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Mazzo: Quiet After the Storm

LEGAL: Both cases over; colleagues, experts weigh in

By PETE WEITZNER

It was early evening Dec. 6, the calm after a rare storm in Orange County. There was flooding throughout the region.

The Balboa Island Ferry was shut down. Then the rain stopped, and skies cleared. A perfect metaphor.

Jim Mazzo and his lawyers, Securities and Exchange Commission attorneys and federal prosecutors were in court together, shutting up and down



Lead attorney Marmaro (left) and Mazzo (right) leave court on Dec. 6

► Mazzo 36

Bill Gross Sets Up \$380M Foundation

GIVING: Plans to donate \$20M annually

By PETER J. BRENNAN

Bill Gross is back, at least in philanthropy.

The co-founder of Newport Beach-based **Pacific Investment Management Co.** and the one-time bond king of the decade has established a new foundation, the **William, Jeff and Jennifer Gross Family Foundation**.

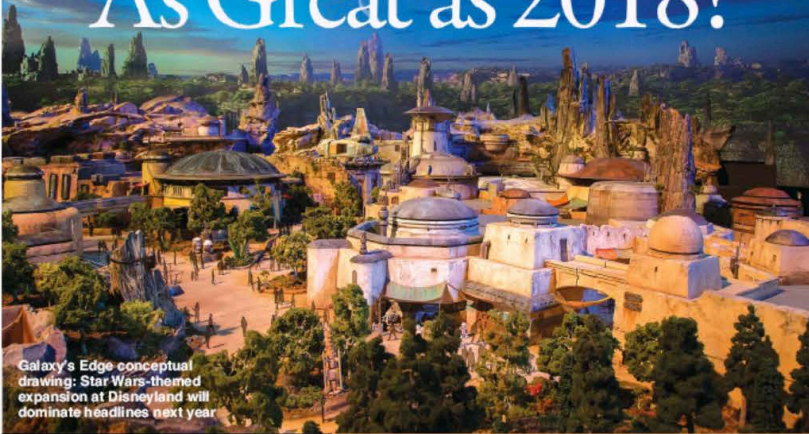
The Laguna Beach charity replaces the William and Sue Gross Family Foundation, which he ran with his former wife, **Susan**.



► Gross 19 Gross: to give it all away

2019 Preview

As Great as 2018?



Galaxy's Edge conceptual drawing: Star Wars-themed expansion at Disneyland will dominate headlines next year

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Signs Point to OC Slowdown

By PETER J. BRENNAN

It's been a super year for Orange County's economy. "All you have to do is look around and see the activity going on," **Lewis Cornell, Jacobs Engineering Group Inc.**'s top representative for the western U.S., told the Business Journal in September. "There's just a ton of activity out there. This is the best I've seen it in nearly 30 years."

Now the question is whether the growth will continue to explode next year.

It's hard to go from great to greater. Plenty of signs are pointing to a good, not great, 2019 with a slowing economy, albeit not as bad as a full-blown recession often highlighted on scary headlines by some media.

Chapman University said that predicted recession won't happen next year—it thinks the U.S. economy will grow 2.4%.

The biggest OC economic blockbuster of 2019 will most likely be the opening of **Star Wars: Galaxy's Edge**, a 14-acre playground that will be Disneyland's biggest expansion and by some estimates involve \$1 billion worth of expenditures.

An opening date hasn't been announced; insiders say it should open

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Bellwether Boosting Hospitality Work

REAL ESTATE: Grippo jumps on board

By PAUL HUGHES

Bellwether Financial Group's naming of **Irvine Co.** veteran **Ralph Grippo** as a principal provides a signal on the future direction of the company's coastal projects, including a \$338 million renovation



Ueberroth: 'we hold for the long term'

of Dana Point Harbor. **Bellwether**, a Newport Beach-based investment and operations firm founded 21 years ago by **Joe Ueberroth**, son of **Peter Ueberroth**, has been decidedly under the sonar prior to this year.

While its Bellingham Marine unit is known for rebuilding docks, the company also invests in areas of technology, logistics, manufacturing

► Bellwether 21

Stuart Frost Loses \$16M Arbitration

TECHNOLOGY: HQ for startups shuts doors

By CHRIS CASACCHIA

Stuart Frost, founder of a San Juan Capistrano-based startup incubator that's helped launch more than 20 tech-focused firms since 2010, was ordered to pay \$16 million to investors after losing an arbitration



Frost: investors claim \$40M lost

case, the Business Journal has learned.

His firm, **Frost Data Capital**, has also quietly wound down its incubator.

The closure comes amid an acrimonious and previously unreported lawsuit filed earlier this year by investors in funds overseen by Frost Data, whose roster of clients included a number of companies

► Frost 38

MAIL TO:

Season's Greetings

There will not be a weekly issue the week of Dec. 31; rather, subscribers will receive our 2019 Book of Lists.

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Cryoport in Irvine received a \$25 million investment from New York-based Petrichor Healthcare Capital Management

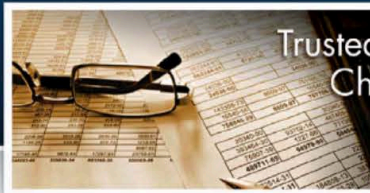


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MemorialCare center in Rancho Mission Viejo breaks ground; slated for summer opening

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Bellwether

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and agriculture.

Ueberoth said his company has a different approach.

"We're operators and we hold for the long term," he told the Business Journal last week at the company's 610 Newport Center Drive digs. Of the company's current investments, "most are 10 years or more and some are passive but not much."

Dig Big

Bellwether is getting more press this year: it's part of a triumvirate that will redo the historic and somewhat sleepy South County harbor.

Last year, **Dana Point Harbor Partners LLC** won the deal to run the county-owned property, signing a 66-year lease in October.

Bellwether plans to rebuild a 2,300-slip marina, **Burnham Ward Properties** will handle the retail, and **R.D. Olson Development** will craft two new hotels.

All three are based in Newport Beach, and are equal partners in each part, Ueberoth said.

The full renovation will take the first six to seven years of the lease and is currently scheduled to be completed around 2025.

Drawings of the overall package include changes to some dock orientation, a reduction in marina gates from 16 to three, a pedestrian-based retail and restaurant layout, hotel rooms with harbor views and quiet places for those who want to escape crowds.

Ueberoth said the idea is an "experiential" use of the harbor, where different groups can find what they're looking for along "a re-



Dana Point Harbor: \$338M renovation kicking off

talized waterfront ... from Doheny to Killer Dana."

Water Everywhere

"The water, no pun intended, is the anchor," Grippo said. "The magic" Ueberoth added, is integrating it with the land.

Grippo has experience in that type of magic.

He was president for 11 years at Irvine Co.'s resorts division, which includes the **Resort at Pelican Hill**, **Fashion Island Hotel**, **Hotel Irvine**, three golf courses, and a half-dozen marinas with 600 boat slips, mostly in OC.

Grippo's salt-and-pepper hair bespeaks experience and a certain debonair air. Dur-

ing a recent interview, he skipped wearing a tie for perhaps the first time in a dozen years—because who in the heck wears a tie on a boat?

He joins a team that includes **Joseph McCarthy**, who is vice president of corporate development and general counsel, and **Brian Schaeffen**, who is chief financial officer.

Both executives, who started at Bellwether earlier this year, have previously worked with Ueberoth and have extensive contacts in OC.

McCarthy helped start Lake Forest-based **iPour It Inc.**—Ueberoth holds a small stake in the maker of a software and taps system to dispense beer and wine via radio-frequency identification. McCarthy was recently general counsel to a cannabis-focused company.

Schaeffen, who was in finance at the Irvine Co. in the 1990s, spent recent years as the chief financial officer of **Gary Jabara's** Newport Beach-based telecom infrastructure firm **Mobilitie LLC**, and at sports and entertainment venue telecom provider **5 Bars**, formerly in Irvine.

Renovating Marinas

Bellwether's offices are bathed in ocean blue, or how everyone wants a harbor to look. A glossy, 184-page book on Bellingham Marine's work is titled "Building on Water."

Ueberoth's promoting the company's



Bellwether ballers: McCarthy, Ueberoth, Grippo, Schaeffen

unique vision that combines marine services with hospitality, finance, and real estate development.

Makes sense then for Bellwether's office on Newport Center Drive next to Fashion Island, between the headquarters of companies like Irvine Co. and **Pacific Investment Management Co.**

It's not just Dana Point Harbor that Ueberoth has his eye on. He sees opportunities in renovating large aging marinas of roughly 500 boats slips or more around the country.

"Waterfront communities want this," he said.

Dana Point can be a model, replicated for other cities and counties through similar public-private partnerships, he said.

Aging marinas on U.S. coasts can be remade and integrated with retail, restaurants and hotels. Marinas can be "hospitality centers" and the basis for an experience.

"Docks are not a parking lot for boats." ■

Restaurants Preview

from page 12

Experience runs some of OC's first loves in our ongoing romance with Mexican-themed dining—El Torito, Acapulco, Chevy's. But Real Mex went to seed by forgoing capital expenditures, letting menus age badly and losing its youthful edge in customer service.

Location count dropped from 245 in 2006 to 67 in November; sales plunged from \$534 million to less than half of that.

Time to get Sharpe.

XRG owner **Z Capital Group LLC** in New York hired the ex-Romano's Macaroni Grill chief executive—he led them down the aisle and out of a bankruptcy too—presenting him with a combo plate of duties this year.



Newport Center: Chipotle's new home

Sharpe's got systems to standardize and will go long on delivery and catering this year.

A new dance partner in the future isn't impossible either: In 2016, Real Mex looked at buying San Diego-based **Garden Fresh Restaurant Corp.**, which owned a hundred Souplantation and Sweet Tomatoes restaurants.

Now it has no debt and Sharpe is promising a brighter future. Its 3,700 employees are depending on Sharpe to make the right moves.