

NEWS INFORMATION

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Contacts: David Brandt, Assistant City Manager
(510) 747-4700
Debbie Potter, Base Reuse &
Community Development Manager
(510) 749-5833

ALAMEDA POINT COMMUNITY PARTNERS DECLINES TO PROCEED WITH DEVELOPING ALAMEDA POINT

Sept. 21, 2006 -- Pursuant to the Conditional Acquisition Agreement (CAA) between the City and Alameda Point Community Partners (APCP), master developer for Alameda Point (the former Naval Air Station, Alameda), APCP notified the City that it will not be proceeding with development of Alameda Point.

APCP informed the City that, due to the continued downturn in the residential market over the last six months and the level of risk involved in perfecting the land conveyance from the Navy, the project is no longer economically feasible at the \$108.5 million negotiated land price. APCP indicated that as it continued to refine its project pro forma since its conditional election to proceed, it determined that the weak homebuilding sector and the challenges of securing environmental insurance and obtaining a Memorandum of Agreement regarding historic preservation made the project too risky.

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The ARRA and Navy have been negotiating a term sheet for the last two years and completed a final draft term sheet in June 2006. The draft term sheet contained a land sale price of \$108.5 million. That land price was struck prior to the recent downturn in the residential market. Mayor Beverly Johnson said “It is unfortunate that we are unable to continue our relationship with APCP. As master developer over the past five years, APCP has helped us understand the opportunities and challenges we face as we put Alameda Point to active reuse.” She added, “We know that Alameda Point is a unique property and are confident it will be developed over time as an exciting new neighborhood in Alameda.” The ARRA and Navy will meet shortly to discuss next steps for disposition of Alameda Point.

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Attachment: September 20, 2006 letter from APCP to City Manager Debra Kurita regarding “Alameda Point Conditional Acquisition Agreement”
