

ANNUAL REPORT

FY 2023



TEXAS
WATER
TRADE

Our mission is to catalyze sustainable water transactions in Texas to ensure clean, flowing water for people and nature.

LETTER FROM THE CEO



If you spent any time this summer in Texas, you know that our state feels like it is at a tipping point. A thousand people are moving here each day—choosing Texas for its affordability and its quality of life. Already we can see signs that our water resources are stressed beyond their capacity to support this growth. Signs like the creek fed by the beloved swimming hole Jacob's Well going dry for the first time in history. Signs like communities in the Lower Rio Grande Valley being stranded without water to drink or bathe. Yet our population will continue to grow, nearly doubling in size to 54 million Texans by 2050. Can we invite growth while also ensuring that future Texans will have the water they need to thrive?

At Texas Water Trade, we are tapping into the power of collaboration to fulfill this vision of a state with clean, flowing water for people and nature. What does this look like? It looks like cooperative investments to enhance the resilience of our biggest water users, from farms to water utilities. It looks like enabling the companies driving the Texas Miracle to support water access for all Texans to drink and to play.

Our fourth year in operation was another year of firsts. We executed our first water offset contract, a \$1.2 million grant from PepsiCo to replenish their water uses in the Trinity River Basin that is the backbone of both Dallas-Fort Worth and Houston's water supply. In cooperation with the International Crane Foundation, we delivered our first water for endangered whooping cranes, which continue to rebound from a population of just 18 birds in the wild. We received our first grant from the Lower Colorado River Authority to support development of our Net Zero Water Toolkit, which will help inform how real estate developers design and finance buildings that generate their own water. And with the University of Texas–El Paso (UTEP) and trusted community health workers, we conducted the first survey of low-income households to learn what they are spending on bottled water for basic household needs—orienting policymakers on why we must invest in clean water infrastructure for all and informing the design of our subscription drinking water treatment service, Vida Water, which will launch in El Paso County in Fall 2023.

These collaborative efforts enable us to deliver transformative projects across a state larger than many countries. We could not do this work without your support. Thank you for all you do to help us build a prosperous water future for Texas.

A handwritten signature in black ink, appearing to read 'Sharlene'.

Sharlene Leurig
CEO

A YEAR OF FIRSTS PILOTING FOCUSED FLOWS ON THE TEXAS COAST

In August 2022, in cooperation with The Nature Conservancy, the Lower Colorado River Authority, and the Texas Water Development Board, Texas Water Trade brought our first delivery of freshwater to Matagorda Bay. This is one of several projects we have underway along the Texas coast to test how we can support the freshwater needs of our bays and estuaries through targeted deliveries of water, a concept known as “focused flows” that was first developed at the Harte Research

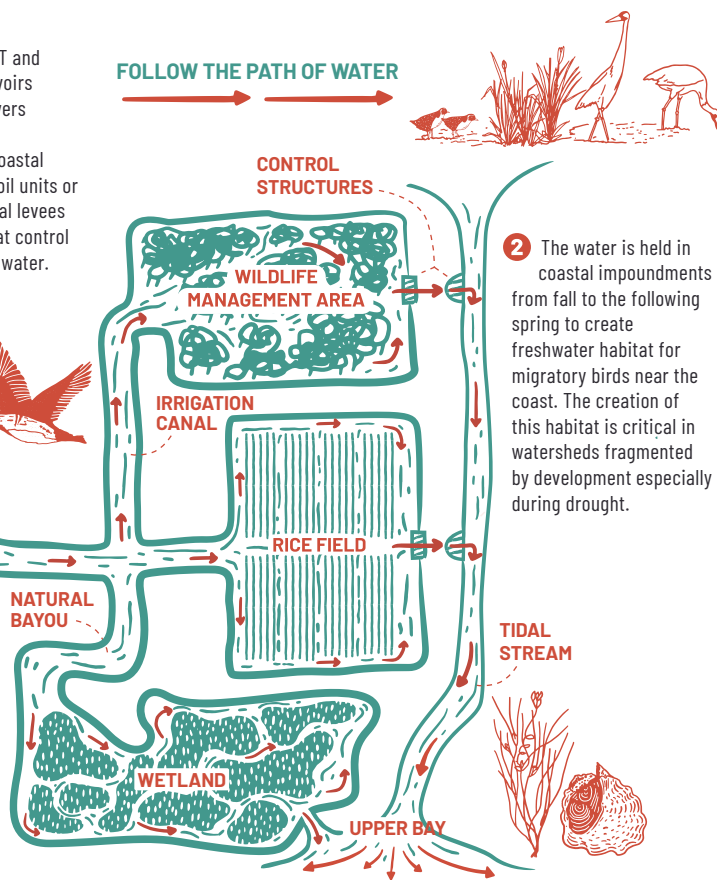
Institute at Texas A&M University – Corpus Christi. Our freshwater delivery came at just the right time, when salinity in the upper reaches of Matagorda Bay was surpassing healthy levels for species like crab, shrimp, fish and birds—all of which rely on scarce freshwater resources limited by drought and human use.

Several months later, we delivered our first focused flow of freshwater to San Antonio Bay. Working in cooperation with the International Crane Foundation, Texas

1 Surface water purchased by TWT and partners is released from reservoirs to coastal impoundments via rivers and irrigation canals, providing instream flows along the way. Coastal impoundments such as moist-soil units or rice fields typically have artificial levees and water control structures that control the entry and exit of purchased water.



3 With the timing dependent on management goals, water is released into adjacent canals, bayous, and streams which carry the water into the upper estuary mimicking natural flood events necessary for maintaining healthy estuarine wetlands and fostering critical nursery habitat for juvenile fish and invertebrates.



Parks and Wildlife Department, and the Guadalupe-Blanco River Authority, we delivered freshwater to emergent whooping crane habitat on the Guadalupe Delta Wildlife Management Area. Whooping cranes are a critically endangered species; the Aransas-Wood Buffalo population of more than 530 birds rebounded from just eighteen individuals in the 1940s. We are thrilled to support this species' continued recovery, which depends on adequate freshwater-dependent habitat.

In late 2022, we were privileged to execute a ten-year freshwater contract with the Chambers-Liberty Counties Navigation District in East Galveston Bay. That purchase, supported with a ten-year grant from PepsiCo, will offset all of PepsiCo's water use in the Trinity River Basin. Coupled with support from Knobloch Family Foundation alongside partners at Galveston Bay Foundation and The Nature Conservancy, we are working with landowners and land

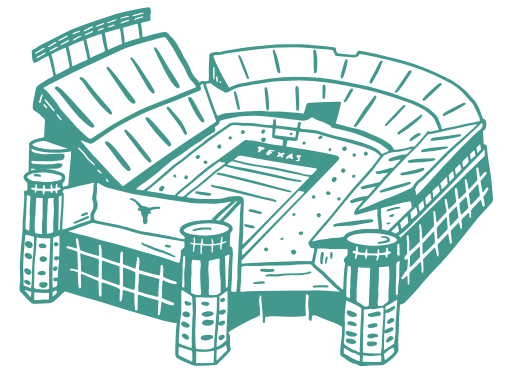
managers willing to receive this freshwater on their land to create bird habitat. The water is then released into tidal bayous that will carry it to the upper estuary, critical nursery habitat for shrimp, crab, oysters and fish in one of our country's most prolific commercial fisheries.

How does the water we deliver stack up? While the water we contract for is far less than these sub-bays receive in times of normal rainfall, it is on par with the severely limited inflow they experience in times of drought—meaning that with our targeted deliveries of water, we can create big environmental gains.

In testing this cooperative approach to freshwater management, we hope to nourish critical habitat for healthy bird populations and fish nurseries along our coast, while providing willing landowners new opportunities to enhance their land management goals.

DARRELL K ROYAL TX MEMORIAL STADIUM

Square footage = 429,294 ft²
Height = 666 ft
1 acre-foot (AF) = 43,560 ft² (the area of an acre covered by 1 ft of water)
Total AF of DKR
= 6,564 AF



PREPARING TO LAUNCH VIDA WATER

In 2021, Texas Water Trade was awarded The Big Bet, an unexpected second prize in the Lone Star Prize, a statewide competition designed to source scalable solutions that improve the quality of life for Texans. With The Big Bet, Lyda Hill Philanthropies gave us the chance to launch and grow Vida Water, a service designed to provide safe water in homes and schools left behind by the market and by many traditional utilities.

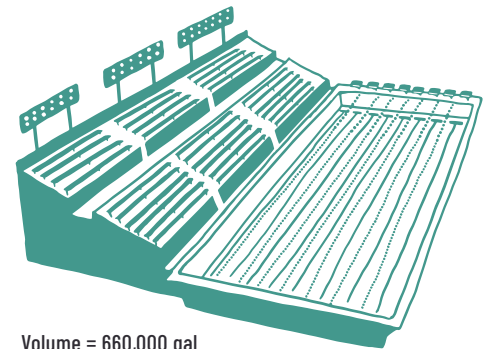
With a first round of planning capital from Lyda Hill Philanthropies, we began planning for the launch of this subscription service aimed at providing reliable water treatment so that all Texans can drink from their taps. We incorporated Vida Water as a Public Benefit Corporation in 2021 and began building the Board of Directors for this new entity, a wholly owned subsidiary of Texas Water Trade. We then began a national search for Vida Water's executive leadership, onboarding Jim Drees as its inaugural CEO in September 2022. Jim brings with him extensive experience in new product and market development from his time with Ford Motor Company, Dresser Inc., and General Electric. In 2016, he pivoted to executive roles in mission-based nonprofit organizations.

In coordination with UTEP and trusted community health workers, we conducted a survey of 650 low-income households in El Paso, the Lower Rio Grande Valley, Dallas-Fort Worth and Houston to understand their concerns and behaviors around their drinking water. Our findings were sobering: More than three-quarters of survey respondents believe their drinking water is unsafe and many are traveling more than 10 miles to buy

bottled water or other water alternatives. These households reported spending nearly 2% of their income on bottled water for drinking, cooking and toothbrushing at home. For households on trucked water, monthly spending to source water swelled to as high as 12% of annual income.

These learnings shape our approach to clean water access across Texas, through the upcoming service launch of Vida Water in El Paso County in Fall 2023, and through our Clean Water for All Texans Program, which coordinates with resource agencies, utilities and technical providers to help disadvantaged communities source long-term solutions to their clean water challenges. We are proud to expand our work to support a future in which all Texans have clean and affordable water in their homes.

OLYMPIC SIZE POOL



Volume = 660,000 gal
1 AF = 325,851 gal
Total AF of Olympic Pool
= 2 AF

TRANSACTIONS TIMELINE 2018-2023

12.2018
Texas Water Trade is founded

02.2021
TNC leases on Llano River are executed through our collaborative (350 AF)

12.2021-2024
LCRA firm water contract executed

07.2022
200 AF delivered at Mad Island Marsh Preserve

10.2022-2033
CLCND/PepsiCo contract executed for 20,000 AF over ten years

Winter 2022
GBRA water delivered to Guadalupe Delta WMA (200 AF)

05.2020
First cohort of Market Makers begins

Summer 2021
Flows Fund grants made to TNC & GBF

05.2022-2037
Forbearance agreement executed with Belding Farms

10.2022
Pecos River purchases (88 AF delivered)

10.2022-2025
GBRA firm water contract executed

SUPPORTERS

FY2023 \$500+

- Adam Butler

Susana Canseco

Brandon Cole

Leonard Dougal

Kinnan Golemon*

Harte Charitable Foundation

Steve and Marty Hixon

The Horizon Foundation

Lower Colorado River Authority

Jani and Jeff Leuschel*

Eddie Lucio, III

Lyda Hill Philanthropies

McCoy's Building Supply
- Missy Mandell

The Meadows Foundation

Mesirow Financial

National Fish and Wildlife Foundation

National Wildlife Federation

Panther Pictures

PepsiCo

Nancy and Don Perkins

Dean Robbins

Kristin Rodriguez

Carlos Rubinstein

Kevin Shinyribs Russell
- Shell USA, Inc

Stephen Tatum

Still Water Foundation

David Todd & Family

Lori and Don Traweek*

United States Bureau of Reclamation

USDA NRCS

Water Foundation

Whole Foods

*Wonder of Water Society members.
For more information



TWT BOARD OF DIRECTORS

Fiscal Year 2023

- ADAM BUTLER *VICE CHAIR

Co-Founder, Butler brand development studio
- ANDERSON BYNAM *TREASURER

Investment Banker/Managing Director, Mesirow Financial, Inc.
- SUSANA CANSECO

Attorney and Rancher
- KINNAN GOLEMON *CHAIR

Environmental, Energy and Natural Resources Lawyer, Lobbyist
- JOHN HALL

President and CEO, Houston Advanced Research Center

- REAGAN KNEESE

Executive Vice President, Dovetail Infrastructure Services
- JEFF LEUSCHEL

Partner, McCall, Parkhurst & Horton L.L.P

- EDDIE LUCIO III

Former State Representative, Attorney
- HOLLY KUZMICH

Managing Director, Draper Richards Kaplan Foundation

- MISSY MANDELL

President, Mandell & Associates

- DONALD PERKINS

Executive Director, Harte Charitable Foundation
President & CEO, Gulf of Maine Research Institute

- JULIA RATHGEBER

Vice President of Government and Regulatory Relations, Berkshire Hathaway Energy

- DEAN ROBBINS

Consultant, Robbins Advocacy

- CARLOS RUBINSTEIN

Founding Member, RSAH20

- SARAH SCHLESSINGER *SECRETARY

Executive Director, Texas Water Foundation

- STEPHEN TATUM, JR.

General Counsel, Tarrant Regional Water District

- LORI TRAWEEK *VICE CHAIR

Former CEO and General Manager, Gulf Coast Authority

VIDA WATER PBC BOARD OF DIRECTORS

Fiscal Year 2023

- TRISTAN CASTAÑEDA, JR

Partner, Longbow Partners

- PRITI JOSHI

Global Strategy & Operations, Bumble

- HOLLY KUZMICH

Managing Director, Draper Richards Kaplan Foundation

- LESLIE LLADO

Program Manager, Bill and Melinda Gates Foundation

- SHARLENE LEURIG *CHAIR

CEO, Texas Water Trade

- MARCELA NAVARETTE

Former VP - Strategic, Financial and Management Services, El Paso Water

- DONALD PERKINS *TREASURER

Executive Director, Harte Charitable Foundation
President & CEO, Gulf of Maine Research Institute

PARTNERS

- Audubon Texas

Belding Farms

Environmental Defense Fund

Galveston Bay Foundation

Hill Country Alliance
- Hill Country Conservancy

International Crane Foundation

The Meadows Center for Water and the Environment at Texas State University

Mesa Advisors
- National Wildlife Federation

The Nature Conservancy of Texas

Quantified Ventures

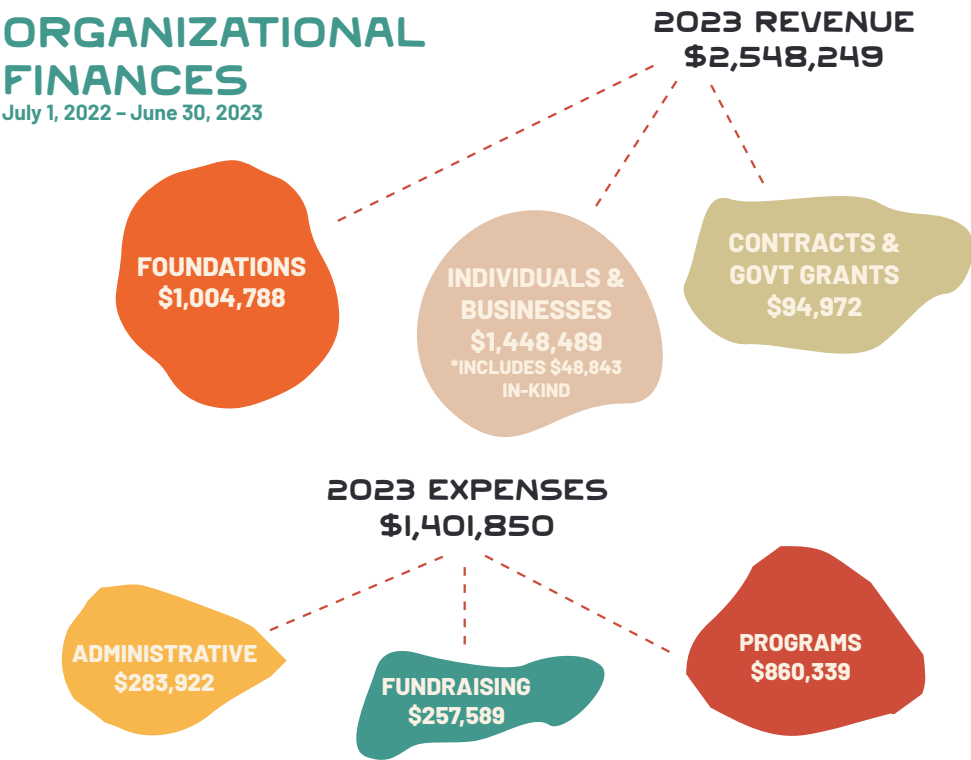
Texas Water Development Board
- The University of Texas at El Paso

USDA Natural Resources Conservation Service

The Watershed Association

ORGANIZATIONAL FINANCES

July 1, 2022 – June 30, 2023



STAFF

- KRISTIN RODRIGUEZ**
Director of Development
- CHRISTINE ROSALES**
Operations Manager
- NICOLE BECKSTROM**
Development Associate
- SCOTT MOORHEAD**
Chief Strategy Officer
- SHARLENE LEURIG**
Chief Executive Officer
- JIM DREES**
Chief Executive Officer, Vida Water PBC
- KEVIN DE SANTIAGO**
Coastal Program Manager

Texas Water Trade is a 501(c)(3) organization that relies on generous donations from people like you.

