will be formally adopted.

9. Discuss and possible action on Drought Conditions.

General Manager Kubinski reported that monitoring well measurements captured in August reflect continued Drought Stage 2 conditions across the District. The Blanco watershed is more affected than the Pedernales watershed, with the Pedernales barely remaining in Stage 2. Surface drought data from the Texas Water Development Board indicates that only the eastern portion of Blanco County shows abnormally dry conditions.

Canyon Lake has reached full conservation storage (elevation 909 feet) following heavy rains in July, a significant improvement from the prior year. General Manager Kubinski noted ongoing public confusion about the Army Corps of Engineers' management of flood storage versus conservation storage.

The Board took no action and agreed to maintain the current Drought Stage 2 designation.

10. Discuss and possible action on vehicle disposal: 2012 Toyota 4Runner.

General Manager Kubinski reported that the District's new vehicle was received in late July at a final equipped cost of approximately $64,000. The 2012 Toyota 4Runner, previously used as the District's field vehicle, is now surplus property. The dealership's trade-in offer dropped from the originally quoted $8,900 to $4,400 by the time of delivery.

General Manager Kubinski presented Resolution No. 20260820-3, drafted by General Counsel Greg Ellis, which authorizes the District to post the vehicle for public bidding on the District's website for two weeks to establish fair market value. If no bids are received, the vehicle may be disposed of through a private sale or donated to another governmental entity or qualifying nonprofit. Proceeds will be deposited into the general fund.

Director Tom Murrah moved to adopt Resolution No. 20260820-3 authorizing disposal of surplus property (2012 Toyota 4Runner). Director George Cofran seconded the motion. The motion carried unanimously.

11. General Managers Report

a. Erin Elizabeth Update

General Manager Kubinski introduced Erin Elizabeth as the District's newest staff member. She previously served as office manager for a licensed well driller in Hays County for six years and resides in Wimberley.

b. CAD Budget Hearing

Director Stevens reported that he attended the Central Appraisal District's public budget hearing on behalf of the District. He was well-received and was encouraged to attend CAD's quarterly meetings going forward. He intends to attend in March, June, September, and December.

c. Grant Update

General Manager Kubinski reported that a letter addressing contractual disputes with the Texas Water Development Board (TWDB) grant agreement is near final and will be sent to TWDB shortly after General Counsel Ellis completes his final review. The three primary points of contention involve deliverable obligations (Article 3), intellectual property rights (Article 5), and third-party contract provisions (Article 7) in the TWDB template agreement. The basis for the amendment request will be taken up under Article 6. The vendor, Collier HYDROS, is unwilling to proceed unless these provisions are modified. If TWDB does not agree to the proposed language changes, the General Manager indicated he will not execute the contract and the $180,000 grant project will not proceed. The grant's anticipated start date is September 1, 2026, with an expiration of August 31, 2028.

d. Vehicle Update

General Manager Kubinski noted that documentation of the new vehicle purchase—including negotiated removal of a dealership inventory tax and a SiriusXM subscription, plus confirmation of warranty—was included in the Board packet.

e. City of Johnson City Proposed Budget

General Manager Kubinski noted that the City of Johnson City proposed a budget that lowers its tax rate below the no-new-tax revenue threshold, one step further than what the District is also doing with maintaining no-new-tax revenue.

f. Maison Vive

General Manager Kubinski shared correspondence from a Miami-based water company, Maison Vive, which is seeking to source natural mineral water in the Hill Country for bottling. Their anticipated volume is approximately 6,600 gallons per year. General Counsel has noted that this type of activity would require an export permit from the District. General Manager Kubinski indicated he would add an export permit line item in the proposed budget.

g. Mileage Rate Increase

The IRS mileage reimbursement rate increased in January 2026 from $0.68 to $0.72 per mile, and again in July 2026 to $0.76 per mile. The Director's travel allowance line in the proposed budget was increased accordingly from $3,000 to $4,500.

h. Walnut Springs Subdivision Presentation

General Manager Kubinski reported attending a presentation by a retired oil-industry hydrogeologist at Walnut Springs Preserve. The presentation covered extensively of the geological history of the area. Additionally, it covered the subject of well casing and grouting requirements when drilling through multiple aquifer zones. The presentation prompted him to identify that the District's current rules may need to be updated to reflect changes to TDLR standards for casing and grouting in multi-aquifer wells. He is consulting with the District's hydrogeologist and benchmarking neighboring districts' rules. A proposed rule update is expected in the coming months.

i. HCA Flood Recovery Resources

General Manager Kubinski noted that Hill Country Alliance published flood recovery resource materials, which were included in the Board packet for reference.

j. HCA Leadership Summit 2026

General Manager Kubinski noted that the Annual Hill Country Alliance Leadership Summit is scheduled for September 24, 2026, in Dripping Springs, and that both he and Director Stevens are registered to attend. This scheduling conflict was a factor in moving the September board meeting to the 10th.

k. News and industry updates

General Manager Kubinski highlighted several items included in the packet: the Texas Parks and Wildlife water-focused magazine issue; articles about data centers and their potential water demands; updates on large-scale electrical infrastructure (138 kV transmission lines) being installed in the southern part of Blanco County, which may indicate planned data center development; information about widening of US 281 and the use of locally sourced materials; and an article about a Cypress Creek aquifer study conducted within Blanco County.

12. Set future meeting dates and propose future agenda items

After discussion of scheduling conflicts—including the HCA Leadership Summit on September 24 and Director Sultemeier's unavailability on September 25—the Board agreed to move the September regular meeting to September 10, 2026. The October meeting was set for October 15, 2026. General Manager Kubinski confirmed that the September 10 date allows sufficient time to post the meeting agenda and that the budget can be formally adopted at that meeting ahead of the September 30 statutory deadline.

13. Adjournment

Director Tom Murrah moved to adjourn. The motion was seconded by Director James Sultemeier and the meeting was adjourned.

Approved and adopted by the Board of Directors on this 10th day of September 2026.

Gregory Stevens, Board Secretary-Treasurer

Date Signed: September 10, 2026

Jimmy Klepac, Board President

Date Signed: September 10, 2026