

KEEPING THIS PLACE WE ALL LIVE A PLACE WE ALL LOVE

2016 PROGRESS REPORT WITH 2015 FINANCIALS

What a year — thanks to the great people whose support makes our work possible. Together, we've accomplished tremendous things for our region: conserved critical salmon habitat, saved two farms, acquired a golf course that will become a major urban park and started a new partnership focused on land for affordable housing.

Piece by piece we're pulling together a home ground that's livable, sustainable and equitable. Some of the puzzle pieces are big and iconic; others are lower-profile yet no less significant.

With the help of members and partners like you, we're doing all we can to save these **keystone lands** — not just individually but in combination — because it's the strands together that make the tapestry of a great Pacific Northwest. Thank you.



Gene Duvernoy
Gene Duvernoy
President, Forterra

**WE'RE LUCKY TO LIVE HERE —
SURROUNDED BY BEAUTY, STRONG
COMMUNITIES, PROSPERITY AND
OPPORTUNITY.**

BUT THERE ARE CHALLENGES. Rapidly growing population is putting pressure on housing and traffic. Social inequality is widening. Climate change is stressing our region's water supplies and forests, and may produce climate refugees from spots harder hit around the globe. *Forterra is making sure this place we all live stays a place we all love.* We do that by securing and caring for **KEYSTONE LANDS** — places with a vital role in our region's long-run livability, sustainability and equity. These include wildlands, working farms and forests, as well as places in the city for affordable housing, parks and the arts. We work simultaneously across these landscapes because they, and the people who rely on them, are interdependent. Ultimately we — people and lands — must thrive together.

SECURING & CARING FOR KEYSTONE LANDS

RECENT PROJECTS

GREEN CITY PARTNERSHIPS bring people together on volunteer projects at parks all over Puget Sound to remove invasive species, repair trails, restore streambanks and more. Over the last year, volunteers completed more than 1,000 projects and logged over 115,000 volunteer hours in the partnership cities of Seattle, Tacoma, Everett, Redmond, Kirkland, Puyallup, Tukwila and Kent.

240 acres at the north edge of the Olympic Peninsula's **LAKE OZETTE** were historically the property of the Makah Tribe. Forterra has now restored the lands to tribal ownership. In addition to natural splendor, the site has habitat for steelhead, endangered Lake Ozette sockeye, Hoko chinook and elk.

Forterra has teamed up with **EL CENTRO DE LA RAZA** and other partners to buy land close to transit that can be turned into affordable housing, parkland and centers for arts and culture. The aim: fostering affordable, diverse and resilient communities.



Critical farmland conservation deals bookended the year. The 153-acre Matlock Farm became **SIDHU FARMS** in the largest farmland preservation project in Pierce County history, and the 140-acre **RIVERBEND FARM** in Snohomish County was kept from becoming a suburban subdivision and instead sold to a young, third-generation farmer.



Forterra purchased the **WAYNE GOLF COURSE** near the north shore of Lake Washington, so that the people of Bothell can turn it into their Central Park — including a salmon-spawning stretch of the Sammamish River.

THE LOWER WALLACE RIVER hosts 120 acres of vital riparian habitat for four types of salmon. Forterra acquired the land and returned it to the Tulalip people — the historical land stewards. Woodlands and wetlands on the site also give a home to black bear, elk, deer and beaver.

110 private landowners along the **CEDAR RIVER** are enrolled in a knotweed control program, allowing Forterra and partners to plant 15,000 native trees and shrubs and improve the health of this critical waterway and source of Seattle-area drinking water.



ACTIVATING THE POTENTIAL OF KEYSTONE LANDS

Farms and working forests can face severe development pressure. Keeping these keystone lands in food and wood production — and maintaining rural economies and ways of life — demands creativity in releasing more of their economic potential. A powerful way to do that is coupling urban and rural needs. This is what Forterra calls “activating the potential” of keystone lands. Here are some examples:

As the region grows, how do we guide development in a way that doesn’t create winners and losers, but instead benefits everyone? The answer is **TRANSFER OF DEVELOPMENT RIGHTS (TDR)**, a program that Forterra has championed throughout the state. It works like this: a farmer has land that could be sold at a profit to a housing developer, but they would rather keep the land in agriculture. With TDR, they can sell the development rights to an in-city builder, realizing some of the financial gain. Meanwhile the builder can, for example, add an extra floor to her urban project. Seattle’s TDR program has conserved 19,000 acres of farms and forests just since 2013, and July 2016 marked Tacoma’s first TDR transaction. All this led the State Department of Commerce to recently term TDR as, “one of the best examples of successful planning in the 25 years since passage of the state Growth Management Act.”

Forterra is also working with government officials, universities, business leaders, environmental groups, and others to win acceptance for an innovative new wood product called **CROSS LAMINATED TIMBER**, or CLT. It can be made from sustainably sourced trees harvested in Washington’s timber-dependent communities, and used to construct beautiful buildings — from houses to skyscrapers — that generate less carbon pollution. Watch for new CLT projects around the state, including projects like graceful new public school annexes.



“I LOOK FORWARD TO THE DAY THAT I CAN WALK THROUGH A FOREST THAT I HELPED CREATE.” – JAY MIRRO, GREEN CITIES VOLUN-

FINANCIALS

BASED ON FORTERRA'S AUDITED 2015 FINANCIAL STATEMENTS

MUCH OF OUR WORK INVOLVES TARGETED REAL ESTATE TRANSACTIONS

and the associated relationship-building, due diligence, dealmaking and fundraising. Sometimes we buy property and steward it permanently. In other cases we buy land to save it from imminent loss and later transfer it to a permanent steward — such as a parks department or farmer. In other scenarios we empower a partner to make the purchase by negotiating the terms, securing funding, and managing the acquisition on their behalf.

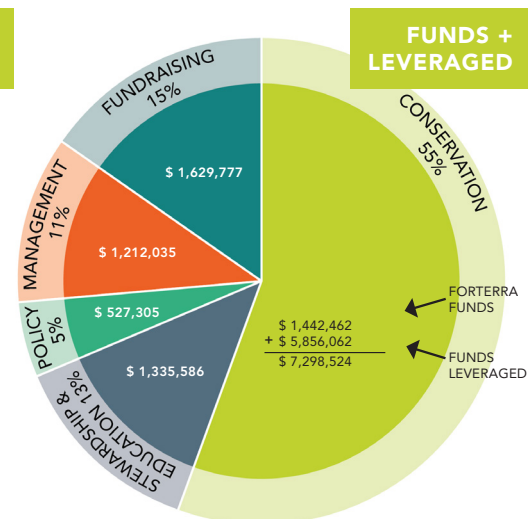
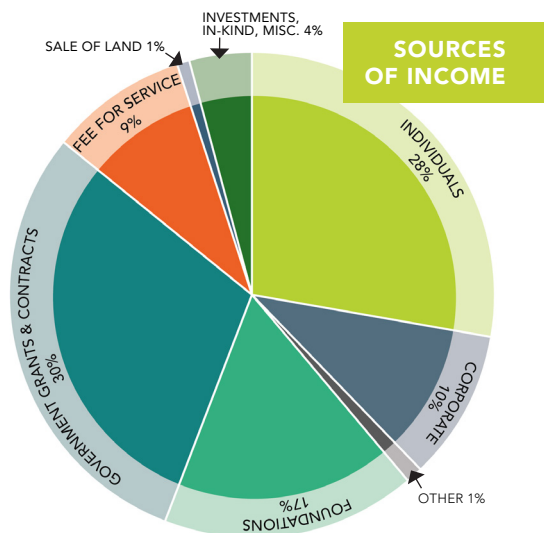
The result is that our finances can look very different year to year.

In 2015 we largely empowered land purchases by others. Consequently, the value of the acquired lands appeared on our partners' books, not our own — perhaps leaving the impression that we didn't have significant program outlays. In fact, these outlays were externalized. The graphs shown here paint the picture, showing both our direct incomes and our spending coupled with the funds we leveraged.

Why take this approach? Because it often saves money. If we know that a partner will be a property's ultimate owner, not taking ownership ourselves can save significantly on transaction costs since land isn't transferred twice. That leaves more resources for other keystone land projects.

BALANCE SHEET

	12/31/2015 AUDITED	12/31/2014 AUDITED
CURRENT ASSETS	\$6,340,565	\$7,250,279
CONSERVED LAND & EASEMENTS	\$22,146,548	\$22,678,678
OTHER ASSETS	\$1,395,180	\$1,210,561
TOTAL ASSETS	\$29,882,293	\$31,139,518
CURRENT LIABILITIES	\$663,886	\$575,493
LONG TERM LIABILITIES	\$669,139	\$654,067
TOTAL LIABILITIES	\$1,333,025	\$1,229,560
UNRESTRICTED NET ASSETS	\$22,626,367	\$23,693,596
BOARD DESIGNATED NET ASSETS	\$2,289,087	\$2,788,090
TEMPORARILY RESTRICTED NET ASSETS	\$2,614,731	\$2,411,190
PERMANENTLY RESTRICTED NET ASSETS	\$1,019,083	\$1,017,082
TOTAL NET ASSETS	\$28,549,268	\$29,909,958
TOTAL LIABILITIES AND EQUITY	\$29,882,293	\$31,139,518



PARTNERS

FORTERRA IS PROFOUNDLY GRATEFUL FOR OUR CORPORATE, FOUNDATION AND ORGANIZATION PARTNERS FOR THEIR GENEROUS SUPPORT OF OUR WORK.

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