



Texas Water Trade's mission is to unleash the power of markets and technological innovation to build a future of clean, flowing water for all Texans.

TEXAS WATER TRADE

WATER FOR ALL OF TEXAS

2021

ANNUAL REPORT





LETTER FROM THE BOARD CHAIR

By **Kinnan Golemon**

At the age of seven, after several years of essentially being bedridden by severe asthma, my family relocated from Houston to Kerrville, to a piece of land on the Guadalupe River. My mother couldn't get me away from the clear flowing water and its banks. I swam, slept beside it, fished it, made coffee for the men who would come down to fish and treasured the opportunity to be so close to a natural beauty.

It inspired a lifelong love of water, which I now thoroughly enjoy at our family's ranch which has an iconic Central Texas spring that feeds a tributary of the San Saba River. Yes, I have a deep connection to water and its importance to our health, our enjoyment and our economy in Texas.

While I'm 100 percent in favor of economic growth in Texas, we cannot lose sight of protecting our precious water resources. We have no other choice. To coin a popular phrase, Texas runs on water. Clean water. For all Texans.

For all these reasons, I jumped at the opportunity to serve on Texas Water Trade's Board of Directors. And it is a great honor today to be the Board Chair.

Texas Water Trade aligns with my philosophy in so many ways.

It recognizes the challenges that we face - satisfying a super-charged economy and an exploding population as our water resources are becoming more stretched. And it has a smart, fresh approach to solve these challenges, all of them based on the power of voluntary market transactions.

What I like about Texas Water Trade is that we are innovative, looking at all types of water, all forms of transactions, to create solutions.

I'm proud to see these ideas start to take root—most especially our Texas Flows Fund, a first-of-its-kind financial resource that is enabling voluntary water transactions to help our bays, rivers and aquifers.

As a wildlife enthusiast, I am deeply impressed by these unique innovations that are keeping more water in our ecosystems while continuing to grow the economy. I look forward to seeing bigger successes down the road and hope you can join me in supporting this pragmatic, solutions-oriented nonprofit.

Kinnan Golemon is an environmental, energy and natural resources attorney in Austin. He joined the Texas Water Trade in November 2020 and is our FY2022 Board Chairman.





LETTER FROM THE CEO

Dear Family and Friends,

In December, Texas Water Trade will celebrate its third anniversary. Formed in late 2018 with the catalytic support of the Harte Charitable Foundation, we have grown with the support and collaboration of so many of you from an audacious startup to a respected partner in conservation. This year's report, *Water for All of Texas*, speaks to where Texas Water Trade is today—still a relatively new arrival to the scene, but a serious player in Texas water.

We are thrilled to share our advancements over the past year demonstrating our ability to deliver water solutions statewide. With our first Texas Flows Fund grants to Galveston Bay Foundation and The Nature Conservancy, we are helping to bring dedicated freshwater to some of our most productive coastal ecosystems. In West Texas, we're collaborating with Audubon Texas to mitigate an environmental catastrophe—free-flowing orphaned oil and gas wells—and to imagine how oilfield water could be leveraged to restore long-degraded desert habitat. In Central Texas, we're working with water utilities, National Wildlife Federation and the Texas PACE Authority to enable our state's tremendous population growth to create water supplies by tapping into water reuse.

Amidst all of this inspiring work, we were honored to work alongside The University of Texas at El Paso to launch an ambitious initiative to close the state's clean water gap. Despite our state's rapid growth and limitless technological prowess, hundreds of thousands of Texans are still without basic water infrastructure. Millions more Texans drink unsafe tap water or forgo drinking tap water at all, instead relying on bottled water for basic household needs. This is no way for one of the world's most advanced economies to be developing.

Our new subsidiary, Vida Water, is Lyda Hill Philanthropies' "Big Bet"—a special prize that emerged from the \$10 million Lone Star Prize initiative. With Vida Water, we hope to deliver on our belief that clean drinking water is the birthright of every Texan, no matter where they live, how much they earn or what language they speak.

This is a Big Bet, no doubt. This has never been tried before, and there are no guarantees of our success. But Texas Water Trade was not created to do things that we know can be done—we were created to do the things that must be done.

Thank you for making these concepts a reality, and for enabling a future of clean, flowing water for all Texans.

A handwritten signature in red ink, which appears to read "Sharlene". The signature is fluid and stylized, with a long, sweeping underline.

Sharlene Leurig
Chief Executive Officer

OUR PURPOSE



TRANSFORM

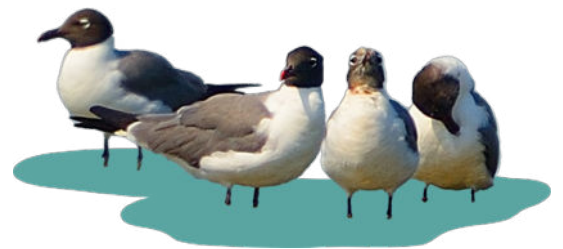
Redefine how Texans see and use water resources through pathbreaking planning and market solutions.

ENABLE

Catalyze market transactions that mutually enhance local water supplies, ecological resilience and economic vitality.

INVEST

Diversify and expand capital deployment to support innovative water resiliency solutions.



What makes Texas Water Trade unique is that it is creating a marketplace where philanthropy, government grants and other funding can be used to purchase water to replenish resources like Comanche Springs or our rivers and estuaries on the coast."

-ANDY SANSOM, Director, Environmental Strategy, The Meadows Center for Water and The Environment

OUR PROGRAMS

TEXAS FLOWS FUND **PAGE 6**

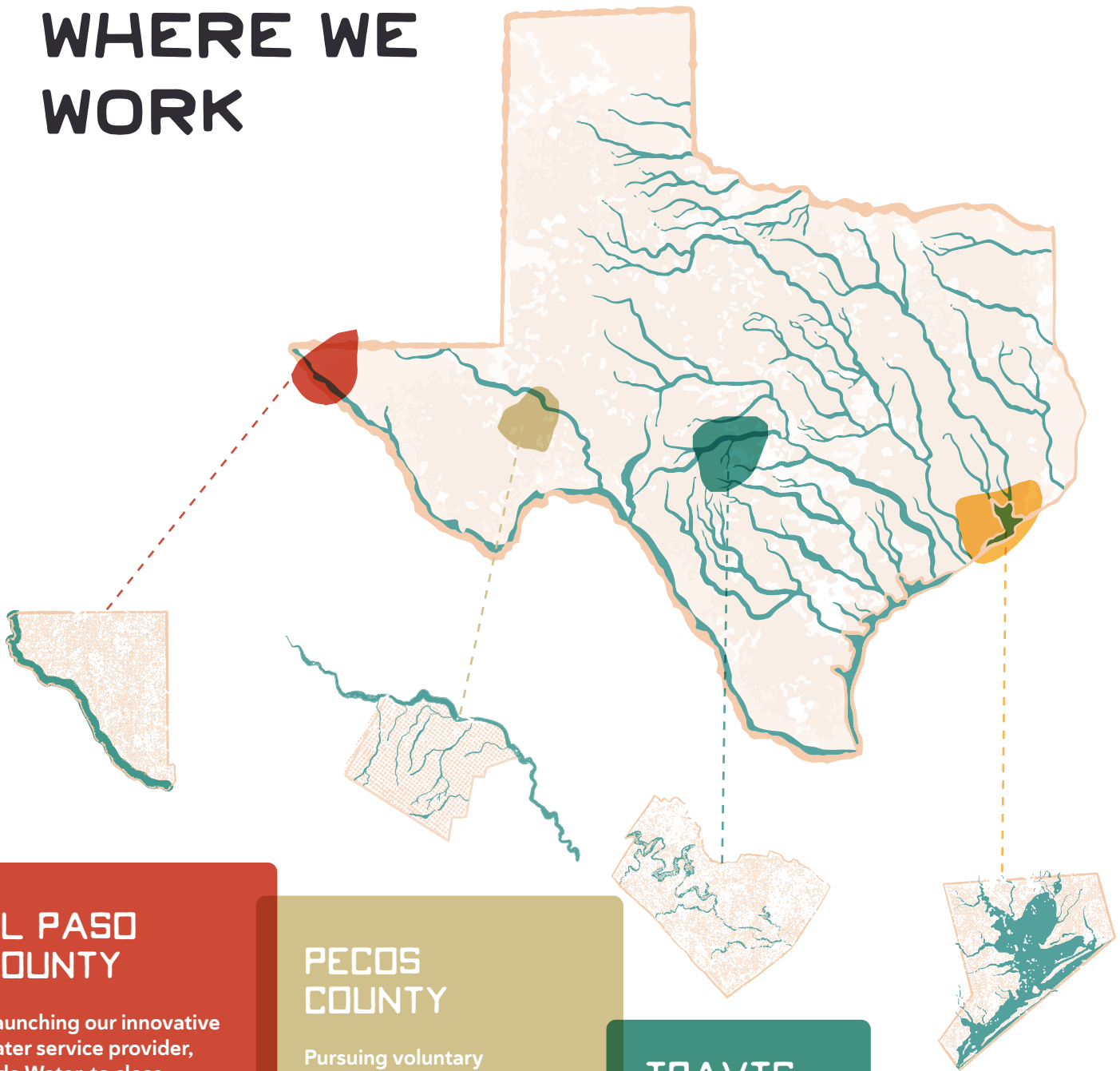
RESTORE COMANCHE SPRINGS **PAGE 7**

CATALYZING WATER REUSE **PAGE 8**

VIDA WATER **PAGE 9**

CLEANING UP ORPHAN WELLS **PAGE 10**

WHERE WE WORK



EL PASO COUNTY

Launching our innovative water service provider, Vida Water, to close the clean water gap for underserved communities across Texas, including colonias in El Paso County that have no water infrastructure at all.

page 9

PECOS COUNTY

Pursuing voluntary agreements with landowners to reduce groundwater pumping to restore flows at Comanche Springs, a critical resource for tourism and recreation in Fort Stockton.

Coordinating with the Middle Pecos Groundwater Conservation District, Audubon Texas and The Nature Conservancy to mitigate contaminated flows from abandoned oil and gas wells.

pages 7 & 10

TRAVIS COUNTY

Expanding water reuse in this fast-growing region to diversify water supplies and protect ecologically-sensitive water resources.

page 8

GALVESTON BAY

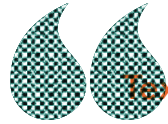
Supporting a multi-year program led by the Galveston Bay Foundation to purchase water to benefit migratory bird habitats.

page 6



TEXAS FLOWS FUND

USING WATER TRANSACTIONS TO HELP THE ENVIRONMENT



Texas Water Trade's work developing water transactions to protect water and wildlife resources is rare and important for Texas. Galveston Bay Foundation is excited to be an early partner with TWT in this groundbreaking work.

Danielle Goshen
Water Policy Specialist at
the Galveston Bay Foundation

Unlike other Western states, Texas has long lacked a financial resource to enable market-based water transactions with the sole purpose of helping the environment.

Texas Water Trade has established such a financial resource - the Texas Flows Fund - that is enabling voluntary water trading for hydrological and ecological benefits.

We have raised nearly \$900,000 to date and awarded our first batch of grants this year to the Galveston Bay Foundation (GBF) and The Nature Conservancy (TNC) to finance water transactions that will enhance migratory bird habitats in the Gulf of Mexico.

Our largest grant - \$135,000 to GBF - is being used to buy 6,000 acre-feet of water that will be deployed on lands in East and West Galveston Bay over the next four years. These lands provide critical resting and nesting stops for hundreds of bird species. The water, which is coming from upstream water resources in the Trinity and Brazos River Basins, will be channeled onto participating landowners' properties and released into the bay during key dry periods when freshwater is especially needed.

ENABLING
VOLUNTARY WATER
TRADING FOR
HYDROLOGICAL
AND ECOLOGICAL
BENEFITS

A second \$19,842 grant was awarded to The Nature Conservancy to support water purchases from the Lower Colorado River Authority to sustain wetlands at TNC's Clive Runnels Family Mad Island Marsh Preserve. Purchased water will be used to sustain 300 acres of coastal wetlands.

The purchases were made possible with grants from the National Fish and Wildlife Foundation and The Meadows Foundation.

To view an informational video visit:
<https://bit.ly/GalvestonBay>



RESTORE COMANCHE SPRINGS

RESTORING A LOST WATER RESOURCE IN WEST TEXAS

- 💧 Expand Fort Stockton's economy
- 💧 Attract more out-of-town tourists
- 💧 Boost sales revenue and local jobs

Our bold plan to revitalize Comanche Springs - and diversify Fort Stockton's economy - is gaining momentum.

Last year we finished an extensive study on the feasibility of using voluntary markets to revitalize the once-prodigious springs on the edge of the Chihuahuan Desert. Now we're engaging with landowners and irrigators to see if they could be incentivized to reduce their groundwater pumping to restore year-round flows. Among the landowners that are strongly interested is Belding Farms, one of the state's largest pecan growers, with more than 2,000 acres under production.



Reduced water demand in the area can be achieved in a variety of ways, including using more efficient irrigation practices, switching to less water-intensive crops or pumping from a different aquifer formation altogether. Comanche Springs is primarily tied to the Edwards-Trinity Aquifer.

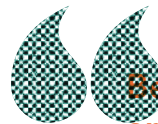
We have raised more than \$1 million to support these voluntary transactions. We are now working with Quantified Ventures and the Fort Stockton Economic



Development Corporation to structure financing that can help restore the springs' flows and build out nature trails and other eco-infrastructure for visitors and local residents.

Our \$2.6 million partnership with the USDA Natural Resources Conservation Service has given these efforts a critical boost, and we continue to work with local stakeholders, including the City of Fort Stockton and the Middle Pecos Groundwater Conservation District, to attract additional resources.

The economic upside of a successful comeback would be considerable. Quantified Ventures projects that a restored Comanche Springs could generate \$2 million in new consumer spending in the first year alone, most of it from out-of-town tourists.



Belding Farms and Cockrell Interests are proud to be aligned with Texas Water Trade as a champion for the sustainable use of Texas' natural resources.

Ernest H. Cockrell
Cockrell Interests

For more information visit:
<https://bit.ly/RestoreComancheSprings>

CATALYZING WATER REUSE

NET ZERO WATER SOLUTIONS

Not too long ago, the I-35 corridor linking Austin and San Antonio was a smattering of smaller cities and wide-open rolling hills. Now, it's a blur of subdivisions, commercial development and dizzying traffic - one of the fastest-growing regions in the country, according to the latest U.S. Census Bureau counts.

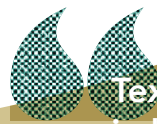
Satisfying this rapid growth - and quenching the thirst of hundreds of thousands of new residents - is driving increased groundwater pumping that is depleting critical local water supplies.

David K. Langford, a member of a seventh-generation ranching family, is seeing the impact firsthand. In just the past 15 years, his family's groundwater well has dropped by 60 feet. "People better bring their own water with them," he said wryly when asked about the influx of people and water demand.

Using an approach known as Net Zero, we see a path forward to ensure growth and long-term water security. By including smart capture and water reuse technologies in new real estate developments, including rainwater, AC condensate and treated wastewater, the Hill Country and other parts of Texas can continue to grow without relying on water imported from other regions.

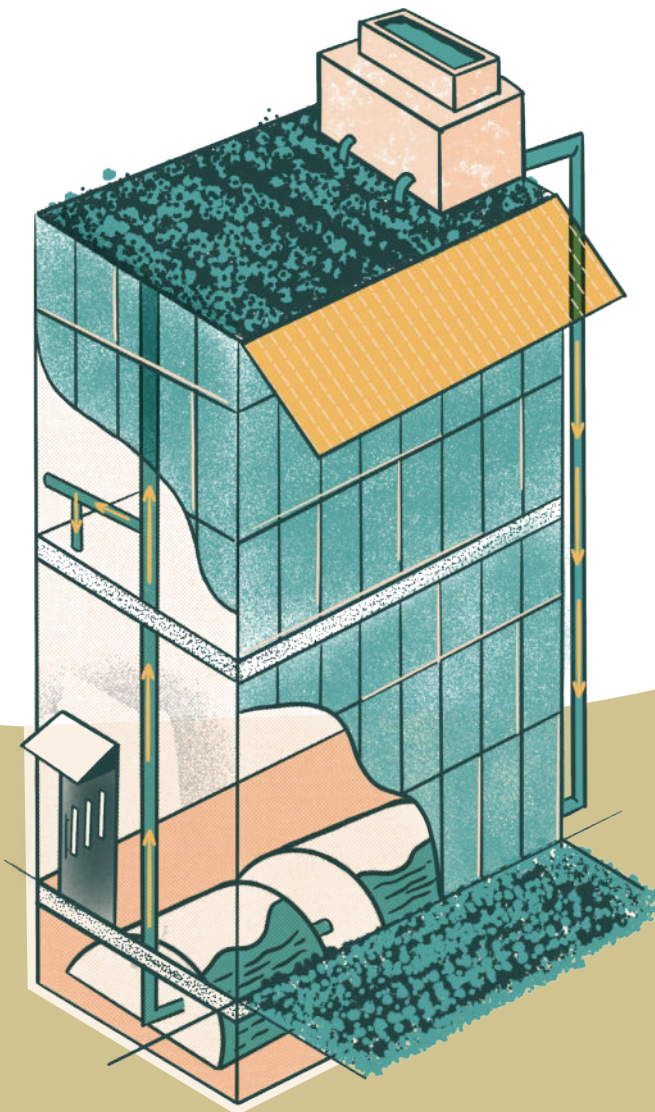
The concept is taking hold in places like Austin which recently adopted water reuse incentives that TWT helped to develop. The city's 100-year water plan estimates that nearly a third of the city's future water supplies can be met with water reuse. San Antonio is also getting on board; among the city's latest development projects, Credit Human's new headquarters, is collecting and reusing rainwater and AC condensate, thereby enabling it to use 97 percent less drinking water than comparable buildings.

We are providing leadership in other ways as well. Our recent report, co-authored with the National Wildlife Federation and developed with Texas PACE Authority and Austin Water, outlines how water reuse projects can be financed using PACE and LoanSTAR—two finance programs that can fund water reuse projects without obligating the working capital of project developers.



Texas Water Trade plays a key role in highlighting the importance of water reuse in Texas, both as a water-saving opportunity for developers and as an integral part of the state's water future. We appreciate TWT's efforts highlighting PACE as a tool for financing water reuse projects while preserving cash flow.

Charlene Heydinger
President, Texas PACE Authority



VIDA WATER

CLEAN WATER FOR ALL TEXANS

In 2021, more than a million Texans still do not have reliable, safe drinking water at home –whether due to a lack of indoor plumbing or contaminated source water. Texas Water Trade is collaborating with The University of Texas–El Paso to change this.

With a new \$500,000 startup grant from Lyda Hill Philanthropies, we are launching a new water service provider, Vida Water, that will bring affordable, clean water to underserved communities across the state. This work stems from our “Clean Water for All Texans” proposal which was selected as a finalist from among 172 proposals as part of the \$10 million Lone Star Prize competition.

Our strategy calls for deploying onsite water treatment technologies for households and schools using a subscription payment system designed to be more affordable than what the lowest income Texans pay today for bottled water. The carbon filtration and reverse osmosis treatment systems we will deploy are already being used by millions of Americans today.

We are targeting three geographic regions, each representing different water challenges, including: the Rio Grande Valley, where informal developments, known as colonias, have no water service; fast-growing Central Texas, where thousands of households are living on unregulated groundwater wells; and the DFW Metroplex, where homes and school served by public utilities face significant lead contamination challenges.

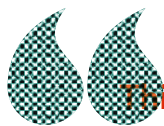
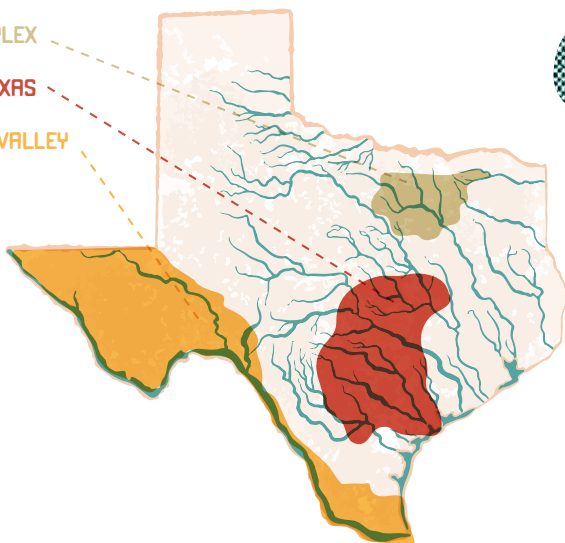
In the coming months, we will be developing a business plan, starting engagement with communities in need, and onboarding a CEO who can bring our innovative subscription service to life.



DFW METROPLEX

CENTRAL TEXAS

RIO GRANDE VALLEY



This ‘Clean Water for All Texans’ project has the potential to achieve transformational change across Texas – and potentially beyond.

Lyda Hill

Founder of Lyda Hill Philanthropies

For more information visit:
<https://bit.ly/VidaWater>

CLEANING UP ORPHAN WELLS

MITIGATING ABANDONED OIL AND GAS WELLS

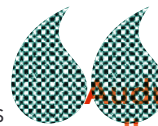
One legacy of oil and gas drilling in Texas are the thousands of defunct wells left behind after exploration and production is completed. As we saw firsthand earlier this year in Pecos County, more than a dozen of these “orphan wells” are unplugged and gushing water often laced with hydrogen sulfide, methane and other noxious constituents. Despite the poor water quality, these flows are often used by wildlife, including many bird species, who have lost natural habitat after decades of groundwater pumping and river alteration.

While a small number of these abandoned wells have been plugged in recent years in Pecos County - largely due to the leadership of the Middle Pecos Groundwater Conservation District - dozens more are still unremediated, making private properties unusable, polluting air and water resources and putting wildlife and people at risk.

This year we received a grant from the National Fish and Wildlife Foundation to help mitigate flows from unplugged wells in the county’s Imperial area. In partnership with Audubon Texas and The Nature Conservancy, we are developing strategies to reduce groundwater and surface water contamination from wells that have been flowing uncontrolled for years. Among the options being explored is managing flows in ways that that could restore wetland habitats and improve the health of this desert landscape, finding other possibilities for reuse, and plugging wells.

We look forward to working closely with the Middle Pecos Groundwater District on this important effort.

To view an informational video visit:
https://bit.ly/orphaned_wells



Audubon Texas is excited to be collaborating with Texas Water Trade to explore the potential of combining landowner engagement and market-based solutions to restore and enhance wildlife habitat, and to reimagine the legacy of oil and gas infrastructure on the Texas landscape.

Lisa Gonzalez

Vice President and
Executive Director of Audubon Texas





FOUNDATION
\$1,303,661

2021 Revenue
\$1,556,265

**CONTRACTS &
GOVT GRANTS**
\$155,138

**INDIVIDUALS &
BUSINESSES**
\$97,466

OUR WORK + OUR PARTNERS

ANTELOPE WATER MANAGEMENT

AUDUBON TEXAS

COLUMBIA UNIVERSITY WATER CENTER

ENVIRONMENTAL DEFENSE FUND

GALVESTON BAY FOUNDATION

HILL COUNTRY ALLIANCE

HILL COUNTRY CONSERVANCY

LLANO RIVER WATERSHED ALLIANCE

THE MEADOWS CENTER FOR WATER AND THE
ENVIRONMENT AT TEXAS STATE UNIVERSITY

NATIONAL WILDLIFE FEDERATION

THE NATURE CONSERVANCY OF TEXAS

QUANTIFIED VENTURES

THE UNIVERSITY OF TEXAS AT EL PASO

U.S. BUREAU OF RECLAMATION

USDA NATURAL RESOURCES CONSERVATION
SERVICE

WIMBERLEY VALLEY WATERSHED ASSOCIATION

ORGANIZATIONAL FINANCES

July 1, 2020 - June 30, 2021

ADMINISTRATIVE
\$251,642

FUNDRAISING
\$219,752

PROGRAMS
\$374,601

2021 Expenses
\$845,995

BOARD OF DIRECTORS

Fiscal Year 2021

ANDERSON BYNAM

Investment Banker/Managing Director, Mesirow Financial, Inc.

SUSANA CANSECO

Attorney and Rancher

BLAIR FITZSIMONS

Former CEO of Texas Agricultural Land Trust, Rancher

KINNAN GOLEMON

Environmental, Energy and Natural Resources Lawyer, Lobbyist

MARY KELLY

Partner, Culp & Kelly LLP

JAY KLEBERG

Conservationist and Documentary Filmmaker

REAGAN KNEESE

Executive Vice President, Palisade Pipeline LLC

JEFF LEUSCHEL

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

MISSY MANDELL

President, Maven Strategic

DONALD PERKINS *CHAIR

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

DEAN ROBBINS

Consultant, Robbins Advocacy

CARLOS RUBINSTEIN

Founding Member, RSAH2O

SARAH SCHLESSINGER *TREASURER & SECRETARY

Executive Director, Texas Water Foundation

STEPHEN TATUM, JR.

Environmental Attorney

LORI TRAWEEK

Former CEO and General Manager, Gulf Coast Authority

STACY WALTERS

Regulatory Environmental Administrator, City of Fort Worth

STAFF



SHARLENE LEURIG

Chief Executive Officer



QUINN MCCOLLY

Conservation Finance Director



KRISTIN RODRIGUEZ

Director of Development



CHRISTINE ROSALES

Senior Executive Administrator



CARSON BARR

Conservation Program Associate

ADVISORY COUNCIL

DAVID BRADSBY

Texas Parks and Wildlife Department

KEVIN MAYES

Texas Parks and Wildlife Department

CRIMEE SCHOENBRECHLER

Texas Water Development Board

JENNIFER WALKER

National Wildlife Federation

DAVID BUZAN

Freese and Nichols, Inc.

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RYAN SMITH

The Nature Conservancy

MARK WENTZEL

Texas Water Development Board

KYLE GARMANY

The Nature Conservancy

VANESSA PUIG-WILLIAMS

Environmental Defense Fund

JOE TRUNGLE

The Nature Conservancy

MYRON HESS

Myron Hess PLLC

CARLOS RUBINSTEIN

RSAH2O

AUGUSTO VILLALON

Freese and Nichols, Inc.



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To make a tax-deductible donation visit:
TexasWaterTrade.org/donate

Or donate by mail:

Texas Water Trade
611 S. Congress Avenue,
Suite 125
Austin, TX 78704

SUPPORTERS

FY2021 \$1,000+

APACHE CORPORATION

BELDING FARMS

ANDERSON BYNAM

SUSANA CANSECO

DEVON ENERGY

DIXON WATER FOUNDATION

ENABLER STUDIOS

ENVIRONMENTAL DEFENSE FUND

EXPLORE RANCHES

GARRISON BROTHERS

KINNAN GOLEMON

HARTE CHARITABLE FOUNDATION

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JEFF AND JANI LEUSCHEL

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MISSY MANDELL

THE MEADOWS FOUNDATION

NATIONAL FISH AND WILDLIFE FOUNDATION

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PERMIAN BASIN AREA FOUNDATION

PIONEER NATURAL RESOURCES

SARAH SCHLESSINGER

SHIELD-AYRES FOUNDATION

STILL WATER FOUNDATION

STEPHEN TATUM

WATER TABLE

YETI