

ORDINANCE No. 185181

Waive requirement for cross collateralization of certain properties assessed in the NE 148th Ave Local Improvement District (Ordinance; C-10008)

The City of Portland ordains:

Section 1. The Council finds:

1. Prologis of Denver, Colorado signed a petition in favor of the NE 148th Avenue Local Improvement District on May 10, 2004. This petition is attached as Exhibit A. Because this land was vacant at this time, Section D of this Petition, Agreement and Waiver form included for the City of Portland's benefit a cross collateralization agreement in which liens would not be released on any single Prologis property until all liens had been satisfied in full.
2. The Council approved Resolution No. 36213 on May 12, 2004 initiating local improvement district formation proceedings for the NE 148th Avenue Local Improvement District (LID) to construct street, stormwater and sidewalk improvements from north of Airport Way to Marine Drive.
3. The Council approved Ordinance No. 178507 on June 16, 2004 forming the NE 148th Avenue LID. The estimated assessment for all properties in the LID was \$1,784,157.20.
4. Subsequent to LID formation the collective assessed value of properties identified in Finding No. 5 of this Ordinance was \$525,720.00 for the 2004-2005 property tax year and the collective real market value was \$793,570.00. The estimated assessments of the properties identified in Finding No. 5 of this Ordinance was \$1,257,441.00 resulting in a valuation to estimated assessment ratio of 0.6 : 1; this ratio did not meet the minimum 2.0 : 1 valuation to assessment ratio prescribed by Section 17.08.050.E of City Code. Prologis provided a performance guarantee in advance of LID formation on May 19, 2004 as required by the Local Improvement District Administrator.
5. The Council approved Ordinance No. 180576 on November 8, 2006 assessing benefiting properties in the NE 148th Ave LID. The final assessment for all properties in the LID was \$950,697.15; this amount was \$833,460.05 or 46.7% below the amount estimated at LID formation. Four liens were imposed on properties owned by Prologis and the collective amount of the liens imposed was \$655,832.29 as follows:

- a. Property at 5441 NE 148th Avenue; State ID #1N2E24B 1901; Tax Account #R678500050; Property ID #R573329; lien #140604; legal description PROLOGIS PARK PORTLAND, LOT 1; assessed amount \$178,677.27.
 - b. Property at 5417 NE 148th Avenue; State ID #1N2E24B 1902; Tax Account #R678500100; Property ID #R573330; lien #140605; legal description PROLOGIS PARK PORTLAND, LOT 2; assessed amount \$113,664.30.
 - c. Property at 5515 NE 148th Avenue; State ID #1N2E13C 501; Tax Account #R678500150; Property ID #R573331; lien #140606; legal description PROLOGIS PARK PORTLAND, LOT 3; assessed amount \$85,681.32.
 - d. Property at 5545 NE 148th Avenue; State ID #1N2E13C 502; Tax Account #R678500200; Property ID #R573332; lien #140607; legal description PROLOGIS PARK PORTLAND, LOT 4; assessed amount \$277,809.40.
6. Prior to LID final assessment the collective assessed value of properties identified in Finding No. 5 of this Ordinance was \$3,196,280.00 for the 2006-2007 property tax year and the collective real market value was \$6,278,280.00. The resulting valuation to final assessment ratio was 9.6 : 1; at this time the valuation to assessment ratio now met the minimum 2.0 : 1 prescribed by Section 17.08.050.E of City Code. The requirement for the performance guarantee was released by the Bureau of Transportation on March 15, 2007.
 7. As of the 2011-2012 property tax year the collective assessed value of properties identified in Finding No. 5 of this Ordinance was \$25,472,160.00 and the collective real market value was \$37,857,000.00 for a seven year increase of \$24,946,440.00 in assessed value and \$37,063,430.00 in real market value. The payoff amounts for the assessments of the properties identified in Finding No. 5 of this Ordinance as of February 9, 2012 was \$498,358.60 resulting in a valuation to payoff amount ratio of 76.0 : 1 which continues to meet the minimum 2.0 : 1 valuation to assessment ratio prescribed by Section 17.08.050.E of City Code. The Revenue Bureau confirmed on February 9, 2012 that none of the four liens referenced in Finding No. 5 are delinquent.
 8. Prologis elected for 20-year semi-annual financing on their LID assessments. Their LID obligations were converted from short-term to permanent financing on September 13, 2007 at which time their interest rate declined from 675 basis points to 471 basis points. Prologis wishes to maintain its LID financing with the City of Portland given the advantageous cost of funds and does not wish to pay off the LID obligations in conjunction with its pending collateralization.

9. On December 15, 2011 Prologis requested that the cross collateralization agreement be removed for the property identified in Finding No. 5a of this Ordinance, since they were in the process of privately collateralizing this asset with Teachers' Insurance and Annuity Association of America, which does not want to bear default risk for the properties identified in Finding Nos. 5b, 5c and 5d of this ordinance, which are not being privately collateralized.
10. The Bureau of Transportation (PBOT) received payment in the amount of \$2,500 on January 30, 2012 from Prologis to reimburse PBOT for administrative costs of cross collateralization removal, including preparation of this Ordinance, on a lump sum basis.
11. The Local Improvement District Administrator recommends to the Council that the cross collateralization clause be waived since the Prologis properties are no longer vacant, have valuations substantially in excess of the minimum 2.0 : 1 valuation to assessment ratio prescribed by Section 17.08.050.E of City Code, and there are no delinquencies on the liens identified in Finding No. 5 of this Ordinance.

NOW, THEREFORE, the Council directs:

- a. Section D of the Petition, Agreement and Waiver Form executed on May 10, 2004 is hereby waived.
- b. Once any single lien identified in Finding No. 5 of this Ordinance (including, but not limited to, the property being privately collateralized by Teachers' Insurance and Annuity Association of America) has been satisfied in full, that the City Auditor will cease to consider that lien an active lien record, irrespective of whether the other liens identified in Finding No. 5 of this Ordinance have been satisfied in full.

Passed by the Council,

MAR 07 2012

Mayor Sam Adams
Prepared by: Andrew Aebi:slg
Date Prepared: February 22, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By


Deputy

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<p align="center">INTRODUCED BY Commissioner/Auditor: MAYOR SAM ADAMS <i>Witness on behalf of Mayor Adams</i> COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p> <p align="center">BUREAU APPROVAL</p> <p>Bureau: Bureau of Transportation Group Manager: Greg Jones Development & Capital Program Other: <i>[Signature]</i></p> <p>Prepared by: Andrew Aebi:slg Date Prepared: February 22, 2012 <i>AHA 2/23/12</i></p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date FEBRUARY 29, 2012</p> <p>City Attorney Approval</p>	<p>CLERK USE: DATE FILED <u>FEB 24 2012</u></p> <p align="right">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>Susan Parsons</i></u> Deputy</p> <p>ACTION TAKEN:</p> <p>FEB 29 2012 PASSED TO SECOND READING MAR 07 2012 9:30 A.M.</p>
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AGENDA
<p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>
<p>CONSENT <input checked="" type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Leonard	✓	
Adams	_____	