

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned Officer of the Board of Directors (the "Board") of the Coastal Water Authority, hereby certify as follows:

1. The Board of Directors of the Coastal Water Authority (the "Authority") convened in special session on the 21st day of November 2025, at the regular meeting place thereof, inside the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to wit:

Tony L. Council, P.E.	President
Giti Zarinkelk, P.E.	2 nd Vice President
Joseph G. Soliz	Secretary-Treasurer
Jon M. Sjolander	Assistant Secretary-Treasurer
Daniel G. Huberty	Director
Hannah E. Kaplan	Director
Daniel C. Campbell	Director

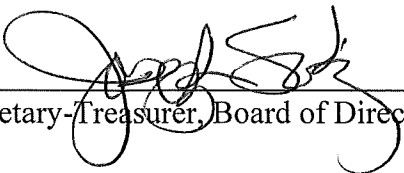
and all of said persons were present except Director(s): Huberty and Campbell thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY ADOPTING THE FISCAL YEAR 2026 BUDGET AND SETTING RATES FOR THE RED BLUFF WATER TREATMENT PLANT; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be adopted, and, after due discussion, the motion, carrying with it the adoption of the Resolution, prevailed and carried unanimously.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Resolution has been duly recorded in the Board's minutes of the meeting; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that the Resolution would be introduced and considered for adoption at the meeting, and each of the officers and members consented, in advance, to the holding of the meeting for such purpose; that the meeting was open to the public as required by law; and that public notice of the time, place and subject of the meeting was given as required by Chapter 551, Texas Government Code, and Section 49.063, Texas Water Code.

SIGNED AND SEALED the 21st day of November 2025.


Secretary-Treasurer, Board of Directors

(SEAL)



**RESOLUTION OF THE BOARD OF DIRECTORS OF COASTAL WATER AUTHORITY
ADOPTING THE FISCAL YEAR 2026 BUDGET AND SETTING RATES FOR THE RED
BLUFF WATER TREATMENT PLANT; AND MAKING CERTAIN FINDINGS IN
CONNECTION THEREWITH**

WHEREAS, Coastal Water Authority (the "Authority") is a governmental agency and a body politic and corporate created as a conservation and reclamation district pursuant to the Constitution and laws of the State of Texas, including Article XVI, Section 59, Texas Constitution, and Chapter 601, Acts of the 60th Texas Legislature 1967 (Regular Session), as amended (the "Act"); and

WHEREAS, the Board of Directors of the Authority (the "Board") is vested with all of the rights, powers and privileges, authorities and functions conferred and imposed by the Act as well as the general laws of the State of Texas applicable to water control and improvement districts and municipal utility districts created under Article XVI, Section 59 of the Texas Constitution that are not in conflict or inconsistent with the Act; and

WHEREAS, the Authority owns and operates the Red Bluff Water Treatment Plant, from which it supplies treated water under contracts with Sekisui Specialty Chemicals America, LLC. ("Sekisui") and Pasadena Refining System, Inc. ("PRSI"); and

WHEREAS, the Authority is authorized under the Act and the general laws of the State of Texas, including §49.29 of the Texas Water Code, to adopt or enforce all necessary charges, mandatory fees, or rentals, for providing or making available any Authority facility or service; and

WHEREAS, the Authority's contracts with Sekisui and PRSI set out a procedure for adopting a budget for the operation of the Red Bluff Water Treatment Plant and establishing the rates charged by the Authority per 1,000 gallons of treated water; and

WHEREAS, in compliance with the procedures set forth in the Authority's contracts with Sekisui and PRSI, representatives of Sekisui and PRSI have approved the proposed Fiscal Year 2026 Budget for Red Bluff Water Treatment Plant and agreed to a rate of \$1.817 per 1,000 gallons of treated; and

WHEREAS, the Board has considered the above described matters, and has determined the adoption of the Fiscal Year 2026 Budget and a rate of \$1.817 per 1,000 gallons of treated water will allow the Authority to prudently operate and maintain the Red Bluff Water Treatment Plant and recover its costs of service associated with the operation of the Red Bluff Water Treatment Plant;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COASTAL WATER AUTHORITY, THAT:

Section 1: The findings and recitations set out in the preamble of this Resolution are found to be true and correct and are hereby adopted by the Board and made a part hereof for all purposes.

Section 2: The Board hereby approves and adopts the Fiscal Year 2026 Budget, a copy of which is attached hereto as **Exhibit A** and incorporated herein.

Section 3: The Board hereby approves and adopts a rate of \$1.817 per 1,000 gallons of treated water from the Red Bluff Water Treatment Plant for Fiscal Year 2026.

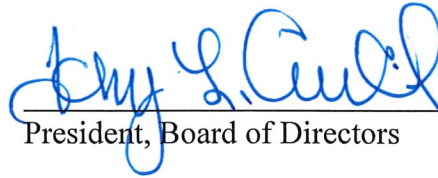
Section 4: The terms that are defined in the recitals to this Resolution are incorporated herein for all purposes.

Section 5: The provisions of this Resolution shall be effective as of the date of adoption and shall remain in effect until modified by action of the Board.

Section 6: It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act, Chapter 551, Texas Government Code.


[Execution page follows]

PASSED AND APPROVED this 21st day of November 2025.



President, Board of Directors

ATTEST:



Secretary-Treasurer, Board of Directors

(SEAL)



EXHIBIT A

**COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2026 ANNUAL BUDGET**

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT PLANT PROJECT
2026 ANNUAL BUDGET

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
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2026 ANNUAL BUDGET

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COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
BUDGET SUMMARY
2026 ANNUAL BUDGET

<u>APPLICATION OF FUNDS</u>	<u>2025 BUDGET</u>	<u>2025 PROJECTED</u>	<u>2026 BUDGET</u>
Expenditures (1)	\$2,341,050	\$2,192,100	\$2,559,750
Capital Outlay (2)	0	0	934,561
Debt Service	0	0	0
Comparative Subtotal	<u>2,341,050</u>	<u>2,192,100</u>	<u>3,494,311</u>
Total Expenditures	2,341,050	2,192,100	3,494,311
Ending Fund Balances	<u>390,165</u>	<u>1,115,065</u>	<u>432,167</u>
Total Applications	<u>2,731,215</u>	<u>3,307,165</u>	<u>3,926,478</u>
<u>SOURCE OF FUNDS</u>			
Beginning Fund Balances	405,389	405,389	1,115,065
Investment Income	17,500	42,000	9,235
Subtotal Sources	<u>422,889</u>	<u>447,389</u>	<u>1,124,300</u>
System Revenue	<u>\$2,308,326</u>	<u>\$2,859,776</u>	<u>\$2,802,178</u>

(1) Includes assets purchased.

(2) Design for admin/control building.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
FACTS AND ASSUMPTIONS
2026 ANNUAL BUDGET

FACTS

1. The 2026 budget is prepared on a cash basis.
2. Water Treatment Plant books and records consist of two funds, which are the Operating Fund and the Special Projects Emergency Reserve.
3. The required fund balances have been reflected at the minimum operating balances.
4. Water Treatment Plant is charged with direct salary and costs as well as an allocation of certain general items based upon an overall payroll allocation of 9.0%.

ASSUMPTIONS

1. Salaries include funding the employee benefits of one field retiree.
2. Assumes timely payment of billings by Pasadena Refinery Systems, Inc. (Chevron) and Sekisui Special Chemicals America, LLC.
3. The Operating Fund should be maintained to adequately provide funding for two months' operating reserve. Such amount is \$432,167 for 2026.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
RECONCILIATION OF 2025 BUDGET TO 2026 BUDGET

	2025 to 2026 Budget
2025 Budget	<u>\$2,341,050</u>
Field Salaries	(49,560)
Materials & Supplies	18,890
Contract Labor & Equipment	155,720
Utilities	1,550
Administrative Expense (Includes Pension, Social Security Costs)	(17,700)
General Operating Expenses (Insurance)	76,200
Engineering, Legal & Professional	<u>33,600</u>
Subtotal	<u>218,700</u>
2026 Budget	<u><u>\$2,559,750</u></u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
STATEMENT OF REVENUES AND EXPENDITURES
2026 ANNUAL BUDGET

	2025 BUDGET	2025 PROJECTED	2026 BUDGET
REVENUES & LOAN PROCEEDS:			
Interest on Investments	\$17,500	\$42,000	\$17,500
Service Revenues	2,121,700	2,859,776	2,802,177
Total Revenue	<u>2,139,200</u>	<u>2,901,776</u>	<u>2,819,677</u>
 Total Revenues :	 <u>2,139,200</u>	 <u>2,901,776</u>	 <u>2,819,677</u>
 EXPENDITURES			
Field Salaries	719,820	615,000	670,260
Materials & Supplies	685,760	627,000	704,650
Contract Labor & Equipment (1)	88,170	81,000	243,890
Utilities	126,200	112,000	127,750
Administrative Expenses	356,200	370,800	338,500
General Operating Expenses	272,900	312,300	349,100
Engineering, Legal & Professional	92,000	74,000	125,600
Subtotal	<u>2,341,050</u>	<u>2,192,100</u>	<u>2,559,750</u>
Total Expenditures	<u>2,341,050</u>	<u>2,192,100</u>	<u>2,559,750</u>

(1) Includes assets purchased.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
RECONCILIATION OF FUND ACTIVITY
2026 ANNUAL BUDGET

	OPERATING FUND	SPECIAL PROJECTS EMERGENCY RESERVE	TOTAL WATER TREATMENT PLANT
Beginning Balance	<u>\$1,115,065</u>	<u>\$236,135</u>	<u>\$1,351,200</u>
Service Revenue	2,802,177	0	2,802,177
Interest Earnings	9,235	8,265	17,500
Expenses	(2,559,750)	0	(2,559,750)
Capital Outlay	(934,561)		(934,561)
Net Activity	<u>(682,898)</u>	<u>8,265</u>	<u>(674,634)</u>
Ending Balance	<u><u>\$432,167</u></u>	<u><u>\$244,400</u></u>	<u><u>\$676,566</u></u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
REVENUES AND BILLING RATES
2026 ANNUAL BUDGET

	<u>2025 BUDGET</u>	<u>2025 PROJECTED</u>	<u>2026 BUDGET</u>	
Gallons (in thousands)	1,168,000	1,573,900	1,542,200	
Rate/1000 gallons	\$1.817	\$1.817	\$1.817	(1)
Revenue	<u>\$2,121,700</u>	<u>\$2,859,776</u>	<u>\$2,802,177</u>	

- (1) Budget rate for 2026 assumes average daily water volume demand of 3.0 MGD for Pasadena Refinery Systems and 1.2 MGD for Sekisui Special Chemicals America, LLC. Any changes to this assumption will impact the rate per 1000 gallons

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
INVESTMENT AND OTHER INCOME
2026 ANNUAL BUDGET

INVESTMENT INCOME

Average Operating Cash and Investments	\$500,000
Average Effective Interest Rate	3.50%
Total	<u><u>\$17,500</u></u>

OTHER INCOME

Water Treatment Plant does not anticipate any miscellaneous income.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENDITURES
2026 ANNUAL BUDGET

<u>GENERAL AND ADMINISTRATIVE EXPENDITURES</u>	<u>2025 BUDGET</u>	<u>2025 PROJECTED</u>	<u>2026 BUDGET</u>
ADMINISTRATIVE	\$356,200	\$370,800	\$338,500
GENERAL OPERATING (Insurance)	272,900	312,300	349,100
ENGINEERING, LEGAL & PROFESSIONAL	<u>92,000</u>	<u>74,000</u>	<u>125,600</u>
Total	<u>\$721,100</u>	<u>\$757,100</u>	<u>\$813,200</u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ADMINISTRATIVE EXPENSES
2026 ANNUAL BUDGET

Administrative Salaries	\$117,000 (1)
Pension Plan Contribution (11.8% of total compensation)	92,897
Payroll Taxes (7.65% of total compensation)	60,225
Office Lease and Utilities	40,500 (1)
Office Supplies	3,600 (1)
Travel, Meetings and Parking	2,700 (1)
Directors Compensation	4,050 (1)
Printing and Reproduction	2,700 (1)
Telephone/ Data Maintenance	4,500 (1)
Vehicle: Gas & Maintenance	2,700 (1)
Payroll / Employee Processing Services	4,050 (1)
Miscellaneous	3,600 (1)
	<u><u>\$338,522</u></u>

(1) Allocated based upon payroll estimate of 9%.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
OFFICE SALARY ALLOCATION
2026 ANNUAL BUDGET

Executive Director

Finance Manager

HR Manager

Chief Accountant

Senior Accountant

Senior Accountant

Accountant

Payroll / Pension Coordinator

Executive Secretary

Base Office Salaries	1,300,000
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Office Allocation Factor (1)	9.0%
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Red Bluff Water Treatment Office Salaries	\$117,000
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(1) Based upon payroll estimate allocation of 9.0%.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
GENERAL OPERATING EXPENSES
2026 ANNUAL BUDGET

INSURANCE PREMIUM DESCRIPTION

Property Insurance	\$	16,500	(1)	(6)
Texas Commercial Policy (General Liability)		2,250	(3)	(5)
Public Official & Employees Errors and Omissions		1,080	(3)	(5) (7)
Pension - Fidelity Bond		45	(3)	(4)
Pension - Fiduciary Responsibility		630	(3)	(5)
Medical Insurance		284,643	(3)	(7) (8)
Public Official Position (Director Fidelity)		90	(3)	(4)
Automobile Insurance		3,150	(3)	(5)
Workers Compensation		15,030	(3)	(6) (7)
Dental Insurance		9,450	(3)	(5) (7)
Vision Insurance		2,700	(3)	(5) (7)
Combined Group Life/Short Term & Long Term Disability		13,500	(3)	(5) (7)
	\$	<u>349,068</u>		

- (1) Allocated based upon total insurable value of 2%.
- (3) Allocated based upon total payroll estimate of 9.0%.
- (4) Assumes no rate increase.
- (5) Assumes 5% rate increase.
- (6) Assumes 10% rate increase.
- (7) Assumes full employment.
- (8) Assumes 15% rate increase.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ENGINEERING, LEGAL AND PROFESSIONAL EXPENSES
2026 ANNUAL BUDGET

Engineering Services - (M&O)	75,000 (1)
Legal Services	15,000 (3)
Accounting & Auditing	9,000 (2)
Computer Support services	9,000 (2)
Website Development & Maintenance	3,600 (2)
Hardware, Software Upgrades and Maintenance	9,000 (2)
Miscellaneous Bank Fees	5,000 (3)
	<u>\$125,600</u>

(1) Based upon specific services

(2) Allocated based upon total payroll estimate of 9.0%.

(3) Based upon specific and allocated services

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
SUMMARY OF FIELD EXPENDITURES
2026 ANNUAL BUDGET

<u>FIELD EXPENDITURES</u>	<u>2025 BUDGET</u>	<u>2025 PROJECTED</u>	<u>2026 BUDGET</u>
SALARIES	\$719,820	\$615,000	\$670,260
MATERIALS & SUPPLIES	685,760	627,000	704,650
CONTRACT LABOR AND EQUIPMENT			
Contracted	88,170	81,000	163,890
Purchased	0	0	80,000
Subtotal	<u>88,170</u>	<u>81,000</u>	<u>243,890</u>
UTILITIES	126,200	112,000	127,750
Total	<u><u>\$1,619,950</u></u>	<u><u>\$1,435,000</u></u>	<u><u>\$1,746,550</u></u>

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
SUMMARY OF FIELD SALARIES BY LOCATION
2026 ANNUAL BUDGET

<u>LOCATION</u>	<u>BASE COMPENSATION</u>	<u>RETIREE PAY (1)</u>	<u>5% OVERTIME (2)</u>	<u>TOTAL</u>
Water Treatment Plant	<u>\$628,815</u>	<u>\$10,000</u>	<u>\$31,441</u>	<u>\$670,256</u>

(1) Allows for employee benefit payments to retirees.

(2) Provides for minimum overtime.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ANALYSIS OF BASE FIELD SALARIES BY FUNCTION AND LOCATION
2026 ANNUAL BUDGET

<u>LOCATION AND FUNCTION</u>	<u># OF EMPLOYEES</u>	<u>MAN HOURS (4)</u>	<u>AVG. RATE PER HOUR</u>	<u>BASE SALARIES</u>
<u>MANAGEMENT (1)</u>				
Water Treatment Plant	<u>0.11</u>	<u>229</u>	<u>\$85.19</u>	<u>\$19,509</u>
<u>SUPERVISORY PERSONNEL (2)</u>				
Water Treatment Plant	<u>0.66</u>	<u>1,352</u>	<u>73.69</u>	<u>99,629</u>
<u>ALL OTHER PERSONNEL (3)</u>				
Water Treatment Plant	<u>7.22</u>	<u>15,017</u>	<u>33.94</u>	<u>509,677</u>
Total Base Salaries	<u><u>7.98</u></u>	<u><u>16,598</u></u>	<u><u>\$37.88</u></u>	<u><u>\$628,815</u></u>

- (1) Includes Manager of Operations, Manager of Security, Electrical Engineer, Senior Engineer, Construction Manager, and Chief Engineer.
- (2) Includes Superintendents, Master Electrician, Administrator OPM, Purchasing Agent, IT Manager, Projects Manager, Contracts Administrator, and Staff Engineer.
- (3) Includes Foremen, Electricians and Operators for construction, electrical, maintenance, and all routine operating functions.
- (4) Estimated number of employees at 2,080 hours per year.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ANALYSIS OF MATERIALS AND SUPPLIES BY LOCATION
2026 ANNUAL BUDGET

DESCRIPTION (1)

Air Conditioning Repair Parts	\$1,584
Automotive / Equipment Repair Parts	1,500
Building / Grounds Maintenance	1,440
CHEMICALS:	
-- Lime	416,250
-- Ferric Sulfate	126,000
-- Polymer	14,700
Diesel Fuel	1,414
Electrical / Instrument	8,640
Gasoline	1,367
Herbicides / Insecticides	2,000
Lab Test Equip&Supplies	2,500
Mechanical, Plumbing, Valves, etc.	34,400
Miscellaneous Supplies	41,298
Office / Administrative	14,514
Oils and Lubricants	14,400
Power Tools, Hand Tools & Equip.	7,880
Road Base, Sand, Rock, Rip Rap, etc.	2,000
Tires & Batteries	2,000
Welding Equipment & Supplies	3,000
Personal Protective Equipment	7,765
Total	<u><u>\$704,652</u></u>

(1) Water Treatment Plant is the only location.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ANALYSIS OF CONTRACT LABOR AND EQUIPMENT BY LOCATION
2026 ANNUAL BUDGET

DESCRIPTION (1)

Contract Labor (Welders, Divers, Tech Spt, Etc.)	12,000
Security : Fencing Repairs/Replacement	7,200
Training: Safety (1st Aid, CPR, AED, CSE, etc.)	11,000
Trucking Services	30,000
4KV Remote Racking	15,000
Security Camera Upgrade/Installation	25,000
Water Analyzer Replacement	50,000
Annual Service Contracts:	
Pest Control Service	380
Uniform Service	5,000
Generator Load Testing	880
Asset Management Software	3,250
Emergency Radio Subscription	945
PMIS	3,235
Purchase Equipment:	
Spare Parts	80,000
Total	<u>\$ 243,890</u>

(1) Water Treatment Plant is the only location.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
ANALYSIS OF UTILITIES BY LOCATION
2026 ANNUAL BUDGET

<u>LOCATION</u>	<u>ELECTRICITY</u>				<u>TOTAL</u>
	<u>KW HOURS</u>	<u>AVG. RATE PER HOUR (1)</u>	<u>AMOUNT (2)</u>	<u>ALL OTHER (3)</u>	
Red Bluff Water Treatment Plant	<u>1,664,000</u>	<u>\$0.07076</u>	<u>\$117,750</u>	<u>\$10,000</u>	<u>\$127,750</u>

- (1) Reflects rate accomplished through contract for electricity beginning July, 2015
(2) Includes a 10% variance for electricity usage.
(3) Includes telephone, water and waste disposal services.

COASTAL WATER AUTHORITY
RED BLUFF WATER TREATMENT FUNDS
CAPITAL OUTLAYS
2026 ANNUAL BUDGET

	<u>AMOUNT</u>
<u>Assessment/Engineering/Design</u>	\$934,561
Total Capital Outlays	<u><u>\$934,561</u></u>