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May 4, 2004

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HONORABLE REDEVELOPMENT AGENCY
Oakland, California

Subject: **Redevelopment Agency of the City of Oakland, et al. v. United States of America, et al.**
Federal District Court No. C02-4652MHP
Our File No. X01619—Community & Economic Development Agency—Military Base Closure

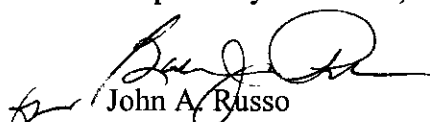
Dear President De La Fuente and Members of the Redevelopment Agency:

The City Attorney/Agency Counsel has prepared legislation for settlement of the above-entitled matter.

This litigation arose out of the Oakland Redevelopment Agency's \$2 million loan to OBRA for the purpose of providing an accommodation for homeless persons and families as required by federal military base closure laws. Under the terms of the loan, OBRA was obligated to convey the property to the Redevelopment Agency for development once the Navy conveyed the property to OBRA. After the Navy refused to convey title to the property to OBRA, OBRA and the Redevelopment Agency filed the subject litigation. The litigation was filed by Oakland Base Reuse Authority ("OBRA") and the Oakland Redevelopment Agency to compel the Navy to convey approximately seven acres of land ("property") at the former Naval Medical Center Oakland as a part of homeless accommodation required under federal military base reuse laws. OBRA's and the Agency's motion for summary judgment was granted by the United States District Court. Although the Navy filed an appeal of that ruling, it decided to resolve the matter through a financial settlement.

Under the terms of the settlement, the Navy will pay \$2.1 million to OBRA. This matter was heard in closed session on April 20th.

Respectfully submitted,


John A. Russo
City Attorney/Agency Counsel

Attorneys assigned:

Curtis S. Kidder, Jim Hodgkins, Chris Key

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CITY COUNCIL

MAY 4 2004

REDEVELOPMENT AGENCY OF
THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

CSK

CSK/csk

RESOLUTION (1) AUTHORIZING AND DIRECTING THE AGENCY COUNSEL TO COMPROMISE AND SETTLE THE CASE OF OAKLAND REDEVELOPMENT AGENCY, ET AL., v. UNITED STATES OF AMERICA, ET AL., FEDERAL DISTRICT COURT NO. C02-4652MHP, OUR FILE NO. X01619, FOR A PAYMENT OF TWO MILLION, ONE HUNDRED THOUSAND DOLLARS (\$2,100,000) BY DEFENDANT DEPARTMENT OF THE NAVY TO THE OAKLAND BASE REUSE AUTHORITY ("OBRA") AND (2) AUTHORIZING THE AGENCY ADMINISTRATOR TO ACCEPT SAID FUNDS FROM OBRA IN SATISFACTION OF THE LOAN MADE BY THE REDEVELOPMENT AGENCY TO OBRA

WHEREAS, the Redevelopment Agency by passage of Resolution Nos. 96-54 C.M.S. and 97-22 C.M.S. approved a loan in the amount of Two Million Dollars (\$2,000,000) to the Oakland Base Reuse Authority ("OBRA") for the purpose of providing an accommodation to homeless persons and families related to the closure of Naval Medical Center Oakland ("NMCO"); and

WHEREAS, the terms of the loan provide that OBRA, in order to pay off the loan, is to convey title to the 18 officer housing units on Barcelona Street and Santa Cruz Street at NMCO (the "NMCO Parcel") for development and sale by the Agency; and

WHEREAS, the Agency and OBRA, after the Department of the Navy ("Navy") refused to convey title to the NMCO Parcel to OBRA, filed a lawsuit in the United States District Court, Northern District of California, against the United States of America and the Navy, among others, to compel the Navy to convey said parcels of land to OBRA to fulfill its obligation under federal military base closure laws; and

WHEREAS, the District Court, on August 27, 2003, ruled in favor of the Agency and OBRA thereby compelling the Navy to convey title to the NMCO Parcel to OBRA pursuant to the requirements of federal military base closure laws; and

WHEREAS, the Navy, in lieu of conveying title to the NMCO Parcel, offered to pay OBRA and the Agency \$2,100,000 to satisfy its obligations under federal military base closure laws; and

WHEREAS, it is in the best interests of the Agency to accept the \$2,100,000 as payment in full of the loan made to OBRA and to release any interests it may have in the NMCO Parcel and the development thereof; now, therefore, be it

RESOLVED: That the Agency Counsel is authorized and directed to compromise and settle the case of Oakland Redevelopment Agency, et al., v. United States of America, et al., Federal District Court No. C02-4652MHP, City Attorney File No. X01619, with the payment by the Department of the Navy to the Oakland Base Reuse Authority ("OBRA") of Two Million, One Hundred Thousand Dollars (\$2,100,000); and be it

FURTHER RESOLVED: That the Agency Counsel is further authorized and directed to take whatever steps may be necessary to effect said settlement; and be it

FURTHER RESOLVED: That the Agency Administrator is authorized to accept the payment of \$2,100,000 from OBRA as satisfaction of the loan made by the Redevelopment Agency to OBRA pursuant to Resolution Nos. 96-54 C.M.S. and 97-22 C.M.S. for the purpose of providing a homeless accommodation at Naval Medical Center Oakland as required by federal military base closure laws; and be it

FURTHER RESOLVED: That the Agency Administrator is further authorized to take any other necessary actions to release any interests that the Agency may have in regards to the NMCO homeless accommodation and the NMCO Parcel.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD
City Clerk and Secretary to the
Redevelopment Agency of the
City of Oakland, California

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CITY CLERK

MAY 4 2004