

HOW AN OLD COMPANY MOVED INTO THE NEW ERA

The summer of 1960 saw the most dramatic and far-reaching shift in the direction and culture of the Company in its nearly 100 year history. With the offer of 1000 acres to the University of California and the commitment to build a new town around the future campus the Company announced to the world that hence forth its' future and mission was about to dramatically change. Overnight its 90-year history of ranching and farming would soon become an historic note and its new mission as a new town builder would now dominate the Company. For over 90 years those versed in agriculture had dominated its management. Whereas, agriculture would still remain a major activity of the company for years it was time to bring in the engineers, planners and real estate managers its newly adopted mission required.

But that was not to begin to happen until spring of 1960 when the stimulus of the University potentially locating on the ranch neared its conclusion. Since the death of Myford Irvine in January of 1958 Arthur McFadden had headed the Company. His background in agriculture and position on the University's Board of Regents made him an ideal interim head while the Company sorted out its future and began the search for a permanent head.

By its Board meeting of 6/16/59 that search appeared to have born fruit when Company Director Loyal McLaren suggested the name of Alfred Brandon. Brandon was then Vice President and Business Manager of Stanford University's large industrial and business park. He had a national reputation in land development. He had successfully bridged the gap between the entrepreneur world of real estate and the institutional world of the University. No small challenge. McLaren briefed his fellow Board members on meetings he had held with Brandon and stated that if the Company was serious he would agree to "look the situation over." After some discussion McLaren was authorized to offer the job to him at a salary of \$50,000/yr and a 5 year contract.

At that same meeting the Board considered hiring a management consultant to "investigate and recommend improvements in operations of the Company" but again after some discussion decided to defer pending negotiations with Brandon.

Three months later, on 9/21/59, at a special meeting of the Board McFadden informed his fellow directors that he had made an offer to Alfred Brandon to become President of the Company and "believed he would accept." At the same meeting the Board authorized the hiring of a management consultant named William Eldridge to study the Company's internal organization and make recommendations.

Apparently sometime between that September meeting in which McFadden expressed optimism about Brandon becoming the Company's new president and the next Board meeting held in mid-December Brandon had changed his mind. So at the December meeting McFadden had to tell his fellow Board members that he had "declined the job offer." By this meeting Joan had met with Brandon and was so impressed with him that the company minutes report her as saying, "he might reconsider" and moved to hire him anyway. Her motion failed for lack of a second.

The prospect of Brandon becoming President could not be resurrected and McFadden so informed the Board at their February, 24th, 1960 board meeting when he stated that "Brandon had definitely declined the offer.....to become President." After

some discussion, the Board authorized their management consultant to “furnish specifications....for President.” By so doing they had broadened the search.

At that same meeting the Board’s management consultant presented recommendations for reorganizing the company. He suggested they divide the company into two main divisions headed by vice presidents. One division to oversee Real Estate and the other Agriculture. By so doing he was recognizing the emergence of the Company’s new mission and immediately giving it equal rank with its historical mission of agriculture.

Following the discussions about company reorganization the remainder of the meeting was dominated by presentations of proposed real estate projects and William Pereira’s report on the feasibility of locating a university campus on ranch property. William Spurgeon, longtime executive at the Company, presented Pereira’s First Phase Report, which concluded that it was feasible. A conclusion that I am sure surprised no one. By this time, however, Pereira had formulized an idea that he had been brewing for some time, namely for the Company to set-aside land around the proposed campus for the development of a university community. An idea that must have excited the directors for it provided them with a direction for their company in its endeavor to respond to the obvious pressures to open up the ranch. Up until now opening up the ranch meant reacting to numerous request by developers and real estate speculators to sell them a piece of the ranch.

So what Spurgeon told the Board members was that Pereira had exposed the University to the idea and they had expressed interest in it. What Spurgeon now sought was authorization to engage Pereira to prepare what was described as a second phase of the feasibility study. Specifically to prepare a plan for “an area approximately 10,000 acres around the perimeter of the campus site, and recommended the expenditure of \$32,500 by the Company for said study, one-half of said cost to be repaid to the Company in the event the site is not accepted by the Board of Regents.”

Although the Board unanimously approved Spurgeon’s recommendation Pereira had already begun working on the proposed plan in December. The significance of this approval by both Company and University can’t be underestimated. These two very independent institutions were by this joint effort taking their first tentative steps toward creating something neither had any notion of doing a year earlier. The Company would by this act begin to find a direction for its future in the unknown world of development and the University securing a voice in the development of land surrounding its new campus.

The remainder of the meeting consisted of reviewing various development proposals and requests to purchase land. A real estate consultant presented a plan for a Regional Shopping Center to be built at the intersection of Pacific Coast Highway and McArthur Blvd in Newport Beach. The city of Anaheim wanted to lease 135 acres of Company land for a golf course. Someone proposed developing a neighborhood shopping center at the intersection of 17th street and Irvine Blvd also in Newport Beach. An investor sought a site on Bayside Drive, also in Newport, to develop apartments. And finally Newport Harbor High School District sought to buy 40 acres in Newport at the intersection of Jamboree Road and Ford Road.

At this one meeting the directors were hearing a report on the one hand of specific requests for land and on the other hand a recommendation on how they should organize

to respond to the escalating requests pouring into the Company. While sorting through all this they then approved retaining William Pereira to develop a plan for what ultimately became the city of Irvine. All this came after they were informed that the man they had hoped would take over the helm of the Company had declined their offer.

It was obvious they needed experienced leadership. That became their number one priority. Ideas were one thing but without firm leadership they would continue to pile up one on top of the other. The University would soon be making a decision. It was time for the Company to do the same. What they needed wasn't a commitment to open up the ranch but how. Fortunately, it wouldn't be long before both the leadership vacuum and the how would be answered.