

Intersect Redo Shapes Up With Shipping Containers

Restaurant, Bar, Chickens All Part of New Courtyard

Backed by a new financing deal and a flurry of recent leasing activity, the owners of the Intersect office campus in Irvine are almost finished with nearly \$25 million worth of redevelopment work at the four-building project near John Wayne Airport.

Next on tap is completing one of the most unique courtyards and tenant amenity packages added to Orange County's office market recently, and finding a few chickens.

The local office of development and investment firm **Hines** is a few months shy of completing most of the redevelopment at the 436,000-square-foot former home of Washington Mutual that's being turned into a multitenant campus.

It bought the midrise offices nearly three years ago in a venture with Newport Beach-based **Pacific Investment Management Co.** in a deal valued at about \$120 million.

In May, the ownership group said it refinanced the office campus for \$144 million with **New York Life Insurance**, a loan arranged by the local office of **HFF**.

It said it will use loan proceeds to retire debt and fund the remaining leasing of the property, which is now about 60% full. It was largely empty upon the 2015 sale.

Club Pilates will open its new head-



Containers going up: two-floor project will serve as bar, food, patio area

quarters in a few weeks on the ground floor of one building. Other recent tenant signups include the local office of Scottsdale-based **Troon Golf LLC**, San Francisco-based **IA Interior Architects**, Bethesda, Md.-based **Marriott International** and wellness company **Amare Global**, whose headquarters are at the campus.

Market reception to completed upgrades has been strong, said **Ray Lawler**, senior managing director of Hines' Newport Beach office. They include a ground-floor gym that opens onto the courtyard; new lobbies; a basketball court; cafe; conference center; and upgraded parking structures.

"Our goal for this project was to build an alternative to brand-new develop-

ment," he said. What's more, the rents the landlord's been able to charge are "like new development, if not higher."

Any tenants overly concerned about rents will soon have some nice spots on campus to drink their worries away.

Nearly \$3 million is being spent to build a ground-floor restaurant, outdoor patio site and courtyard amenities area, highlighted by a two-story shipping container in the center of the campus—a first of its type in Irvine.

The shipping container component will serve coffee, juice and grab-n-go food throughout the day, and craft beer, wine and appetizers at night.

The Patio Group, a restaurant division of San Diego-based **American National Investments**, is heading the food and

drink component in its first restaurant location in Orange County.

Also in the courtyard is a garden area where a variety of foods are being grown for tenant use. A few chicken coops have also been built—Lawler said the poultry addition was his idea.

The chickens will be added once courtyard construction wraps up.

Water Plant

The **South Coast Water District** is proceeding with plans to build an ocean water desalination facility in Dana Point that could cost nearly \$100 million.

A proposal for the facility, which would have an initial daily capacity of up to five million gallons, with potential for future expansions taking it up to 15 million gallons a day, has been in the works for several years.

The water district released a draft environmental impact report last month for the project, which would be on about 30 acres of district-owned property near San Juan Creek behind a Doubletree Hotel. The report will be available for public review over the next two months.

The project would provide "a reliable, local and drought-proof water supply that does not rely on expensive imported water and is environmentally friendly in addition to providing a local, reliable and secure water supply" for the area, the water district said in a statement.

The facility would "also provide emergency backup water supplies, should delivery of imported water be disrupted."



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Opposing Sides Prep for Acacia Shareholder Meeting

Activist Investors' Picks Challenge Chair, Director

Acaria Research Corp.'s annual shareholder meeting next week could determine the direction the Newport Beach-based company will take after several years in choppy waters.

Activist investors **Sidus Investment Management LLC** and **BLR Partners LP** have circled June 14 on their calendars in hopes of removing Acacia's chairman and another director up for re-election.



TECHNOLOGY

Chris Casaccia

The New York-based hedge fund manager and Houston-based **BLR Partners** are two of the company's largest shareholders, owning a combined 4.6% of outstanding Acacia shares.

Acacia (Nasdaq:

ACTG) hopes to re-elect **G. Louis Graziadio**, who took the chairmanship in 2016, and **Frank Walsh**, who joined the board the same year.

Sidus and BLR want to replace them with **Clifford Press** and **Alfred Tobia**.

Press, a co-owner of New York investment advisory firm **Oliver Press Partners LLC**, is a director at several public companies, including **Stewart Information Services Corp.**, **Quantum Corp.** and **Drive Shack Inc.**

Tobia, who co-founded Sidus and serves

as its equity portfolio manager, is a director at San Antonio-based marketing agency **Harte Hanks Inc.**

Acacia and the activist investors have laid out their pitches to shareholders in recent letters.

Acacia: "Sidus Investment Management and BLR Partners have put forth two nominees with NO applicable business experience and NO plan for the Company other than a proposal that would strip Acacia of its valuable assets and destroy shareholder value."

Activists: "Mr. Press and Mr. Tobia would bring valuable corporate governance experience and technology investing expertise—and a stockholder-driven mindset, which the board sorely needs if stockholder value is to be restored."

Acacia: "Under Mr. Graziadio's strong leadership, we substantially lowered our operating cost structure, terminated less attractive lawsuits, streamlined our operations and significantly reduced headcount."

Activists: "Since [Graziadio's] appointment as executive chairman, Acacia's stock price has declined by approximately 41% while the Nasdaq Composite Index has appreciated by approximately 36%."

Acacia shifted its business model under Graziadio to focus on investing in high-



Siegal: NEO Technology Solutions CFO joins Iteeris board

growth and potentially game-changing technologies in artificial intelligence, machine learning, robotics and blockchain applications, deviating from its core business of monetizing patents primarily through litigation, an increasingly costly and challenging endeavor due to recent changes in intellectual property law and jurisdiction limitations.

Acacia shares were trading around \$4 as of press time, down 2% this year to a market cap of about \$202 million.

Board Beef-Up

Longtime finance executive **Laura Siegal** was elected to the board of Santa Ana-based **Iteeris Inc.** (Nasdaq: ITI).

The chief finance officer and a director at **NEO Technology Solutions** since 2013 replaces **Kyle Cermínara**. She hadn't been appointed to any committees as of press time.

Chatsworth-based NEO specializes in electronics manufacturing and engineering services for the industrial, medical, aerospace and defense markets.

Iteeris has expanded its business model from providing primarily transportation data to selling agricultural and weather insights. It's playing a key role in the San Diego (I-405) Freeway widening, responsible for intelligent transportation systems and express lane infrastructure design, the traffic management plan, and signal design at 42 intersections. The \$1.9 billion project stretches from the San Joaquin Hills Corridor (73) Toll Road to the 605 freeway.

Iteeris posted revenue of nearly \$96 million in the 12 months through March 2017, the end of its fiscal year, up 23.4% year-over-year, and an operating loss of \$3.1 million compared to a loss of \$3.5 million in fiscal 2016.

Billions of Prospects

Cloudvira Inc.'s recent \$50 million raise, led by Menlo Park private-equity firm **Riverwood Capital**, has opened more growth options for the Irvine-based startup, including acquisitions.

"We haven't done that yet, but having a multibillion private equity partner helps," Chief Executive **Michael Schreck** told the Business Journal.

Cloudvira, which has raised more than \$77 million, plans to modernize the mortgage industry through software that automates the mortgage application process.

An initial public offering could also be in the works down the road.

"It's early for us to be thinking about that, but as we execute against our plan, it's certainly an option," Schreck said. "We'll have enough scale to do that."

The company boosted its executive ranks in November when it hired **Stephen DeSantis** as chief financial officer, a role he previously held at Irvine-based **Shift-Pixy Inc.** (NasdaqCM: PLXY), which went public last year under Regulation A+ rules that allow smaller IPOs.



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