**Statement of Walter C. Rakowich**

**Co-CEO, Prologis, Inc.**

**Before the Subcommittee on Regulatory Affairs, Stimulus Oversight and Government Spending, United States House of Representatives Committee on Oversight and Government Reform.**

**June 19, 2012**

Mr. Chairman, Ranking Member Kucinich, and members of the Subcommittee:

Good morning. My name is Walter Rakowich and I am the Co-Chief Executive Officer of Prologis. Thank you for the opportunity to be here today to talk to you about our company and our involvement with the Department of Energy's 1705 loan guarantee program.

For over twenty years, Prologis has been in the business of developing industrial real estate. We offer our customers approximately 500 million square feet of distribution space for lease in over 20 different countries. About 75% of our properties support local communities in the United States. As a result, Prologis is a different sort of company from the others that have participated in the loan guarantee program.

Our corporate mission includes a focus on sustainability, which we believe provides a triple benefit: employee well-being, environmental stewardship, and cost-effective facilities for our customers. To that end, we have begun to utilize the hundreds of millions of square feet of rooftops in our portfolio for the installation of photovoltaic systems. These rooftops face the sun, and are directly adjacent to the electrical grid. Standing alone, they generate no additional benefit. With rooftop solar, however, they provide a renewable source of power for the communities where our buildings are located, while providing an additional revenue stream for our shareholders.

Going back to as early as 2006, we began having conversations with different solar panel manufacturers and financing sources about the potential for future rooftop solar installations. Since that time, we have installed 78 megawatts of solar on 18 million square feet of rooftops. In January 2010, we put out a tender seeking a solar EPC/finance partner to lease our roofs and respond to a potential California utility request for proposal. One respondent to our tender was Solyndra, who identified Bank of America Merrill Lynch as their financing partner. We ultimately selected the Solyndra - Bank of America proposal in February 2010, and we jointly responded to the utility RFP. That utility selected us in July 2010 to provide them with solar power – a project which came to be known as Project Photon.

In November 2010, we partnered with Bank of America to apply for a DOE loan guarantee to support a much larger nationally-scaled program, which we called Project Amp. While we had completed smaller-scale solar rooftop installation projects before, mostly financed by utilities, a larger nationally-scaled project required a different approach. We applied for the loan guarantee to reduce the cost of our project financing, which would make our rooftop solar project more economical.

Working with Bank of America as our lender and NRG Energy as our equity partner, we sought to develop a multi-year, multi-phase project that would generate power for the grid in up to 28 states. Project Photon, which had been progressing, was anticipated to be the first phase of Project Amp. In July 2011, after receiving a conditional commitment from the DOE, we began construction work on the rooftops of 15 buildings in Southern California, at a cost to Prologis of over $8 million.

In September 2011, Solyndra declared bankruptcy. This created a considerable challenge, as this occurred when we were in the final stages of closing our loan guarantee. After reviewing Solyndra's circumstances, we determined that there was an insufficient ability on Solyndra's part to provide the required solar modules, services, and warranties. As a result, we proactively informed our partners and the DOE that we would not use Solyndra technology for Phase I.

Despite this challenge to the completion of Phase I, we believed that it would not impede our ability to develop Project Amp as a whole over the four year term of the project. We are continuing to this day to pursue power purchase agreements for Project Amp, including the use of the sites on which we had already spent millions of dollars. Under the terms of our loan agreement, each future phase of Project Amp will entail a specific power purchase agreement, will be funded separately, and must be approved in each instance by Bank of America and the DOE. To date, we have not yet sought or received any government loan guarantees under this arrangement.

Thank you, Mr. Chairman, for the opportunity to speak to this Committee about Prologis. We believe that our core assets in the industrial real estate area can be effectively utilized to generate significant solar energy output and thereby contribute to the goal of energy independence. I would be pleased to answer any questions that you may have.

# Walter C. Rakowich

Walt Rakowich is co-chief executive officer of Prologis. Having oversight of the company's operations, he is principally responsible for optimizing the synergies from the merger of AMB Property Corporation with Prologis and integrating the companies' two platforms.

Mr. Rakowich served as chief executive officer of Prologis from November 2008 until the merger with AMB in 2011. Prior to this, he served as president and chief operating officer from 2005 to 2008, and from 1998 to 2005 he was a managing director and chief financial officer. Previous to this, Mr. Rakowich held the position of senior vice president and director of the company's mid-Atlantic region, where he was responsible for expanding the reach of Prologis to the leading logistics markets in the Midwest and Atlantic states. Prior to joining Prologis, Mr. Rakowich was a partner with real estate provider Trammell Crow Company, where he worked for nine years; before that was a senior audit and tax consultant for Price Waterhouse in Pittsburgh, Pennsylvania.

Mr. Rakowich has recently been appointed to the board of Host Hotels & Resorts. He also serves on the real estate advisory boards of the Smeal College of Business at Pennsylvania State University and the Owen Graduate School of Management at Vanderbilt University, as well as on the global leadership council at Colorado State University. Mr. Rakowich served as a member of the executive committee and currently serves on the board of governors for the National Association of Real Estate Investment Trusts (NAREIT), the primary industry group for REITs in the United States. In addition, he serves on the board of directors of Colorado Christian University, as well as the Alliance for School Choice in Education (ACE) and Colorado Uplift, two non-profits focused on inner city education.

Mr. Rakowich received his MBA from Harvard Business School and his Bachelor of Science, with distinction, in accounting from Pennsylvania State University.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: Walter C. Rakowich

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Prologis Inc., Co-Chief Executive Officer

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

1) Loan Agreement dated September 28, 2011, principal amount not to exceed $1,400,000,000,
U.S. Department of Energy as guarantor for 80% of principal

2) see attached

*I certify that the above information is true and correct.*

Signature: Walter C. Rakowich

Date. June 14, 2011

# Prologis U.S. Government Leases

As of Date: 06/14/2012 By Property

| Property | Start Date |
|---|---|
| Atlanta South 4 (atl05304) | 10/24/2011 |
| Beltway Distribution Center 1 (bal02201) | 9/1/2011 |
| Boston Marine Industrial Park (bos00201) | 10/1/2011 |
| Boston Marine Industrial Park (bos00201) | 12/5/2011 |
| DFW Cargo Center 1 (tar00011) | 10/1/2011 |
| | 10/1/2012 |
| | 10/1/2013 |
| | 10/1/2014 |
| | 10/1/2015 |
| | |
| Generation 10 (nnj06410) | 1/1/2011 |
| | 1/1/2013 |
| | 1/1/2014 |
| | 1/1/2015 |
| JFK Cargo Center 75 (tar00015) | 2/1/2012 |
| | 2/1/2012 |
| | 2/1/2012 |
| | |
| JFK Cargo Center 75 (tar00015) | 9/20/2011 |
| | 9/20/2011 |
| | 3/1/2012 |
| | 7/1/2013 |
| | 7/1/2013 |
| | 7/1/2013 |
| | |
| JFK Cargo Center 75 (tar00015) | 5/1/2011 |
| | 5/1/2013 |
| | |
| JFK Cargo Center 75 (tar00015) | 4/5/2012 |
| | 4/5/2012 |
| | 4/5/2012 |
| | |
| JFK Cargo Center 77 (tar00016) | 6/6/2012 |
| | 6/6/2012 |
| | 6/6/2012 |
| | |
| Landmark (sat01501) | 7/31/2012 |
| Landmark (sat01501) | 7/31/2012 |
| Lonestar - Northgate 25 (dal09503) | 12/31/2011 |
| | |
| Macstar Distribution Center (nnj08401) | 3/1/2012 |
| | |
| SEA Cargo Center North 922 (tar00030) | 7/1/2010 |
| | 7/1/2010 |
| | 7/1/2010 |

# Prologis U.S. Government Leases

As of Date: 06/14/2012 By Property

| Property | Start Date |
|---|---|
| | |
| | |
| SEA Logistics Center 1 Bldg 3 (sea01403) | 11/1/2011 |
| | 11/1/2011 |
| | |
| | |
| SEA Logistics Center 1 Bldg 3 (sea01403) | |
| | |
| Redding Office Plaza (cva01300) | 2/1/1988 |
| | |
| | |
| | |
| West Pointe Business Center 6 (cha01206) | 5/1/2012 |
| | |
| | |
| Total Combined Lease Obligation | 36,827,390.33 |