

September 19, 2008 – East Bay Business Times - Oak Knoll proceeds despite woes of SunCal lender

By Jessica Saunders Staff reporter

The bankruptcy of Lehman Bros., lender in **SunCal Cos.** \$100.5 million purchase of the former Oak Knoll naval hospital site, comes as the developer and the city of Oakland are negotiating conditions for the 167-acre mixed-use development.

SunCal officials have reassured the city their financing is not in jeopardy due to the bankruptcy, but at least one redevelopment agency official expressed concern.

Lehman Bros. Holdings Inc. filed for Chapter 11 bankruptcy protection Sept. 15. SunCal bought most of the southeast Oakland property for \$100.5 million at a 2006 public auction and plans to build 960 homes, retail and open space. Lehman was the lender, SunCal spokesman Joe Aguirre said. Privately held SunCal would not provide further details of the financing.

“We cannot speculate on what may happen as a result of the bankruptcy but we are continuing to focus our efforts on protecting the projects where Lehman is involved,” he said. Aguirre declined to explain what efforts SunCal was taking to protect its Lehman-financed projects.