

ORANGE COUNTY BUSINESS JOURNAL

\$1.50 VOL. 36 NO. 50

THE COMMUNITY OF BUSINESS™

DECEMBER 16-22, 2013

PHILANTHROPY



400,000 Reasons to Smile

page 17

HEALTHCARE



Allergan Sheds Weight-Loss Line

page 44

ADVERTISING

Gallery of Fine Homes
PAGES A-25-A-36

Executive Health & Fitness
PAGES B-37-B-42

Investment Properties
PAGES 46-47

Business Services49, 52, 53
Executive Suites50-51
OC Law Guide54

MAIL TO:

Pronouncement Points to Broadcom Campus at Great Park Irvine Mayor Declares Deal Done; Chipmaker Keeps Plans Close to Vest

By MARK MUELLER

Construction of a new headquarters campus for **Broadcom Corp.** could be among the immediate byproducts of **FivePoint Communities'** recent agreement with the city of Irvine over development plans for the former El Toro Marine Corps air station.

The Irvine-based chipmaker is said to have reached an agreement to build a new campus on land owned by FivePoint, the Aliso Viejo-based developer of Great Park Neighborhoods.

Broadcom could begin construction on a new office campus on land near the Irvine train station as early as mid-2014, according to officials familiar with the negotiations.

Terms of the deal have not been disclosed.

Broadcom—Orange County's largest office tenant—has not announced plans to relocate, and officials for the company last week declined to discuss the status of negotiations.

Officials with the city of Irvine are acting as if the move is a done deal.

Irvine Mayor **Steven Choi** said he was "delighted that [Broadcom has] committed to locat-



Choi: Broadcom "committed to locating their new headquarters on FivePoint Communities' land"

ing their new headquarters on Five Point Communities' land near the Great Park."

"Now, not only do we keep those jobs in Irvine, but Broadcom can become the nucleus for the headquarters of more high tech companies," Choi said in a recent letter to constituents.

FivePoint Chief Executive **Emile Haddad**, for his part, said he's confident that Broadcom will become a part of his development but declined to discuss specifics of his company's agreement with the chipmaker.

The relocation plans were said to be dependent on FivePoint reaching an agreement with city officials on development plans for Orange County Great Park, as well as the surrounding

► *Great Park 56*

2013 YEAR in Review

New Energy Gets OC Back to Old Normal

By JERRY SULLIVAN

Enough of all that talk about a "new normal" in the wake of the recent recession.

2013 has shown that the old normal—in which Orange County real estate is once again deemed a good bet, banks are back to lending, big and small deals get done despite the gummed works of our federal government, and outside money is drawn to everything from

homebuilders to the area's tech sector—is alive and well.

The old normal even got a boost from an unlikely source over the past year. Consider the political maelstrom that has continued to surround the Affordable Care Act and the rest of President **Barack Obama's** healthcare reform efforts. The recent rollout of the website for the federal government's healthcare exchange seemed to be a caricature of everything the public sector doesn't understand about business.

Yet it's been healthcare reform that spurred OC's healthcare sector to a busy year, including a number of major deals for the biggest

► *Year in Review 21*

Real Estate, page 4
Healthcare, page 5
Finance, page 6
Retail, page 9

Marketing/Media, page 10
Manufacturing, page 12
Technology, page 14

Will OCTA Buy HQ in Shift to Santa Ana?

REAL ESTATE: Xerox Centre deal awaits OK; new offer in Orange

By MARK MUELLER

The **Orange County Transportation Authority** is nearing a deal to pay nearly \$65 million for a new headquarters and administrative building next to the Xerox Centre office tower in Santa Ana.

The county's transportation agency is under contract to buy 1750 E. 4th St., an eight-story office next to the Santa Ana (I-5) Freeway.

The building is considered to be part of the Xerox Centre campus, which includes the name-

Another \$65M deal at Tustin Centre
Page 3

► *OCTA 55*

California Republic's Drive Time

Prime Auto Lending, 'Simple' Set of Services Behind Bank's Growth

By JANE YU

California Republic Bancorp took a brief turn in the public spotlight recently, drawing a nod from Wall Street when it sold about \$247 million worth of notes backed by its car loans.

The November transaction was the Irvine-based bank's first public offering registered with the Securities and Exchange Commission. It followed two private deals in the past year or so and got strong marks from ratings agencies, reflecting prime lending standards on the vehicles.

"There's a lot of support for our bonds," said **John DeCero**, president and cofounder of the company, which operates through its **California Republic Bank** subsidiary. "There are in-

► *California Republic 22*



New headquarters: put name on Irvine Towers building after move to accommodate growth

Raj Brings Chunk of Production Back Home

APPAREL: Tustin-based swimsuit maker to add 100 jobs at new factory

By KARI HAMANAKA

Tustin-based swimsuit maker **Raj Manufacturing LLC** is riding an uptick in the economy and tightening its reins on production with a recently opened factory in Los Angeles County.

The company recently leased a 7,000-square-foot building in Santa Fe Springs, where it will add about 100 garment workers. Production at the plant is expected to reach 500,000

► *Raj Manufacturing 20*



Bhathal: domestic manufacturing allows quicker reactions to retail trends



RUTAN
RUTAN & TUCKER, LLP

Shaping California for over 100 years.



GUIDING CLIENTS TO SUCCESS

COSTA MESA | PALO ALTO

rutan.com

OCTA

from page 1

sake 15-story tower that's one of the best known office buildings in Santa Ana.

The price of just less than \$65 million for the eight-story, 228,750-square-foot office—also known as the State Fund Building—comes to about \$300 per square foot and includes tenant improvements and transaction costs, according to a recent OCTA staff report.

The sale initially was expected to close escrow this month, according to the Dec. 9 report, but the agency's board last week pushed back a final decision on the purchase until its next meeting in January.

The deal, as initially structured, would allow OCTA to take control of the Santa Ana building in May.

State Fund

The building is currently owned by the **State Compensation Insurance Fund**, California's largest provider of workers' compensation insurance. The owner currently occupies about half of the office, with the remainder vacant.

The Santa Ana office is one of several in the state that the insurer has been looking to sell, according to brokers familiar with the deal.

The insurer is expected to lease back as much as 77,000 square feet of space at the building from OCTA as part of the deal. That lease is expected to run for 10 years.

OCTA's administrative offices are in two



1750 E. 4th: deal calls for transportation agency to buy smaller of the two buildings at Xerox Centre campus in Santa Ana

buildings at the Union Bank Square office complex in Orange. They've been there since 1992.

The offices are just north of the Garden Grove (22) Freeway, near the Westfield MainPlace mall. They are about three miles from the Santa Ana building.

About 450 OCTA employees work in the Orange offices, according to OCTA spokesperson **Eric Carpenter**.

The agency's current lease in Orange runs through 2018, but OCTA can terminate the agreement with a 12-month written notice.

The agency said it began exploring a potential purchase of its own building more than a year ago following an unsuccessful round of talks on a new lease.

Buying the building "would be both finan-



Union Bank Square: OCTA currently leases two buildings, has more than 400 workers at office complex in Orange

cially and operationally more beneficial to the organization than continuing to lease a headquarters building at the current location," said OCTA Chief Executive **Darrell Johnson**, in the Dec. 9 staff report.

OCTA estimates that it will save \$23.7 million over the next 30 years by relocating to the State Fund Building, as opposed to leasing space at its current location.

The agency also estimated the building could be worth about \$81 million in 30 years, assuming 2% increases in the property's value annually.

The agency also noted last week that the current owners of the Union Bank Square building recently provided an updated offer for OCTA "to either purchase or lease the current headquarters building at significant savings compared to their prior offers."

Terms of that proposed deal have not been disclosed.

Funding?

It has not been determined whether the Santa Ana purchase, if it moves ahead, will ultimately be funded internally or through issuing debt, according to the staff report.

OCTA had about \$1.2 billion in assets as of mid-2012, according to the agency's latest financial report.

It reported about \$437 million in revenue for the 12-month period ending in June 2012. OCTA runs a variety of the county's transportation departments, including bus and Metrolink rail services, as well as the 91 Express Lanes toll facility.

The agency said it previously explored buying its own headquarters in 2006, but the then-strong office market made such a deal economically unfeasible. The current environment is more favorable to tenants as well as buyers, it noted.

Other area buildings, priced in the range of \$56 million to \$89 million based on a 30-year net present value basis, were also considered for purchase, according to the agency's staff report.

Santa Ana Mayor **Miguel Pulido**, an OCTA director, was part of a committee set up by the agency earlier this year to explore its real estate options.

Other members of the six-person ad hoc committee included Orange County Supervisor **Todd Spitzer**, as well as Garden Grove City councilmember **Steve Jones**. ■

INDEX

Names of businesses and people mentioned in this week's Business Journal

PEOPLE

A-N

Afable, Richard	5
Argyros, George	5
Argyros, Julia	5
Benck, Jeff	14
Bost, Toby	9
Carpenter, Eric	55
Carter, Michael	3
Cervantes, Brett	48
Choi, Steven	1
Costner, Phil	9
Coyne, John	14
DeCero, John	1
Desper, John	49
Fogel, Brad	16
Gaier, Liz	16
Gross, Bill	6
Haddad, Emile	1, 4, 17
Harris, Kamala	5
Hogan, Garth	45
Jackson, Pat	6
Johnson, Darrell	55
Jones, Paul	49
Jones, Steve	55
Kushner, Aaron	10
LeBeau, Thomas	45
May, Greg	49
Mazzo, Jim	5
McCluney, Jim	14
McKnight, Bob	9
Mears, Mark	9
Miller, Scott	9
Miller-Phipps, Julie	17
Milligan, Steve	14
Mooney, Andy	9
Moshayed, Manouch	14
Naudé, Paul	9

P-W

Paulsin, Mike	16
Pulido, Miguel	55
Rausch, Marla	48
Rebal, Mark	22
Rudat, Marta	48

Sabadia, Rahim	3
Samueli, Henry	56
Samueli, Susan	17
Scruggs, John	45
Shannon, Kevin	49
Simon, Ron	12
Smith, Robert	49
Smith, Vinny	14
Spitzer, Todd	55
Sugarman, Steven	6
Turner, Rusty	45
Wetterau, Mark	12
Wilcox, Jon	22
Woolcott, Richard	9

COMPANIES

A-G

A.H. Belo Corp.	10
Abbott Medical Optics	5
Accretive Realty Advisors Inc.	45
ACT Anaheim	17
Activision Blizzard Inc.	48
AEW Capital Management LP	49
Agency Ingram Micro	10
Alcatel-Lucent	48
Allergan Inc.	5, 17, 19, 44
Alpina Foods	16
Alpina Productos Alimenticios SA	16
Altamont Capital Partners	9
American Vanguard Corp.	12
Anaheim Ducks	17
Angelo, Gordon & Co.	10
Animation Vertigo	48
Annie's Homegrown Inc.	16
Apria Healthcare Inc.	19
AT&T	48
Avery Dennison Corp.	12
BakerCorp International Inc.	16
Banc of California Inc.	6, 22
Beckman Coulter Inc.	19
Big Brothers Big Sisters of Orange County	17

Billabong USA	9
Biocom	3
Blackrock Inc.	49
Bob Evans Farms Inc.	9
Boeing	48
Bonnier Corp.	10
Boy Scouts of America	17
Broadcom Corp.	1, 14
Bruxie	9
California Republic Bancorp	1
California Republic Bank	1
CCL Industries Inc.	12
Ceradyne Inc.	12
Chick-fil-A	12
Children's Hospital of Orange County	5, 17
CJ Foods Inc.	12
Clean Energy Fuels Corp.	14
Confie Seguros Insurance Services	6
Cornerstone Real Estate Advisors Inc.	49
Davenport Partners Inc.	45
Disneyland Resort	17
Draftcb	10
Edwards Lifesciences Corp.	5, 19, 44
Emulex Corp.	14
Equity Office Management LLC	49
Facebook	10
Fig & Olive	9
First PacTrust Bancorp Inc.	6
FivePoint Communities	1, 4, 17
Freedom Communications Holdings Inc.	10
Golden State Foods Corp.	12
Goldman Sachs Asset Management	49
Granite Properties	49
Greenlight Financial Services	6
Griffin Capital Corp.	49
Grind Media	10
Grubb & Ellis Co.	3

H-R

Harte-Hanks Inc.	16
------------------	----

Healthy Smiles for Kids of Orange County	17
Hitachi Global Technologies Ltd.	14
Hoag Memorial Hospital Presbyterian	5
Honeywell	48
Ingram Micro Inc.	10
Innocean USA	16, 44
Irvine Company	4, 56
Johnny Rockets	9
Kaiser Permanente Orange County	17
KanPak China	12
KanPak U.S.	12
Kaselco LLC	16
Lazy Dog	9
LeDuff America Inc.	9
Map Pharmaceuticals Inc.	5
McDonald's	12
MemorialCare Health System	5
Merrill Lynch Wealth Management	17
Microsemi Corp.	48
Nationstar Mortgage Holdings	6
Newmark Grubb Knight Frank	45, 49
NNN Realty Advisors	49
Onex Corp.	12
OpenGate Capital LLC	16
Opus Bank	22
Orange County Food Bank	17
Orange County Register	10
Orange County Transportation Authority	1
Pacific Life Foundation	17
Pacific Life Insurance Co.	5
Pacific Premier Bank	22
Palisades Group	6
Paul Kott Realtors Inc.	48
PBS SoCal	17
PennySaver USA	16
Pimco	6
Praedium Group LLC	49
Private Bank of California	6
Quantic Dream	48

Quest Software Inc.	22
Quiksilver	9
Raj Manufacturing LLC	1
Rancho Mission Viejo LLC	4
RED O	9
Rhode Island Suburban Newspapers Inc.	10
Ronald Blue & Co.	49
RSI Holding LLC	12
RSI Home Products Inc.	12

S-W

Sabal Financial Group LP	6
Sabtech	3
Specific Media LLC	10
St. Joseph Health	5
St. Joseph-Orange	5
Starbucks	12
State Compensation Insurance Fund	55
STEC Inc.	14
Sunwest Bank	22
Symmetriom Inc.	48
Telogis Inc.	14
Toba Capital	14
TRI Pointe Homes	4
Turner Real Estate Investments	45
UC Irvine Healthcare	5
United Southwest Mortgage Corp.	48
Universal Protection Services	49
Velocity Investment Sales Inc.	45
Verizon	48
Versant Ventures	5
Vista California News Media Inc.	10
Volcom	9
Wachovia Corp.	22
Watten, Discoe, Bassett & McMains	49
Westcorp Inc.	22
Western Digital Corp.	10, 14
Wet Seal Inc.	16
Weyerhaeuser Co.	4
Wireless Emporium	17

Copyright of Orange County Business Journal is the property of Orange County Business Journal and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.