



MATAGORDA BAY MITIGATION TRUST

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TRUSTEE'S ANNUAL REPORT FOR 2025

Formation (Consent Decree Paragraphs 51-54)

The Matagorda Bay Mitigation Trust (Trust) was created as a result of the settlement of a Clean Water Act lawsuit, *San Antonio Bay Estuarine Waterkeeper and S. Diane Wilson, vs. Formosa Plastics Corp., Texas and Formosa Plastics Corp., U.S.A.*, in the United States District Court for the Southern District of Texas, Victoria Division (“Consent Decree”). The settlement called for, among other things, the establishment of the Matagorda Bay Mitigation Trust with funding provided by Formosa in the amount of \$50 million over a five-year period. The final Consent Decree was filed with the United State District Court for the Southern District of Texas, Victoria Division on December 6, 2019.

In accordance with Paragraph 52 of the Consent Decree, the Parties to the lawsuit jointly agreed to appoint Steven J. Raabe, P.E. as Trustee for the Trust in February 2020.

The Trustee developed a Trust Agreement which prescribes in greater detail the administration of the Trust, role and responsibilities of the Trustee, and the management and distribution of funds paid by Formosa for mitigation projects. The Parties to the lawsuit executed the Trust Agreement on May 8, 2020 which formally established the Trust, whose EIN is 84-7112993. The Trust is classified as a Qualified Settlement Fund for which the Trustee serves as Administrator.

The Consent Decree required Formosa to make the first payment of mitigation funds to the Trust within 14 days of the establishment of the Trust. The first \$10 million payment was received by the Trust on May 19, 2020. The Consent Decree specifies that Formosa’s subsequent annual payments to the Trust are due within one week of the anniversary of the first payment which is May 26 of each year through 2024. The second \$10 million payment was received by the Trust on May 10, 2021. The third \$10 million payment was received by the Trust

on May 10, 2022. The fourth \$10 million payment was received by the Trust on May 18, 2023. The fifth and final \$10 million payment was received on May 16, 2024.

The Trust has received additional mitigation payments in accordance with Paragraph 36 of the Consent Decree in the amount of \$36,693,109 since the inception of the Trust.

The Consent Decree and the Trust Agreement provide that the Trustee shall send an annual report to the Parties to the lawsuit, of which this report is the sixth, and make the report publicly available. With the end of the sixth fiscal year of the Trust, this annual report, along with the audited financial statements for the Trust's fiscal year ending December 31, 2025, is posted on the Trust's website at www.mbmTrust.com.

Administration (Consent Decree Paragraphs 53-54, Trust Agreement)

As noted above, the Trust Agreement executed by the Parties to the lawsuit established the Trust which allowed the Trustee to begin developing and instituting the required processes, procedures, and contractual relationships to administer the Trust and the funds paid to the Trust by Formosa. The Trust has contracted with professionals for the following services: operations administration, legal, bookkeeping, audit, insurance, funds management, and website design and hosting.

The Trustee developed a budget for the administrative costs for 2025 in accordance with Section 2.5.3 of the Trust Agreement and it is included as Attachment A to this report. In 2025, actual expenditures were 16.9% over budget and were 0.034% when compared to total 2025 revenue. The overage in the administrative costs compared to the budget was due to under budgeting Trustee's time administering the Trust, catchup costs of prior year's accounting fees, and mail theft losses.

Additional mitigation payments were made to, or accrued by, the Trust in 2025 pursuant to Paragraph 36 of the Consent Decree, in the amount of \$11,567,205 representing 192 reported violation events.

The financial statements of the Trust were audited by the independent public accounting and consulting firm of Baker Tilly, LLP, headquartered in New York, NY. The result of the audit of the Trust's 2025 operations and financial statements was an unqualified opinion. This means that the Trust's financial statements and supporting documentation fairly represent the financial position of the Trust.

The Trust's mission statement is: To support and fund environmental mitigation projects, studies, and initiatives in the Matagorda Bay and San Antonio Bay ecosystems and other purposes allowed under the Consent Decree.

Environmental Mitigation Projects (Consent Decree Paragraphs 56-62)

Since inception, the Trust has made awards and/or contracts totaling \$55,875,714.34, of which \$15,122,415.52 was in the 2025 funding cycle. These mitigation projects are described in more detail below.

Matagorda Bay Cooperative Development Project (Consent Decree Paragraph 56)

The purpose of this mitigation project is to form a Matagorda Bay Fishing Cooperative and other cooperatives, such as netting or transportation cooperatives, if necessary, to support the Fishing Cooperative.

The Trust has executed contracts with the Federation of Southern Cooperatives totaling \$5,006,820.50 to support the development of the fishing cooperative(s) and affiliated enterprises.

The Matagorda Bay Fishing Cooperative held its first membership meeting on February 24, 2024 and elected its board of directors. It also authorized the filing of its articles of incorporation which were filed with the Texas Secretary of State on February 27, 2024. The Matagorda Bay Fishing Cooperative held its second annual membership meeting on February 22, 2025. The Board of Directors holds monthly meetings.

Using funding from the Trust, the Federation provided a no-interest loan in the amount of \$3,300,000.00 to the Matagorda Bay Fishing Cooperative for the acquisition of the Miller Seafood processing and dock facilities in Port Lavaca and Seadrift and for startup capital of the Cooperative. The purchase of the Miller Seafood processing facility was closed on September 22, 2025.

Texas A&M SeaGrant and the Texas A&M AgriLife Marine Extension agent for Calhoun County have facilitated aquaculture training and apprenticeships so the fishermen can gain experience in the aquaculture industry. Cooperative members attended training at the Texas A&M University Oyster Farming Workshop in Palacios. Field visits and hands-on learning were conducted at the Three Sisters Oyster Farm in Olivia, Texas. Cooperative members met with equipment suppliers to become familiar with various equipment options.

The Cooperative worked with Texas A&M SeaGrant to leverage grant funds provided by Texas A&M SeaGrant to acquire oyster mariculture leases and permits for the Cooperative. The permit applications for 30 sub-permittees (individual Cooperative members) were submitted to Texas Parks and Wildlife Department (TPWD) in August 2024. The oyster mariculture permit was submitted to the US Army Corps of Engineers in September 2025. As of the date of this annual report, the Cooperative has received all permits (U.S. Army Corps of Engineers, U.S. Coast Guard, GLO, TCEQ and TPWD) needed to start construction and operation of the 60-acre Keller Bay oyster farming operation. The Cooperative exercised their right under the TPWD permit to bring the first 32 acres online immediately and plans to seed the cages with oyster

spat by late spring. Once that phase is operational the Cooperative intends to exercise their right to bring on the remaining 28 acres.

The Matagorda Bay Fishing Cooperative developed a business plan for the oyster farming initiative and is exploring potential business ventures with local oyster farming operations.

Of the \$20 million the Trust has received to date for the Matagorda Bay Cooperative Development project, \$4,664,683.00 has been expended by the Federation as of the end of 2025.

Green Lake Park (Consent Decree Paragraph 57)

The purpose of this mitigation project is for the development, protection, operation, and maintenance of Green Lake Park owned by Calhoun County.

The Trust executed a contract in 2020 with Calhoun County in the amount of \$2,000,000.00 for the design and repair of a breach in the Green Lake shoreline that is causing seepage from Green Lake into adjacent waters. The surveys were completed in the fall of 2021 and the engineering feasibility analysis and site selection for the breach repair was completed in early 2022. In 2024-2025 the project design underwent a value engineering analysis to refine the design and evaluate construction access options. This analysis resulted in an increase of \$2,000,000.00 in the projected construction cost. Calhoun County applied for additional funding through the Trust's 2025-2026 Request for Proposals process and was awarded that amount from Paragraph 62 funds. The project is currently undergoing environmental permitting review. Construction is scheduled to commence in 2026.

The Trust executed a contract in 2022 with Calhoun County in the amount of \$260,000.00 for engineering services for the design and construction administration of the improvements for the Green Lake Park Development project. The Trust executed amendments in the amount of \$29,150.00 in 2023 for additional environmental services. The Phase 1 improvements were advertised for bids in December 2024. The Trust executed an amendment in the amount \$470,000.00 to fund Phase 1 construction which was completed in 2025. Design on Phase 2 improvements was completed in 2025 with award of construction expected in early 2026.

The Trust executed contracts totaling \$488,250.00 in 2025 to fund acquisition of specialized maintenance equipment and operations and maintenance of the completed improvements.

Calhoun County YMCA Summer STEM Program (Consent Decree Paragraph 58)

The purpose of this mitigation project is to fund camps for children and teenagers in the Matagorda and San Antonio Bay area, focused on education about how to be a good steward of the local ecosystems, teaching outdoor education, and providing recreation activities.

All activities funded under Paragraph 58 were completed in 2024. The annual final reports of the results of the Calhoun County YMCA Summer STEM program are located on the Trust's website at <https://www.mbmtrust.com/project-summaries/>.

The Calhoun County YMCA applied for and received funding for three additional years of this program under the Trust's 2024-2025 Request for Proposals process using Paragraph 62 funds.

Magnolia Beach Erosion Control and Beach Restoration (Consent Decree Paragraph 59)

The purpose of this mitigation project is for erosion control and beach restoration at Magnolia Beach. Funds may be used for purchase and use of clean and uncontaminated fill material, planting of native plants, necessary construction to prevent future erosion, and necessary maintenance to prevent beach erosion.

All the funding for this mitigation project became available in 2022. Calhoun County has procured an engineering consultant to design the project. The Trust entered into a contract with Calhoun County on November 15, 2023 to complete this project. The project is currently in the engineering design phase.

University of Texas Marine Science Institute Nurdle Patrol (Consent Decree Paragraph 60)

The purpose of this mitigation project is for environmental quality assessment and environmental education, specifically to support the Nurdle Patrol and environmental conferences.

The Trust executed a contract amendment with the University of Texas Marine Science Institute for the final \$200,000.00 for the fifth year's activities which concluded in December 2025. The final report documenting the fifth year's activities is available on the Trust's website at <https://www.mbmtrust.com/project-summaries/>.

Texas A&M University – Corpus Christi applied for and received funding for three additional years of this program under the Trust's 2024-2025 Request for Proposals process using Paragraph 62 funds.

Environmental Research Mitigation Project (Consent Decree Paragraph 61)

The purpose of this mitigation project is to provide funding for environmental research regarding the Matagorda and San Antonio Bay Systems, or the river deltas in Calhoun or Jackson Counties feeding into those systems. Funding may be distributed for environmental research topics, including but not limited to, the ecology, pollution, fisheries, or habitat and wildlife restoration of the ecosystems.

The Trustee funded one environmental research contract totaling \$108,849,17 with Texas A&M University – Corpus Christi to fund a symposium to present the results and ongoing work of the environmental research studies funded under Paragraph 61 and 62. This contract will fully expend the remaining funds allocated by the Consent Decree in Paragraph 61.

Progress reports from Paragraph 61 projects funded in previous funding cycles can be found on the Trust's website at <https://mbmtrust.com/project-summaries/>.

Matagorda Bay Mitigation Trust Mitigation Projects (Consent Decree Paragraph 62)

The purpose of this mitigation project is to research, protect, and restore the water bodies and surrounding ecosystems of the Bay Systems or the river deltas feeding into those systems. The Trust shall award funds for the benefit of these waterbodies and the public, including for:

- providing public education about those waterbodies;
- sponsoring youth camps such as described in paragraph 58 of the Consent Decree;
- purchasing land in the watersheds of those waterbodies for conservation purposes, in order to reduce runoff and other pollution into those waterbodies, and/or to improve public access (physical or visual) to them;
- environmental research of those waterbodies as described in paragraph 61 of the Consent Decree;
- environmental advocacy, except for litigation;
- habitat restoration; and/or,
- additional funding for the dedicated Mitigation Projects described in paragraphs 56-60 of the Consent Decree.

The Award Committee, specified in Consent Decree Paragraph 62, established the 2025 funding priorities for proposals. The Trustee issued a request for proposals (RFP) on September 1, 2025, which was publicly advertised. The Trust received 83 proposals totaling \$40,023,793. The Award Committee recommended the award of 33 projects from the submittals received totaling \$13,122,417. In addition to this amount the Trust also finalized the award of a \$2,000,000 contract that was contingently awarded in the 2024-2025 RFP process. The projects being funded, by category, are:

Habitat Restoration (Twelve projects totaling \$3,607,520)

Derelict Crab Trap Removal Project: Texas Mid-Coast – 2027-2029, San Antonio Bay Partnership (\$91,500)

Palacios Bird Island Project, City of Palacios, (\$712,845)

Powderhorn Shoreline Protection and Marsh Restoration Project (GLO CEPR Cycle 14 Project #1815, “TPWD Powderhorn State Park and WMA Final Design Project”), Texas Parks and Wildlife Department, (\$280,000)

Mid-Coast Sea Turtle Rescue -- 2026-2029, San Antonio Bay Partnership, (\$24,160)

City of Austwell Package Wastewater Plant Replacement, City of Austwell (\$556,689)

Ghost Trap Removal Pilot -- San Antonio Bay, San Antonio Bay Partnership (\$68,500)

Expanding Operational Capacity of the Matagorda Bay Foundation to Serve Residents of the Central Texas Coast, Matagorda Bay Foundation (\$70,000)

Matagorda Bay System Public Lands Habitat Initiative, Texas RICE (\$164,900)

Panther Lake Protection and Restoration, Phase I, Coastal Bend Bays and Estuaries Program (\$525,000)

San Antonio & Espiritu Santo Bay Shorelines Cleanup and Litter Reduction, San Antonio Bay Partnership (\$99,450)

Shoalwater Bay Living Shoreline Project, San Antonio Bay Partnership (\$264,800)

A freshwater inflow demonstration project to improve the resiliency of coastal birds in the Matagorda Bay ecosystem, Texas Parks & Wildlife Foundation (\$749,676)

Environmental Research (Four projects totaling \$1,700,897)

Improving knowledge and success of Black Skimmer colonies in the Matagorda Bay region through monitoring and management, Audubon Texas, (\$331,302)

San Antonio Bay Benthic Habitat Mapping and Assessment, San Antonio Bay Partnership (\$439,680)

Restoration of Freshwater Flow to Townsend Bayou - Phase I, San Antonio Bay Partnership (\$258,203)

Understanding Modern Benthic Ecosystem Decline in Matagorda Bay by Reconstructing Past Change and Pre-20th Century Natural Baselines, University of Texas at Austin (\$671,712)

Public Education (Four projects totaling \$583,312)

The RN Archimedes Research Vessel floating classroom Tours of Chester Island during the 2nd Annual City of Port Lavaca Mid-Coast Birding Festival and Education outreach boat tours about the waterways and birds in Calhoun County, as part of the 2nd Annual City of Port Lavaca Mid-Coast Texas Bird Festival, City of Port Lavaca, (\$16,250)

Matagorda Bay Oyster Gardening Project, Matagorda Co. AgriLife Extension Leadership Advisory Board, (\$5,000)

Empowering Youth as Environmental Educators, Matagorda Bay Foundation (\$30,017)

Palacios Pathways: Where History Meets the Horizon, Palacios Preservation Association (\$532,045)

Improving Public Access (Nine projects totaling \$4,282,768)

Clement Cove Wetlands Public Access Shared Use Path, City of Port Lavaca, (\$549,800)

A.D. Powers Bayfront Restoration and Improvement Project, City of Seadrift, (\$600,000)
King Fisher Beach Park Restroom Project, Calhoun County (\$508,245)
New Matagorda Harbor Boat Ramp – Construction, Port of Bay City Authority (\$750,000)
Little Chocolate Bayou Park Bridge - Public Access, Calhoun County (\$600,000)
Matagorda Bay Critical Public Access Project, City of Palacios (\$363,315)
Public Access Improvements at Six Mile Park, Calhoun County (\$460,726)
Bill Sanders Memorial Park Playground Addition, Calhoun County (\$196,933)
Public Access Improvements Project: Playground Shades and Bulkhead Cap Repairs at Point Comfort City Park, City of Pont Comfort (\$253,749)

Land for Pollution Prevention (One project totaling \$750,000)

Costa Grande Ranch Land Acquisition, Coastal Bend Bays and Estuaries Program, (\$750,000)

Youth Camps (Two projects totaling \$197,920)

Matagorda County Aquaculture Boot Camp, Matagorda Co. AgriLife Extension Leadership Advisory Board, (\$48,000)

Coastal Explorers Summer Camp, Calhoun County ISD (\$149,920)

Dedicated Mitigation Project (One Project totaling \$2,000,000)

Green Lake Breach Repair Supplemental Funding, Calhoun County (\$2,000,000)

The Trust also finalized the award of one project that was contingently awarded in the 2024-2025 RFP process.

Prior Year Contingent Awards (One Project totaling \$2,000,000):

Oliver Point and Oliver Reef Restoration Project - Phase I, Matagorda Bay Foundation, (\$2,000,000)

Progress reports from Paragraph 62 projects funded in previous funding cycles can be found on the Trust's website at <https://mbmtrust.com/project-summaries/>.

ATTACHMENT A

Matagorda Bay Mitigation Trust

Administrative Costs

Actual vs. Budget – Audited

Fiscal Year Ending 2025

<u>Expense Item</u>	<u>Actual</u>	<u>Budget</u>
Advertising	\$ 0.00	\$ 1,500.00
Award Committees	4,078.00	2,200.00
Bank Fees	310.70	800.00
Compensation – Trustee	131,700.00	105,000.00
Compensation - Operations Administrator	67,267.16	75,000.00
Contract Services	0.00	1,000.00
Contributions	0.00	500.00
Dues and Subs	0.00	300.00
Insurance	14,938.87	9,000.00
Investment Fees	94,973.48	91,000.00
Office Supplies	0.00	200.00
Printing/Duplication	0.00	300.00
Postage/Shipping	692.67	100.00
Professional Services-Legal	13,497.70	25,000.00
Professional Services-Tax	11,700.00	2,500.00
Professional Service-Accounting	63,875.00	54,000.00
Professional Services-Audit	38,200.00	35,000.00
Professional Services-Other	0.00	5,000.00
Rent – Equipment	0.00	300.00
Seminars	0.00	1,000.00
Telephone/Internet	488.00	700.00
Travel/Mileage	1,198.75	2,000.00
Webservices/Host	750.94	1,000.00
Fraud/Theft loss	<u>39,727.77</u>	<u>0.00</u>
TOTAL	<u>\$ 483,399.04</u>	<u>\$ 413,400.00</u>

Over budget by \$69,999.04 = 16.9%