



CITY OF OAKLAND
newsrelease
Office of the City Attorney

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City Brokers Deal with Lehman to Clean Up Dangerous Conditions at Oak Knoll

OAKLAND, CA – City Attorney John Russo and City Councilmember Larry Reid held a press conference Thursday, November 19 to announce a deal with Lehman Holdings LLC to remove a serious fire threat and clean up trash dump conditions at the former Oak Knoll Naval base.

More than a year ago, development of the property stalled when owner SunCal Oak Knoll LLC was placed into bankruptcy following the collapse of Lehman Brothers Holdings Inc. More than 90 unattended buildings, asbestos, overgrown vegetation and other problems alarmed neighbors, and the Oakland Fire Chief declared the 167-acre property a major fire hazard.

"The tinderbox buildings, hazardous materials and neglected grounds at Oak Knoll have become a very real threat to health and safety in a city that experienced one of the worst fire disasters in the history of the United States," City Attorney Russo said. "A lot of people here were angry and saw this as Wall Street causing another mess for Oakland to clean up. But Lehman and the bankruptcy trustee in this case deserve credit today for taking responsibility and doing the right thing for our city."

At the press conference Thursday at Oak Knoll, Russo announced a commitment from Lehman to fund \$3.7 million to demolish the dilapidated World War II-era buildings, clean up debris, board up and secure the former Oak Knoll hospital building and remove any remaining asbestos. The funding is in addition to \$550,000 already released by Lehman to pay for armed security guards, improvements to fences and "goat deployment" to eradicate the fire threat posed by overgrown vegetation.

"This is one of the most important pieces of land remaining in Oakland," City Councilmember Larry Reid said. "We want to see Oak Knoll once again become a great asset to the social and economic life of this community."

Russo and Reid thanked the Sequoyah Hills/Oak Knoll neighbors for their hard work and leadership on the issue, and also recognized bankruptcy trustee Steven Speier for acting in the interest of public safety in Oakland.

Lehman representatives said they expect work to start on the property within two weeks.

"I am delighted we are able to commit resources to resolve the issues at Oak Knoll and be working toward viability in the project," said Philip Cyburt, CEO of Lehman Brothers Holdings Inc.'s real estate group and managing director at Alvarez & Marsal, a firm overseeing LBHI's restructuring. "The positive economic impact to the city when this property is developed will be significant. We understand its importance to the community and didn't want to miss this opportunity to do our part."

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