

**"RIDERS" CASE
MONETARY SETTLEMENT AND COST TO CITY OF OAKLAND**

The Office of the City Attorney negotiated settlement of the 119 individual damages claims, attorneys' fees and costs according to the formula presented below:

1. INDIVIDUAL DAMAGES: \$10,500,000

Payment of damages calculated as follows:

(a) City's "Deductible"

City's Self-Insured Retention (insurance "deductible")	\$2,000,000
City paid settlement to Riders plaintiff Kenneth Davis in February 2002	<u>- \$195,000</u>
Remaining balance of City's SIR (deductible)	\$1,805,000

(b) Remaining Contribution

Difference between total damages and City's balance of SIR	\$10,500,000
	<u>- \$1,805,000</u>
	\$8,695,000

(c) Payment Share

CITY pays 1% of remaining contribution	\$86,950
KEMPES pays 79% of remaining contribution	\$6,869,050
CIGA pays 20% of remaining contribution	\$1,739,000

City of Oakland \$1,891,950

- Balance of deductible \$1,805,000
- 1% of remaining contribution + \$86,950
- \$1,891,950**

Kempes

- 79% of remaining contribution \$6,869,050

California Insurance Guarantee Association (CIGA)¹

- 20% of remaining contribution + \$1,739,000

TOTAL: \$10,500,000

2. SETTLEMENT OF ATTORNEYS' FEES AND COSTS: PATTERN AND PRACTICE CLAIMS

In addition to the damages payout, Kempes and the City negotiated with the plaintiffs' attorneys to settle their fees and costs incurred in settling the pattern and practice aspect of the case.

CITY	\$290,000
KEMPES	<u>\$150,000</u>
TOTAL	\$440,000

3. TOTAL MONETARY SETTLEMENT:

Total Individual Damages	\$10,500,000
Settlement of Pattern and Practice Claims	<u>+ \$440,000</u>
TOTAL	\$10,940,000

4. TOTAL COST TO CITY OF OAKLAND:

The total amount paid by the CITY OF OAKLAND to settle all damages claims, attorneys' fees and costs:

Individual Damages	\$ 1,891,950
Attorneys' Fees to Settle Pattern and Practice Claims	\$ 290,000
Insurance Coverage Counsel	<u>\$ 315,000</u>
TOTAL PAID BY CITY OF OAKLAND	\$2,496,950

This amount includes about \$1 million in defense costs (outside counsel, retention of experts, litigation support, mediation) which will be reimbursed by Specialty National under the City's excess coverage insurance policy.

5. COST TO IMPLEMENT SETTLEMENT AGREEMENT

- ✓ Budgeted \$2 million per year over 5-year agreement
- ✓ Includes cost of monitor (\$3.5 million over 5 years)
- ✓ Also includes operational costs (i.e., salaries for additional supervisors, hardware and software for early warning system)

¹ California Insurance Guarantee Association (CIGA) paid on behalf of Sable Insurance, an insolvent carrier.