



Burbank: Media Studios North hosts Radio Disney, which will shut down.

## DISNEY DOWNSIZE

Restructuring opens office space, but streaming service may fill it.

By **MICHAEL AUSHENKER**  
Staff Reporter

**W**alt Disney Co. is now a streaming business. Burbank's biggest company and a major tenant of office space made this declaration in October. So how will this switch impact the Tri-Cities' commercial

real estate sector, where Disney leases hundreds of thousands of square feet of space? "That's a huge employer in the Burbank area," said **Kirk Lesh**, assistant professor of Economics at **California Lutheran University** in Thousand Oaks. "But the question is: How much further do they go? How much more reconfiguring?" In addition to its headquarters at 500

S. Buena Vista St., Disney occupies large swathes of office space in Burbank, much of it owned by **Blackstone Group** or **Worthe Real Estate Group**. In the Blackstone/Worthe building The Tower, Disney occupies 115,673 square feet of a total 501,000 square feet at 3900

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## Aerojet Meets Lockheed Need

**AEROSPACE:** \$5 billion offer for complementary rocket maker.

By **MARK R. MADLER** Staff Reporter

With its acquisition of **Aerojet Rocketdyne Holdings Inc.**, **Lockheed Martin Corp.** will boost its presence in the space industry and the Valley.

The Bethesda, Md.-based aerospace and defense contractor is buying Aerojet in El Segundo for \$5 billion cash. Lockheed will pay \$56 a share

*Please see AEROSPACE page 36*

## Plant 'Turkey' By Unreal Deli

**FOOD:** Meat alternative lands in Ralphs, other supermarkets.

By **ANDREW FOERCH** Staff Reporter

After **Jenny Goldfarb** cooked up a substitute for corned beef in her kitchen, she created Woodland Hills-based **Unreal Deli** to sell her creation. Later, the company secured \$250,000 from billionaire investor **Mark Cuban** on the TV show "Shark Tank."

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## CRC's Former Boss Talks About Tough Tenure

**PROFILE:** New owners ousted Todd Stevens after Chapter 11.

By **ANDREW FOERCH** Staff Reporter

"We fought really hard for six years to preserve and protect shareholders' value," West Point graduate **Todd Stevens**, former chief executive of **California Resources Corp.**, told the Business Journal in an exclusive interview. When the Santa Clarita oil company

emerged from Chapter 11 in late October, it had new ownership and a new board, which decided to replace Stevens, who had helmed CRC since its birth as a spinoff in 2014. During his tenure, Stevens worked incessantly to bring down the company enormous inherited debt, a struggle resolved with the Chapter 11 reorganization. His advice to managers at other debt-laden companies: "Control the controllable."

*Please see PROFILE page 6*



PHOTO BY MIKE BAKER

**On the Job: Stevens in oil field.**

## New Hospital In Lancaster

**HEALTH CARE:** Joint venture to construct behavioral center.

By **AMY STULICK** Staff Reporter

A joint venture between **Antelope Valley Hospital** and Kentucky-based **Kindred Healthcare** plan to build a 125,000-square-foot, two-story behavioral hospital in the Antelope Valley. When completed, it will be the first treatment center of its kind in the state.

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Ranked by students enrolled in 2020-2021  
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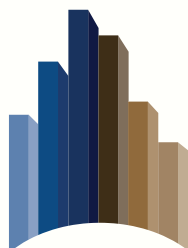
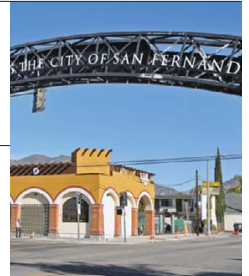


#### Restaurant Reopening Framework

When Pasadena wanted a plan for its dining sector after COVID, it called a Cal Lutheran grad student. **p. 3**

#### Tiny San Fernando's Charm

The small city in the heart of the Valley, right, has an active market for commercial real estate. **p. 16**



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Flooring franchise



Mall shopper?

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**VALLEY INSIDER**

JOEL RUSSELL

**Saleswoman to CEO**

**Vera Quinn** has been named **Cydcor's** chief executive, in addition to her title of president. She started as a door-to-door saleswoman with the outsourced sales company more than 20 years ago. "Vera truly embodies the power of Cydcor's opportunity-based business we are committed to creating," **Gary Polson**, former

chief executive and newly named executive chairman, said in a statement. In his new position, Polson will focus on long-term planning. ... **V-Wave Ltd.**, the heart shunt research company in Agoura Hills, has appointed **Bill Hughes** as chief financial officer. He previously served as chief financial officer at Microvention before and after its acquisition by **Terumo**. "I am looking forward to working together with (V-Wave's) talented leadership team and employees to build V-Wave into a global leader in cardiovascular device therapies," Hughes said in a statement. ... **Maité Irakoze Baur** is the new



**Maité Irakoze Baur**

chief investment officer at **Farmers Group Inc.** in Woodland Hills. She has led the company's insurance investments since joining Farmers in 2016; previously she worked at **Zurich Insurance Group** in Switzerland. Baur serves on the board of the California State University – Northridge Foundation. She replaced **Tom Rogers**, who retired. ... **InterMedia Group of Cos.** has appointed **Michael Walters** as vice president of marketing and sales. He joins the Woodland Hills-based direct response advertising agency after stints at **iSpot.tv**, **Hydra Networks** and **Verizon Media**. "I was drawn to InterMedia because their suite of services allows advertisers to take advantage of all DR marketplace opportunities at break-neck speed and flexibility," Walters said in a statement. ... **Thorson Specialty**, an Agoura Hills company that provides insurance services to agent brokers, has promoted **Stacey Schwenk** to the position of chief underwriting officer. She began with Thorson Cos. in 1987. In her new job, Schwenk will manage loss cause analysis and risk quality reviews. "Specialty insurance has gained tremendous traction over the last few years because of its high-risk, high-reward aspect," she said in a statement. "People are recognizing the need to protect unique items that aren't covered under a standard insurance policy." ... **Dr. Kingman Ho** has joined **Adventist Health Glendale** as medical officer. Ho comes from **Henry Mayo Newhall Hospital** in Santa Clarita, where he served as chief medical officer since 2016. "Dr. Ho's experience and his partnership with physicians complements our ... work expanding service lines," **Alice Issai**, president of Adventist Health Glendale, said in a statement.



**Kingman Ho**

... **Dr. Kingman Ho** has joined **Adventist Health Glendale** as medical officer. Ho comes from **Henry Mayo Newhall Hospital** in Santa Clarita, where he served as chief medical officer since 2016. "Dr. Ho's experience and his partnership with physicians complements our ... work expanding service lines," **Alice Issai**, president of Adventist Health Glendale, said in a statement.

**Report Outlines Restaurant Recovery**

*Cal Lutheran grad student suggests plan for sector in Pasadena.*

By **ANDREW FOERCH** Staff Reporter

After nearly 10 months of disrupted sales and government-mandated lockdowns, Pasadena's restaurant industry faces a long road to recovery. **California Lutheran University** graduate student **Gregory Sefain** has identified several first steps city officials can take to help the struggling sector.

Sefain, who is working towards a master's in public policy and public administration at the Thousand Oaks school, published a report in November analyzing how certain action by Pasadena officials could bolster the city's restaurant economy, prevent permanent closures and boost consumer spending.

The report, titled "The City of Pasadena and the Economic Recovery Strategy for the Restaurant Industry," serves as Sefain's capstone project for his degree.

"The university wanted to try something new (with) a capstone project where students work with nonprofits and city organizations to begin to use the tools they use in class in real life scenarios," he explained.

When the coronavirus hit last year, Pasadena City Manager **Steve Mermell** reached out to Cal Lutheran to see if students or faculty could "help us in our thinking."

"The school is good a resource for public policy work," he said.

Sefain jumped at the opportunity.

"I saw from the get-go that restaurants were really the ones that were suffering," he said. "Finding a way to help them in any capacity was my goal."



PHOTO COURTESY OF PASADENA INDEPENDENT

**Pandemic Mode: Waitstaff serves outdoor diners on sidewalk and street in Pasadena.**

Sefain surveyed hundreds of local restaurants and interviewed community stakeholders to analyze the needs of business owners and consumers. He also considered historical context, namely how the restaurant industry fared through and recovered from the 1918 Spanish Flu pandemic. He used that information to form a series of policy suggestions.

Among them are extending waivers for health fees and business licenses; discounting on-site dining to incentivize customers to return once allowed; issuing "dining bonds" as another incentive; and starting a relief fund for restaurants by applying a temporary surcharge on the customer for off-premise sales.

"He's got some interesting ideas," Mermell said. "Fundamentally, (the report) points to the notion that small businesses are in

desperate need of financial support, and there are a variety of ways to offer that support."

He said the city's economic development team plans to extend fee waivers and is considering how to make temporary programs, like the setup of al fresco dining tables in roadways and parking lots, into permanent ones.

Mermell said shoring up direct financial aid would be a challenge.

"As a local government, we are stressed as well," he said. "We've lost a tremendous amount of our own revenues, particularly sales tax revenue, people aren't paying their utility bills (and) we're too small to receive any of the federal CARES Act money. ... Finding a way to provide that support and still provide services to our residents – that's the challenge."

**Stars Rising for Fundraising Gala**

*Valley Economic Alliance holds event virtually for first time.*

By **AMY STULICK** Staff Reporter

**Valley Economic Alliance** held its "Valley of the Stars ... Rising" event for the first time virtually on Jan. 15.

Actor **Jerry O'Connell** served as the gala's master of ceremonies, overseeing the bestowal of the Legacy award to **Hilton Garden Inn** and Rising Star awards to credit union **Logix** and bakery **Nothing Bundt Cakes**.

Other award recipients included fellow actor **Joe Mantegna**; Thousand Oaks biotech giant **Amgen Inc.**; Drs. **Brian and Aimee Ostick**; **Granada Hills High School** student **Nirvan Rayamajhi**; the Business Journal's own **Charles Crumpley**, editor and publisher; **Jeanie Buss**, owner of the **Los Angeles Lakers**; and **Martha and Severyn Aszkenazy**, owners of **Aszkenazy Development** and the **San Fernando Valley Sun/El Sol Newspaper**.

The alliance, which has served businesses in Burbank, Calabasas, Glendale, Los Angeles and San Fernando since 1994, plans to use proceeds from the event to further assist in economic recovery from the pandemic in the Valley.

"While we can't gather in person for our special event, that hasn't stopped us from supporting our economy," **Sonya Blake**, chief executive of the alliance, said in a statement. Blake sees the gala as "an inspiring start" to the new year after a difficult 2020.

Prizes drawn at the event included a Mustang convertible rental for a weekend and a **New Orleans Saints** jersey signed by football coach and player **Earl Campbell**.

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# Behavioral Hospital

**HEALTH CARE:** Lancaster to host state's first center for mental health plus rehab.

By **AMY STULICK** Staff Reporter

Lancaster will host the state's first behavioral health and rehabilitation hospital, created by a joint venture between **Antelope Valley Hospital** and Kentucky-based **Kindred Healthcare**.

The venture first announced plans for the 125,000-square-foot, two-story hospital in December. In total, 96 beds will be reserved for behavioral health patients, while 25 are designated for acute inpatient rehabilitation.

The facility will take patients with acute mental health and substance abuse disorders, offering detoxification from alcohol and drugs as well as treatment for anxiety, depression, post-traumatic stress disorder and other behavioral health illnesses.

A separate unit will serve patients dealing with the fallout from brain injuries, spinal cord injuries, neurological disorders, stroke and orthopedic surgery.

Kindred, which focuses on specialty hospitals, will maintain controlling interest with 51 percent ownership. The Kentucky health care system will also manage day-to-day operations. Joint venture members expect to complete the hospital by the second or third financial quarter of 2023, while cost, official location and financing are still under discussion by both parties.

"Building in California is something of an art rather than an exact science," said **Rob Marsh**, chief operating officer for Kindred Behavioral Health. "We're working with contractors, with our architect and design team to get a good idea on the cost.

We'll have that in the next quarter or two."

Generally, Marsh said, behavioral health beds in the state cost "multiple hundreds of thousands of dollars" to build, depending on location.

"Oftentimes a joint venture will decide to utilize an outside

agency such as a (real estate investment trust) to finance the construction or land acquisition, and whatever part then is leased back to the joint venture," Marsh added. "We can also use capital from existing operations to fund (the hospital). We have a couple options we're pursuing."

## Under one roof

Currently, the joint venture partners are looking at three potential build sites in the Antelope Valley. It's too early for renderings, but Marsh expects the facility will look similar to other Kindred locations, including Kindred Hospital – Brea and Kindred Hospital – Santa Ana, both transitional care operations.

At the new hospital, all rooms will be private and will serve patients of every age. The hospital will accept Medi-Cal, Medicaid and those without health insurance, Marsh said.

He added that having mental health and rehabilitation under one roof in a no brainer.

"When individuals require that physical rehabilitation, because of, let's say, a car accident, often we find that their emotional state is just as compromised as their physical state — loss of income, loss of independence, loss of a sense of security," Marsh explained. "Because we're able to offer these services under one roof, we're able to access our psychiatrists and therapists to help those patients that are in the physical therapy setting or in the acute rehab setting."

Continued Marsh: "The same thing on the other end, one of the pieces about behavioral health I've known in the industry is that very rarely is there an opportunity to work with patients who are physically debilitated, when



Partner: Antelope Valley Hospital has joined with Kindred Healthcare to build new facility at a location yet to be determined.

they have an oppressing mental health need. In this particular case with Antelope Valley as our partner, we're going to be able to help individuals who have severe depression, or are manic, and also have physical challenges that are preventing them from being completely independent or living their best lives."

The competition for this type of facility is virtually nonexistent, according to Antelope Valley Hospital Chief Executive **Ed Mirzabegian**.

**Dignity Health – Northridge Hospital Medical Center** has a pediatric site, he said, while a psych ward in Sylmar boasts about 30 beds. The closest full-service psychiatric hospital is the Department of State Hospitals – Metropolitan, near Downey. There are multiple private sites in Orange County too, he said.

"In this part of (Los Angeles) County, there is nothing. Even if there was competition, the number of psychiatric patients are going up on a daily basis. It's a disorder that no one wants to face. It's pretty much needed in the Valley," said Mirzabegian. "I'd like to have programs for pediatric and adolescent psych, geriatric. We did a market study and found that it was a pretty good thing."

"Our county can certainly benefit from an expanded network of mental health urgency care centers," **Jaime Garcia**, vice president for Los Angeles County at the **Hospital Association of Southern California**. "They are an effective resource given that only 35 to 40 percent who visit a mental health urgent care require hospitalization. Many of these patients simply need a place to decompress from their crisis, or simply need a medication refill."

## Bed shortage

Marsh said that currently, L.A. County needs about 1,000 behavioral health beds, just to meet the minimum of what experts in the industry consider adequate for the population. "In the area surrounding Antelope Valley in particular, there is a need of about 100 inpatient behavioral health beds, and that's considering everything that's in the market right now," he added.

The County has 22 beds per 100,000 people; the state has 17 beds per 100,000 residents,



Footprint: Kindred's acute care hospital in Brea is one of 11 facilities in the L.A. region.

according to L.A. County reports.

Marsh expects the minimum number to easily grow to 200 beds within the next two years, and that's not taking into account how the pandemic has exacerbated mental health conditions.

"Demand is likely to increase as the pandemic further isolates people and exacerbates behavioral health conditions," added Garcia.

For comparison, AV Hospital currently has a psych unit with 28 beds. When the new hospital is complete, he plans to move all his behavioral operations into it.

"All the employees become joint venture employees and all the people are going to work there," he said.

Mirzabegian plans to remodel AV hospital's psych ward to handle regular patients.

Both joint venture partners expect the hospital to stimulate the local economy, with medical professionals moving to the Antelope Valley to live and work. Marsh and Mirzabe-

gian expect anywhere from 250 to 350 jobs created at the new hospital.

Kindred is in talks with other hospital systems to build similar hospitals in Southern California, but nothing official as of yet.

"There is literally no one from the private sector that is doing these kinds of hospitals," Marsh noted. "We are the only entity that is actively pursuing these two unique service lines under one roof. There's not another private or public freestanding hospital in the state of California that has these two services exclusively under one roof. This is a first for California."

Kindred's California footprint consists mostly of what Marsh calls transitional care hospitals, formerly called long term acute care, acute rehab services and behavioral health programs.

Currently, Kindred has 327 locations in 35 states; the greater L.A. region houses 11 Kindred facilities. The company's annual revenues are about \$2.7 billion.



**Rob Marsh**

# Salem Prepares to Enter U.S. Latino Market

**MEDIA:** Bilingual news service opens new revenue stream for Camarillo broadcaster.

By **MARK R. MADLER** Staff Reporter

**Salem Media Group Inc.** was set to debut this month a new digital streaming platform for the U.S. Latino market.

The Camarillo Christian and conservative broadcaster, publisher and online content distributor calls its new bilingual venture Salem Si and has tapped broadcast veteran **David Cruz** as vice president to lead it.

Cruz called Salem Si an opportunity for the company to serve a Latino audience that is mobile, wants access to digital content on all devices and likely lives in multi-generational, bilingual households.

“America’s 60 million Latinos don’t care what language knowledge comes in as long as they can access and understand it,” Cruz said in a statement. “Plus, they want content that is useful so they can make their lives better on their own.”

**David Santrella**, president of broadcast media, said the company was excited that Cruz and Salem were collaborating on reaching and serving the youngest and fastest-growing audience demographic in the country.

The challenges of the coronavirus pandemic have accelerated the shift in listening patterns by Latinos who want timely, relevant and accurate information live and on-demand, he added.

“David’s extensive background as one of the country’s established and well-known

Latino broadcast network journalists, makes him the ideal person to lead this new digital initiative with Salem Media Group,” Santrella said in a statement.

Cruz began his career with Spanish International Network, the predecessor to Univision, the Spanish language television network owned by **Univision Communications Inc.** in Miami. He then moved onto various news assignments with CBS and NBC television network stations before becoming the anchor for the first syndicated, bilingual news talk program for CNN Spanish Radio and Radio Centro in Latin America. Prior to joining Salem, Cruz was a partner at BrightFlash Media, a multilingual digital media content development and production company for broadcast, online and mobile platforms that he founded in Ventura. He also served as on-air talent and director of Corporate and Community Partnerships in emerging markets for **iHeartMedia Inc.** in Burbank.

**In-house ad agency**

Salem reported in November net income of \$329,000 (1 cent a share) for the third quarter ending on Sept. 30, compared with a net loss of \$20 million (-75 cents) in the same period a year earlier. Revenue dropped 5.4 percent to \$60.6 million.

In the past year, the share price of Salem stock has dropped by 17 percent through Jan. 7. On Jan. 13, shares closed at \$1.47.

In a conference call with analysts to discuss the quarterly earnings, neither Salem Chief Executive **Edward Atsinger** nor **Evan Masyr**, the chief financial officer, mentioned Salem Si.

Atsinger, however, made passing refer-

ence to two new areas of investment – Salem Surround, a digital multimedia advertising agency; and SalemNow, an on-demand pay-per-view streaming movie site launched in the second quarter.

Salem Surround is a growth engine for the company, Atsinger said.

“It’s generating pretty regularly 40 percent-plus revenue growth on a quarter over prior year quarter basis,” he said. “We don’t see that slowing down too drastically, at least within the next several quarters.”

SalemNow contributed to growth on the digital side, bringing the total up by \$7.8 million or 107 percent over the third quarter of the prior year, Atsinger said.

“So we continue to see encouraging returns from our investment in Salem Surround and more recently SalemNow,” he added.

Political ad spending was also a big boost to the quarter.

Atsinger said the company recorded \$1.9 million in political revenue, compared to only \$200,000 in the third quarter of 2019.

“The \$1.9 million compares favorably to both the third quarter of 2018 when we had \$1.2 million of political revenue and interesting enough for the third quarter of 2016 when we had \$1.5 million of political revenue,” Atsinger added.

The political spending was noted in a research report on Salem by **Michael Kupinski**, director of research for **Noble Capital Markets Inc.** in Boca Raton, Fla.

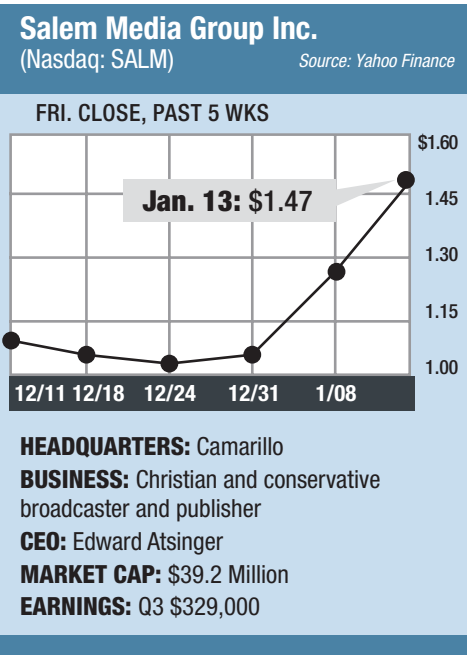
Salem’s revenue was higher than his projection of \$57.1 million.

“The largest variance to our revenue estimate was due to better-than-expected

broadcast revenues, particularly political advertising, \$1.9 million versus our \$1.2 million estimate,” Kupinski said in the note.

Kupinski also noted in the report that Atsinger had said in the fourth quarter political advertising would be north of \$2 million, and likely get a boost from the two U.S. Senate run-off elections in Georgia on Jan. 5.

“We have stations in Atlanta that should get some additional revenue for that,” Atsinger said in the conference call. “So it looks like a robust political year for us.”



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# California Oilman

**PROFILE:** Todd Stevens, former chief executive of California Resources, looks back at his tenure.



**Hardhat Required:** Todd Stevens in 2017 at CRC well in Ventura County.

By **ANDREW FOERCH** Staff Reporter

**W**est Point graduate and former Army officer Todd Stevens became the first chief executive of California Resources Corp. in 2015 when the company spun off from Houston-based Occidental Petroleum. As a former executive at Occidental, Stevens helped build the company through a series of high-profile acquisitions. With properties stretching from north of Sacramento to Huntington Beach, including the enormous Elk Hills field outside of Bakersfield, CRC immediately became the largest holder of mineral rights acreage and one of the largest oil producers in the state. But from the very beginning, its balance sheet was plagued by nearly \$7 billion of debt and bills accrued by Oxy. For six years, Stevens, the son of a petroleum geologist, maneuvered to shrink the debt by cutting drilling and negotiating financial deals with equity partners. His progress was interrupted last spring when the coronavirus pandemic crippled oil prices and forced the company to restructure under Chapter 11. It emerged in October having equitized \$4.4 billion of loans and outstanding notes and with a new \$1.2 billion revolving credit facility. In December, Stevens announced his impending departure. The former chief executive, 53, spoke to the Business Journal about the reorganization, his legacy at CRC and the sensitive state of the oil industry.

**Question: Why are you leaving CRC?**

**Answer:** It's not my choice. We fought really hard for six years to preserve and protect

shareholders' value. We were spun off with quite a millstone of debt. Earlier this year, the Russia-Saudi oil price war and COVID-19 forced us to file for Chapter 11. When you come out of Chapter 11, you have new owners. They appointed an all-new board. I serve at the pleasure of the board, and they wanted to do something different. That's the life of a public company CEO.

**How are you feeling about the transition?**

I'm highly saddened. Going back to the (Occidental Petroleum) days, I was involved in buying every single asset here in California except for Kern Front in the Bakersfield area. It saddens me. I miss the men and women of CRC. It's a special place to work.

**Will you stay in Santa Clarita or relocate?**

I don't know. I tell everyone I'm testing free agency. Unfortunately, most of the opportunities afforded to me probably won't be in the Golden State. Some will be out of state but might enable me to continue to live here. I love it here. I love the community. But you need to do what's best for the next chapter of your life.

**What was it like to lead a company with a huge debt load constantly looming over you?**

If you talked to the employees of CRC, they'd tell you my most commonly used phrase is, "control the controllable." We were spun off December 1, 2014, with debt for a much higher oil price environment, and the Friday before, which was the Friday after Thanksgiv-

ing, OPEC had decided not to cut production and everything started going into freefall. We focused on things we could control, kept everyone understanding what our mission and our goal was. We were trying to provide affordable, reliable, secure, critically important energy to California and the local economy.

**Did you learn any lessons that could be applicable for other companies struggling with debt problems?**

Use every tool you can and put your shareholders first. Try to bring down your debt any way you can. You have to balance that out with trying to keep the company as a going concern. Maybe you have to dial back some of your initiatives to focus on what's creating cashflow, what's giving you the license to operate.

**When you look back on the last six years, what are you most proud of?**

At Oxy it was working with **Steve Chazen** to transition the company from the post-Armand Hammer era through a lot of transactions. We did a lot of different things there to try to reshape that company. With CRC, I'm really proud of our culture of safety and focus on the environment. (Another thing is) providing careers to folks who might only have a high school education. I won't say jobs, these are real careers that enable them to achieve the upper-middle class American dream. That makes me very proud.

**Why did you push so hard to grow**

## TODD STEVENS

**Born:** Whittier, 1967

**Education:** Bachelor's in engineering, U.S. Military Academy at West Point; MBA, USC

**Influential Figures:** Steve Chazen, chief executive at Occidental Petroleum Corp.

**Personal:** Lives in Santa Clarita with his wife, five children and a dog – a golden retriever poodle mix named Moxie.

**Hobbies:** Rooting for L.A. sports teams (Kings, Dodgers, Rams, Lakers); collecting antique maps

**Occidental's business in California?**

The geology was tremendous. The tectonics and all the faulting that occurs in the state had created all these micro-basins.

And to be honest, the Permian Basin (in Texas) at the time, even though it's the hottest place to be, it was way out of favor. Most of the industry is in Houston. They don't think of California as an oil and gas province, but it's a very prolific oil and gas province. Oil made L.A. before it was L.A. The Central Valley is still an oil and agriculture-driven economy. The very first commercial oil well West of the Rocky Mountains was in Santa Clarita and Pico Canyon. People don't realize you can

hike out to it.

**Was there much competition out West?**

California had been historically controlled by most of the super-majors, the largest companies in the world – Chevron, Exxon, Shell, Mobil, Arco. In the 70s and 80s, they started investing more elsewhere. No one came along and drilled deeper or tried to do different things. We saw at Oxy an opportunity to buy some of these assets and build a position that would be best-in-class but also grow the production in an area that desperately needs it. Oil production in the state has been declining since the 1980s. They continue to import more and more oil. Why would you want to import more and more oil? Produce it here, pay taxes here, have jobs here and do it in the most responsible manner in the entire planet.

**What is the benefit of producing oil locally?**

Over 70 percent of the oil, over 90 percent of the natural gas and almost a third of the electricity is imported into the state. Every time you don't produce it here, you're effectively



**Todd Stevens**

exporting jobs elsewhere. Over 50 percent of that imported oil typically comes from Saudi Arabia. They don't exactly share the same value systems we have here in California with regard to environmental stewardship. You could argue someone is abdicating that to foreign countries

when you start looking at importing versus producing locally. The oil and natural gas produced here, which is all used locally, is the cleanest and greenest you'll find in the world.

**Can you share any particularly memorable experiences during your tenure?**

Our restructuring was extremely intense. I will say I'm proud it was quick. When you go into those things, the amount of fees that get paid are just ridiculous, so the quicker you can do it the better.

**How did it go?**

You'd like to end up in what they call a (pre-packaged restructure), which is the absolute quickest. A lot of the hard work was done by us, our advisors, the counterparties, the debtholders, prior to the official filing. You had a lot of hard work and late nights for months as they gave us forbearances. We filed in late July and came out in October, but we were certified before then. You just have to do what you think is right. I made it akin to infantry soldiers. When you go to combat, you tell people, "assume you're dead already and you'll make the right decisions." I actually told our management team the same thing: "Assume you're going to get fired, but you'll make the right decision every time."

**Were you pleased with the outcome?**

The company is well positioned with the new balance sheet and new owners. They have a balance sheet that's appropriate for the price environment and if prices continue to rise, as they have, they should be able to do well as a company and generate a lot of free cashflow.

**What about this spring when oil prices dropped to the negatives?**

That never has happened before. What actually happened is the (West Texas Intermediate) contract went negative. If you hold the WTI futures contract until expiration, you have to take physical delivery in Cushing, Okla. This is oversimplifying it, but as you got to contract expirations, too many people were left holding the bag and had to sell at all costs because they couldn't take physical delivery. There was no space to rent in Cushing at the time to put the oil. All the storage was filling up. Tankers on the ocean were being used as storage.

**How did it get resolved?**

Eventually, once the contracts expired, that dynamic went away. They just got caught. Once they got caught, they had to get out, and people on the other side of the trade knew they had to get out. So, guess what happens? In the financial world, they're going to put the screws to you and extract every pound of flesh they can.

**What other ways has the pandemic affected the oil industry?**

Primarily in a positive way for the long term. The rest of the country is undergoing this, I'll say, "shale revolution." They're hydraulically fracturing these wells, and it produces a lot of production, but it has caused a lot of discipline to happen on both the cashflow side and the debt-equity side. It's good for our industry to have that kind of discipline as you look to balance supply and demand of the world.

**‘When you go to combat, you tell people “assume you’re dead already and you’ll make the right decisions.”’**

TODD STEVENS

**What do you think are some of the biggest misconceptions about the oil industry and companies like CRC?**

Everyone thinks oil and gas production in the U.S. is done with fracking. I don't think there's been a well fracked hydraulically in California, particularly by CRC, in years. Mother Nature, through tectonics, has already fractured most of the rocks in this state. The fracking we would do would be much smaller and much less intensive than anything else, if we ever did it. Also, when you realize all the products it turns into for our way of life, it wakens people's eyes. Basically, if clothing isn't pure cotton, wool or silk, it's got hydrocarbons in it. There are so many things you could go into. During COVID, every single piece of personal protective equipment including hand sanitizer comes from hydrocarbons. Someone told me a Tesla vehicle is, by weight, 15 percent plastic, and by content 50 percent plastic. Plastic makes it light enough so the battery has range. People don't think about all those different aspects.

**How do you respond when people criticize you and your work with regard to the industry's environmental impact?**

It's frustrating because the debate about it, particularly in California, is dominated by people with torches and pitchforks as opposed to honest discussions. When you think about energy transition, people don't think about the amount of mining around the world that has to happen and the minerals needed to build all those things. Where do those come from? We'll be at the whim of China and other countries because we don't produce cobalt and a lot of those rare Earth minerals we need.

**Is there an economic element to that too?**

You already see how electrical rates are so high here in California because of the way they aggressively pursued some renewables. Over 30 percent of our population in the state spends over 50 percent of their income on rent and energy. You're creating energy poverty, which is terrible for working people. I don't know if you've seen the lawsuit by Jennifer Hernandez (an attorney at Holland & Knight and officer at lobbying group BizFed) about this. It's a civil lawsuit saying the pursuit of renewables at all costs is causing energy poverty and adversely affecting minorities.

**Do you think demand for oil will stay strong enough for big producers to keep operating?**

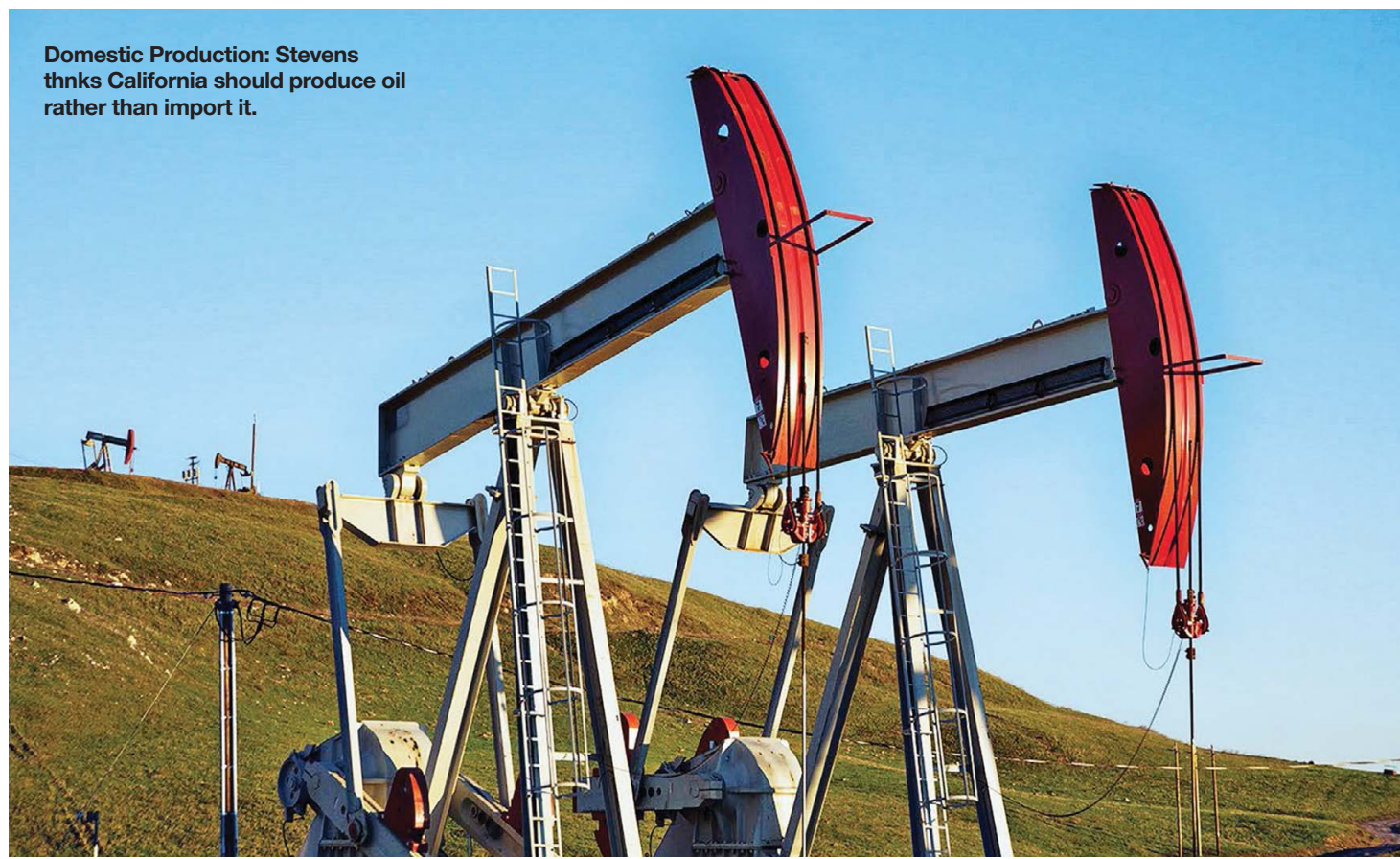
Oil is depleting every single day. You're going out of business every single day. In California, you might have a 15 percent decline rate year-over-year just from natural pressure in the well. You have to reinvest significant amounts of capital in the business. Typically, you have these huge oil companies around the world investing billions of dollars in long lead-time projects that bring out a lot of supply over time, but a lot of those investments just haven't happened. If you're not careful and you pull back too quickly, you're going to have issues. There are a billion people in the world who still burn wood or dung to boil water and for heat. Getting affordable energy to people in these countries is so important for human life span issues. All those big companies will start working on generating energy in the way it's going to be generated in the future, whether its through solar, wind, nuclear, geothermal or natural gas. But this is a decades-long thing that occurs. It's not like you snap your fingers and do it overnight without causing tremendous economic harm.

**Did you take any action to reduce CRC's environmental impact in the meantime?**

We were investing in solar that would be complementary to our electricity usage out of some of our oil facilities. Producing energy, whether it's oil or natural gas, is intensive from an electricity standpoint. You talk about carbon capture and sequestration. We are a net water supplier. We're in a state that has boom-bust cycle on droughts. In 2017, almost 5 billion gallons of water were reclaimed and used for agricultural use. It's that kind of stuff – being cognizant of the issues and working with the different communities you live and work in.

**Is there anything you'd do differently in retrospect?**

If you went and analyzed the situations and you realize the circumstances at the time, I felt pretty good. Did we make absolute right decisions every time? No. But probably 95-plus percent of the time, we did what was best for our shareholders and the company. I sleep well at night. It's a tribute to the men and women of CRC that we lasted this long before we had to restructure.



**Domestic Production: Stevens thinks California should produce oil rather than import it.**

# A Seat at the Table

**FOOD:** Unreal Deli breaks into the substitute meat business with help from investor Mark Cuban.

By **ANDREW FOERCH** Staff Reporter

When **Jenny Goldfarb** went vegan, the New York native wanted to find a way to replicate her favorite corned beef without animal byproducts. After tweaking recipes in her home kitchen, she came up with a solution so good even her meat-and-potatoes-loving husband couldn't deny it. The mixture of wheat gluten, beets, chickpeas, spices and sauces was a hit at home, but she didn't realize just how popular the concoction would become.

Today, Goldfarb is chief executive of **Unreal Deli** in Woodland Hills, one of the fastest-growing vegan meat brands in Los Angeles.

"You can get a good burger these days in the plant-based realm, but there's no good deli meat," Goldfarb told the Business Journal.

That's where Unreal Deli's products come in. "They're made with whole vegetables. You're getting a complete protein and a lot of fiber. They're healthy and delicious. Many, many people have failed the blind taste test," she said.

In just two years on the market, her company has struck distribution deals with Whole Foods Market, **Kroger Co.**'s Ralphs banner and several other grocery chains to carry her products, which include vegan corned beef, vegan roasted turkey and soon-to-launch vegan roast beef. Fast-casual chain **Quiznos** sells the products at locations in Denver and Seattle, while **Veggie Grill** and **Mendocino Farms** sell pre-made "Unreal Reuben" sandwiches nationwide.

Goldfarb's operation has also drawn attention from high-profile investors. An appearance on ABC's "Shark Tank" television program in 2019 earned Unreal Deli an investment of \$250,000 from billionaire entrepreneur **Mark Cuban**, who owns the **National Basketball Association's** Dallas Mavericks franchise. Cuban received a 20 percent stake, giving the company a valuation of \$1.25 million at the time.

Just months prior, Goldfarb was knocking on delicatessen doors for menu placements.

## Early deli days

Goldfarb said it wasn't her intention to turn her vegan cooking into a business.

"I was going to put (the corned beef recipe) on my food blog, but before I did, I had a number of friends and family say to me, 'This is so delicious, I would not have known this wasn't real meat. You should try to make a business out of this.'"

Through connections in the blogosphere, Goldfarb linked up with a vegan consulting group in Newbury Park. They loved the product and agreed to rent a small commercial kitchen to Goldfarb one day a week for \$25 an hour.

The rest of the week, after dropping her two kids off at preschool, Goldfarb — who at the time was pregnant with her third child — would drive to popular New York-style delis such as **Canter's** in Hollywood, **Factor's** in Pico Robertson, **Art's** in Studio City and **Izzy's** in Santa Monica, pitching her vegan corned beef to the owners.

"Nine times out of 10, they'd say 'it's delicious. We know we have people who want this,'" she said.

After selling well in trial runs, she started getting reorders and eventually earned permanent menu placements.

With confidence anew, Goldfarb set her sights on Whole Foods, offering the **Amazon.com Inc.**-owned chain a premade vegan sandwich for their deli section.

"We weren't retail ready at that point," she said.

Whole Foods picked up the sandwich for 58 stores in Southern California, Southern Nevada, Arizona and Hawaii.

"It's one of their most popular sandwiches.



**Shelf Appeal:** Woodland Hills-based Unreal Deli's store products, which sell at Ralphs, Whole Foods Market and Mendocino Farms, come in packaging similar to lunch meat.

We sell about 500 a week," Goldfarb said.

Along the way, Unreal Deli had outgrown the test kitchen in Newbury Park and needed space to ramp up production. Through referrals she partnered with a 10,000-square-foot bakery co-packer in Van Nuys to source ingredients in bulk, combine them per her recipe, flatten the mix into sheets, bake it, cut it, package it and ship it to distributors.

Then came "Shark Tank," a pivotal moment that propelled Unreal Deli to a new level of growth.



**Deal:** Goldfarb embraces Mark Cuban on set of ABC television series 'Shark Tank.'

## Sandwich switch

Goldfarb called pitching to the sharks "the most exhilarating experience of my life."

"It went really beautifully," she said. "I came out with a deal for double the cash I was asking for. That's almost unheard of. If you know 'Shark Tank,' you're usually giving away a lot more (equity)."

It didn't take long before the transaction started netting results.

Cuban's resources and relationships helped Goldfarb edge her way into the service sector, landing placements in restaurants, sports arenas, hotels and film studios. **Fox Studios** and **Netflix Inc.** both agreed to sell Unreal Deli sandwiches at the cafeterias on their lots in L.A. As business boomed, Goldfarb took on another co-packing partner in Compton to handle increased demand.

Then in March, everything changed. The coronavirus reached the U.S. and wreaked havoc on the food service sector. Restaurant sales flatlined.

"(Quiznos) had us start with a test in their Denver stores. The test went so well that in February, they gave us a call and said, 'We want to do a North American expansion.' 27,000 pounds was the first order," Goldfarb said.

But when COVID-19 hit, "they put that project on ice," she said. "We realized we needed to pivot to retail to stay relevant and meet customers where they were."

That's when Goldfarb went back to the lab in search of a second product.

The result? Unreal roasted turkey, made with white beans, onions and celery.

"We developed these two products, got our packaging together and started reaching out to grocery stores."

Like delis the year prior, grocers were quick to add a vegan option to their shelves. Takers included 152 Ralphs stores, 58 Whole Foods, 340 H-E-B locations in Texas, 179 Giant Foods in Baltimore, 80 Giant Eagle stores in Pennsylvania, Loblaw's in Canada and, soon, Publix in Florida and Georgia. There, 5-ounce packages of Unreal Deli meat sell for \$5.99 — a comparable price to premium deli meats.

Goldfarb recently hired a grocery consulting team from publicly traded marketing firm **Advantage Solutions** to help get Unreal Deli into the few chains it hasn't yet conquered.

"Over the course of this year, we're looking to be in anywhere from 3,000 to 5,000 stores," she said.

Running the show is a small but mighty crew that includes Goldfarb's executive assistant, a chief financial officer, a product design expert, an R&D chef and a sales executive, all of whom work remotely. Cuban's team handles accounting, business development and legal.

## Huge potential

Unreal Deli has scaled well in a short time, but vegan consultant **Meredith Marin**, who owns **Vegan Hospitality** group in South Florida, told the Business Journal in an email there's tons more growth to be enjoyed in the space.

"The vegan product market is steadily expanding. ... To make veganism an accessible and acceptable choice in our communities — a key piece of the puzzle for promoting planet and population health — we need plant-based companies to offer innovative, abundant, flavorful and affordable options. Consumers like variety, so we don't worry about Beyond Meat and Impossible Foods

monopolizing the market. There is huge potential for plant-based entrepreneurs in the current national and global food markets," she said.

A report published by San Francisco's **Grand View Research** in September estimates the vegan food industry will soon skyrocket from its \$4 billion valuation in 2020, growing at a compound annual growth rate of more than 19 percent over the next seven years. It projects industry-wide revenue of \$13.8 billion in 2027.

"The demand for plant-based foods is projected to increase further on account of shifting perceptions of consumers around food sustainability and safety," the report said.

A few companies are already reaping the financial benefits of the vegan, do-no-harm lifestyle. Publicly traded vegan-burger behemoth **Beyond Meat** out of Los Angeles already has a market cap of \$7.3 billion, while **Eat JUST Inc.** in San Francisco is rumored to be readying an initial public offering after selling more than 50 million of its vegan JUST Egg products in 2020.

Goldfarb noted such companies aren't competitors to Unreal Deli's sliced "meat" products. Rather, their goods are complementary.

"I think we fit beautifully in the same refrigerator as those other items. You can't eat a burger every night of the week. Every now and then you want a good sub. We're here for that," she said. "There's a big picture here of closing down slaughterhouses

one day. I want these other vegan companies to succeed and I know we have our place at the table."



**Chief Executive Jenny Goldfarb presents sandwich.**





## HEALTH CARE & BIOTECH

Amy Stulick  
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# COVID Patient Influx Strains Hospital Resources

Bed capacity and staffing in the red, mortuaries full.

By **AMY STULICK** Staff Reporter

Hospitals in the Valley are seeing surges linked to holiday gatherings, staff said, threatening to overwhelm plans put in place at the beginning of the pandemic to accommodate a massive influx of patients.

Temporary morgues have been stationed at hospitals to help overwhelmed mortuaries deal with COVID-19 victims, including West Hills Hospital and **Providence Health and Services** hospitals in the Valley.

“Providence has anticipated the need for those types of things,” said **Deb Carver**, chief nursing officer at Providence Cedars-Sinai Tarzana Medical Center. “We don’t have anything specific here, we’re managing with what we have.”

“It is real. Every day, I can tell you I’ve watched somebody die from COVID. ... Once a patient is on a ventilator, the chances of them recovering are not good.” **Yolanda Tominac**, an ICU nurse at West Hills Hospital and member of the **SEIU 121 RN** union, told the Business Journal. “We’re being honest with our families, when they have to make a decision about having to intubate a patient – their grandmother or grandfather, uncle – (pulmonary critical care doctors) have to tell them that there’s a 70 percent chance that they’re going to die.”

“Seventy percent is more across the board, if you talk to other hospitals, other physicians, the nurses have friends at other places,” said **Dr. David Kamrava**, pulmonologist at West Hills Hospital. “Ours has been only about 40 percent when they go on the ventilator.”

Added Kamrava: “Patients that go on the ventilator from the community have a better chance of survival than the ones that are from a nursing home. If they’re from a nursing home, they’re not moving around, a lot of them, they’re there for a reason, whereas the ones from the community, they definitely have a better chance of surviving.”

Nurse burnout is real too, with some having to take stress leave while others are contracting COVID either at work or through their own family members.

“We’re not superhuman, even though



**Stressed: ICU Nurse Yolanda Tominac with Dr. David Kamrava at West Hills Hospital.**

people like to think we are,” Tominac added. “We’re running with smaller numbers of nurses because we’ve had nurses that have been exposed, tested positive for COVID, or family tested positive for COVID. We’ve had nurses that have gone out on stress leave because they can’t take it anymore.”

As of press time, West Hills Hospital had not gotten to the point of rationing care, Tominac said — at least not yet.

“They’re going to have to decide at some point who has the best outcome. Of course, that 30-year-old, we’re going to do everything we can, but 89-year-old grandma who has been in a nursing home is not going to have that option anymore. That’s a reality,” explained Tominac. “Fortunately, we’re not at that point within our own hospital.”

A document circulated among doctors at four L.A. County-run hospitals and obtained by the **Los Angeles Times** suggested workers shift from saving every life to saving as many patients as possible; those less likely to survive would not get the same kind of care.

“We’re pretty close to capacity most days. It fluctuates day to day,” said Carver, referring to the Tarzana hospital. “Every organization at this point is looking at and thinking that those

things might be necessary, but that’s not something we’re planning for or anticipate we’ll have to do.”

“Some compromise of standard of care is unavoidable; it is not that an entity, system or locale chooses to limit resources, it is that the resources are clearly not available to provide care in a regular manner,” the document stated.

“We are caring for more COVID-19 patients and are very close to capacity,” West Hills Hospital said in an email to the Business Journal, referring to capacity even with its surge plan. That plan involved opening two floors for COVID patients, allowing capacity to be bumped up from its 25-bed ICU to care for 60-plus people two weeks into January, according to Tominac.

Surge floors need the right equipment and trained staff, Tominac added, a major hurdle for nurses caring for pandemic patients.

“The medical air that you have to attach to a ventilator only exists in the ICU and in the emergency department. You can’t put a ventilator on any other floor,” Tominac told the Business Journal. “And you have to have specially trained nurses to do that. A medical or surgical nurse doesn’t know what to do with a ventilator.”

Added to that is Gov. **Gavin Newsom’s** waiving of the State’s Title 22 regulations, which includes set nurse-to-patient ratios.

“California is the only state that has nurse-patient ratios. We fought for these ratios. A normal number would be one nurse to two patients in the ICU. On the telemetry floor it would be one nurse to four patients, and on med-surg it would be one nurse to five patients,” said Tominac. “The hospitals are taking advantage of the governor’s waiver, to allow us to take as many patients as we can take.”

Hospitalized patients with COVID require more care to begin with, the Business Journal has reported in the past, because nurses are treating a variety of serious symptoms from respiratory illnesses to heart failure.

West Hills had five travel nurses at its site in March and April as well, but the hospital let them go when the numbers didn’t warrant them to stick around, Tominac explained. Per diem nurses, contracted through various agencies to help with workload, were not dismissed early in the pandemic since they were covered under a collective bargaining agreement between Nashville-based **HCA Healthcare Inc.**, West Hills’ parent company, and **SEIU 121 RN**.

West Hills nurses, along with those at Los Robles Regional Medical Center in Thousand Oaks and Riverside Community Hospital even threatened to strike through Christmas and New Year’s Day unless HCA provided the safe working conditions, including adequate staffing.

“We have taken strategic actions to protect as many nursing roles as possible. The hospital is staffed according to our patient volumes and during the spring, due to the pandemic, our normal patient volumes were low and we did not have the need for travel nurses,” West Hills Hospital said in an email to the Business Journal.

During the first few weeks of the new year, the Los Angeles County Department of Public Health said COVID-19 hospitalizations have continued to increase, putting just under 8,000 people in the hospital with 20 percent of those patients in intensive care units.

“The anticipated surge from the winter holiday gatherings has begun. And tens upon tens of thousands of people are paying the price with new COVID-19 infections,” Los Angeles County Public Health Director **Dr. Barbara Ferrer** said in a statement.

# Pandemic Alters Testing Lab’s Business Model

Universal Diagnostic tries direct-to-consumer strategy.

By **AMY STULICK** Staff Reporter

**Universal Diagnostic Laboratories** in Van Nuys has drastically changed its business model in the wake of COVID-19 testing.

The 23-year-old testing laboratory at 6700 Valjean Ave. has oscillated between business-to-business and direct-to-consumer platforms, depending on demand.

“In a normal circumstance, a laboratory would only do direct business with referring physicians, but COVID has created a direct-to-consumer product,” said **Natasha Madarian**, vice president of business development at UDL. “Instead of somebody having to go to their doctor to get a COVID test, which they probably cannot, they can come to five of our locations.”

Currently, 70 percent of UDL’s business

comes from COVID testing while 30 percent (UDL’s pre-COVID business) is diagnostics – drug tests, biopsies, bloodwork – at the full service, high complexity laboratory.

“With my workers’ comp background, I’ve brought in a lot of employers to the mix where we go on-site,” added Madarian, formerly with **ProHealth Medical Group** in Mission Hills. She started at UDL in September. “I have a medical surveillance team that we hired that are trained to go on site and help administer the PCR (COVID) test to keep things open like bakeries and production companies.”

Madarian, who has multiple family members in the restaurant business, believes weekly employer testing is the golden ticket to reopening the economy while keeping everyone safe.

“In the long term, the truth is everything needs to open back up again. The closure hasn’t really made a dent in the numbers,” she said. “We just go on site and all we need for the employer site is, if they have a break room or conference room, we can set everything up.



**Van Nuys: Lab at 6700 Valjean Ave.**

It’s only one product, and it’s a swab, so it just helps keep a safe work environment.”

Besides its on-site testing for employers, UDL’s five sites for patients offer COVID tests in shopping malls in Canoga Park and Culver City, a recreation center in Calabasas, and its latest site in Burbank.

“The biggest challenge we’ve had is staffing,” Madarian said. UDL has doubled its employee count since the beginning of the pandemic, from roughly 40 to 80 people.

Looking ahead, UDL plans to introduce more direct-to-consumer products, specifically for testing related to sexually transmitted diseases, Madarian said. The business will continue bolstering its COVID testing capabilities, but likely will not dip into vaccinations.

“We probably could; we’ve talked about it,” added Madarian. “We just don’t want to step on an area that’s not within our business model. We’re here to function as a reference laboratory for providers.”



## RETAIL & HOSPITALITY

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# Music Chain Sheds \$800 Million Debt

Guitar Center has 'operational flexibility' after Chapter 11.

By **ANDREW FOERCH** Staff Reporter

In December, just a month after filing to reorganize under Chapter 11, **Guitar Center Inc.** emerged with a balance sheet lighter by about \$800 million in debt.

The Westlake Village musical equipment retailer has entered agreements to receive up to \$165 million in new equity financing from stakeholders **Ares Management Corp.** in Los Angeles, hedge fund **Brigade Capital Management** and private equity firm **Carlyle Group**. The three firms now own 100 percent of the common stock in Guitar Center.

The company also raised \$375 million by entering a new secured asset-based revolving financing facility funded by **Wells Fargo** and **JPMorgan**, and another \$350 million – up from the expected \$335 million – by selling new senior secured notes. That adds up to about \$890 million in operating capital.

**Solvent: Guitar Center in Westlake Village.**



PHOTO BY THOMAS WASPER

Chief Executive **Ron Japinga** said in a statement: "We are excited to have gained the financial and operational flexibility we need to reinvest in our business and support our long-term sustainable growth, allowing us to deliver on our mission of putting more music into the world."

Guitar Center operates 297 stores under its own banner and more than 200 Music and Arts stores, which specialize in band and orchestral instruments for sale and rent. It also operates an online marketer of musical instruments called **Musician's Friend**.

The company has been saddled with more than \$1.3 billion in debt since 2007, when equity firm **Bain Capital** purchased it and took it private for \$63 a share. Then came the Great Recession and the meteoric rise of e-commerce, both of which crunched the company's sales. Bond and loan payments piled up, and in 2014 Bain handed off control to Ares in an out-of-court debt-for-equity swap.

Guitar Center said it had performed well leading up to the outbreak of the pandemic, but the virus created conditions in the retail sector that it couldn't survive without rearranging its balance sheet.

The reorganization was impressively speedy. Guitar Center entered Chapter 11 on Nov. 22. Less than a month later, on Dec. 17, a bankruptcy judge in the Eastern District of Virginia approved its reorganization plan. It exited on Dec. 23.

**Milbank LLC**, the New York law firm which served as Guitar Center's legal counsel for the restructure, said Guitar Center's case was "groundbreaking for both its speed and means of implementation."



Red Dot: Alfonso Ferreira, left, and Bryan Park mark Footprints Floors' site.

# Footprints Floors to Enter the L.A. Market

Former Walmart executive to open franchise in Valley.

By **ANDREW FOERCH** Staff Reporter

A former **Walmart de Mexico** executive is bringing a new home flooring franchise to the San Fernando Valley.

**Alfonso Ferreira**, formerly the vice president of innovation and productivity at the retail giant's south-of-the-border unit, is striking out on his own and opening a **Footprints Floors** operation in the East Valley. It will be the Denver-based franchise's first presence in California, offering hardwood and tile floor, carpet, backsplash and laminate installation and restoration services to Glendale, Burbank, Pasadena, Santa Clarita and West Covina.

"I always wanted to own a business and to start doing something by myself. So I started to look at franchise opportunities," said Ferreira, who in 2018 moved to La Cañada-Flintridge for a consulting job with L.A. retailer **Curacao**.

He said Footprints Floors had an attractive business model with low overhead, comprehensive support from the central corporation and a focus on customer service.

The franchise's Chief Executive **Bryan Park** told the Business Journal that Footprints Floors operates differently than most traditional flooring companies, which typically invest tens of thousands of dollars a month into staffed showrooms, tons of inventory, forklifts and other equipment. Footprints Floors does away with all of that.

"Vendors have warehouses and will drop ship to customers' homes," Park explained. The money saved goes towards marketing.

Footprints Floors' role is to consult with customers, deliver estimates and coordinate with contractors who do the physical work on site. The corporate arm takes care of marketing and operates a telephone call center to deal with customers and schedule estimates for all of its franchisees.

"We try to tee them up for success," Park said.

Franchisees don't even need a brick-and-mortar space – or employees, for that matter. Park said most operators work solo out of their homes.

"A huge advantage is that we're nimble. There are not so many moving parts," he said. "That translates well to adding new owners."

Another plus is that operators don't need to put up a massive upfront investment – the franchise fee for a single territory is around

\$80,000 all told. Most recoup that investment fast.

"Most franchise owners are getting close to making six figures in (their first) year," Park said.

Ferreira went bigger than most and bought the rights to operate in four territories.

"I will cover 2.3 million people," he said, adding he plans to expand to more ZIP Codes and hire a small sales and project management team once he establishes a firm presence in the L.A. market.

Ferreira returned to Denver this week for his final training session with the corporate arm. He earned his license to operate in California in November and is targeting a February launch.

### Opportunity from crisis

Park founded Footprints Floors in 2008, in the throes of the Great Recession.

The hardwood flooring company he worked for at the time was suffering existential financial woes and hadn't paid its employees for several months. Then Park was notified he'd be laid off without receiving the paycheck he was owed.

"We had a two-year-old, my wife was eight months pregnant, we had four dogs, an 800-square-foot house, \$35,000 in credit card debt and I was unemployed in a recession," he recalled.

Park took matters into his own hands, setting up Footprints Floors out of his garage while his wife built out a customer-facing website.

"We didn't do a project for two full months. We had some tense moments. ... By May or June of '09, I had enough business going that I could keep myself busy. I was doing floors full time, physically, and I had three or four other crews working simultaneously. We ran through that year and ended up doing \$560,000."

Over the next few years, Park grew Footprints Floors into one of the largest flooring companies in Colorado and began franchising to local operators.

In 2018, he decided to expand the company outside of his home state and hired consulting firm **Raintree Franchise Development** to promote the company and solicit franchise offers.

Business has been booming ever since.

"We just hit our 64<sup>th</sup> owner," Park said. "We're adding 20 new owners in the next two and a half months."

# Black Angus Trims Open Locations

20 restaurants temporarily shut due to coronavirus.

By **ANDREW FOERCH** Staff Reporter

Black Angus Steakhouse has temporarily shuttered more than half its restaurants across the Western U.S. due to the coronavirus and resulting business restrictions.

The Sherman Oaks-based chain now has 15 restaurants operating in California, Arizona, Washington and Hawaii. It owns a total of 35 locations across those states and Nevada.

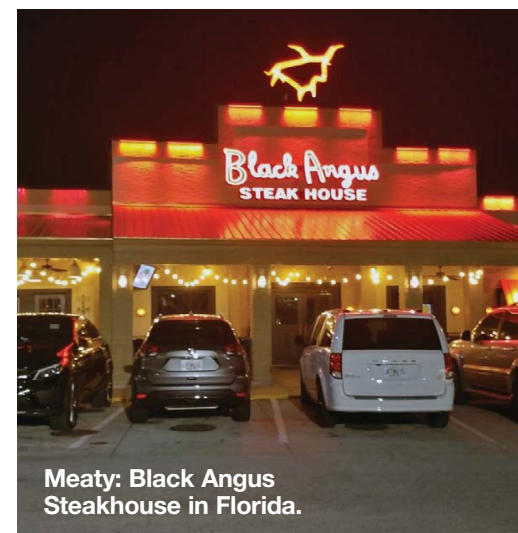
California closures include Black Angus restaurants in Burbank, Ventura, Bakersfield, Dublin, Vallejo, Monrovia, Montclair, Whittier, Lakewood, Ontario, Buena Park, San Bernardino, Santa Ana, Fountain Valley, Temecula, Escondido, El Cajon and Chula Vista.

Locations in Northridge and Lancaster are still open for takeout and delivery.

In an email to the Business Journal, a representative from Black Angus cited "the challenges of operating during the pandemic and recent shelter in place mandates across some states," as reasons for the closures.

"Our intention is to reopen all locations in a safe manner, with timing dependent on guidelines provided by local governments and the CDC," the email added.

Black Angus has already closed several locations permanently amid the pandemic, including in Milpitas, Phoenix and Lakewood, Wash.



Meaty: Black Angus Steakhouse in Florida.

Black Angus was founded in 1964 by Stuart Anderson, a rancher from Seattle. Anderson grew it to 12 locations, marketing it as a ranch-to-restaurant operation, before selling the company to Saga Corp. in 1972. In 1987, hospitality giant **Marriott Corp.** bought Saga and sold several of its restaurant chains to American Restaurant Group, which ran Black Angus for decades. At its apex, the brand had 103 restaurants in 13 states and revenue of more than \$240 million. But the chain had a problem: debt, to the tune of more than \$200 million. In 2004, American Restaurant Group filed for Black Angus to reorganize under Chapter 11. Five years later, American Restaurant Group itself filed for Chapter 11, and sold the 69 remaining Black Angus restaurants to **Versa Capital Management Inc.**, which still owns them.

The chain moved its headquarters to Sherman Oaks in May 2016.



# ENTERTAINMENT

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## Hollywood Starts Year With Clean, Blank Slate

Movie distribution remains in flux after terrible 2020.

By **MARK R. MADLER** Staff Reporter

The summer movie season generally brings in about \$4 billion in box office revenue.

This past summer, however, it brought just \$180 million in box office receipts as many movie theaters remained closed and anticipated blockbusters were delayed until this year due to the coronavirus outbreak.

“It was the pandemic,” said **Paul Dergarabedian**, senior media analyst with **ComScore Inc.** in Sherman Oaks. “That affected everything.”

Last year, the U.S. box office revenue declined by 81 percent, to \$2.2 billion from \$11.4 billion in 2019. The global box office take decreased by 71 percent to \$12.4 billion from a record \$42.5 billion.

If not for the pandemic, which shut U.S. movie theaters down on March 20, the movie business was on track to a record domestic and global year. When theaters went dark 10 months ago, the box office was running ahead of where it was at the same point in 2019, Dergarabedian said.

“That is when we suddenly saw the beginning of this new unfortunate era for the box office,” he added.

If there is some good news from the annus horribilis that just ended, it is that when big movies did open, they did fairly well.

Of course, those in the industry did have to recalibrate their thinking of what made a hit, Dergarabedian said.

“When ‘Wonder Woman 1984’ opened at almost \$17 million while being simultaneously available, albeit on a paid service, HBO Max, to have that kind of box office was cause to be optimistic for the future of the business,” he said.



Scheduled: ‘Judas and the Black Messiah’ is set for Feb. 12.

The sequel to 2017’s hit film from **Warner Bros. Entertainment** in Burbank, “Wonder Woman 1984” was released on Christmas Day and brought in \$7.5 million on that first day. Another \$9.2 million came in over the following two days.

Taken in the context of the current marketplace, where theaters in New York and California are not even open, Dergarabedian sees that first weekend for the DC superhero film as a win.

In fact, the \$16.7 million that “Wonder Woman 1984” earned made it the highest grossing opening weekend film for the entire year.

“Now the movie dropped pretty heavily, but that may be more because the reviews were tough on that film,” Dergarabedian continued. “But at least in terms of the experiential part of a going to a movie theater and seeing a brand-new blockbuster, that still has a

lot of appeal for people.”

More evidence of the appeal of seeing movies on a big screen is in the from of box office revenue for drive-ins. They went from a range of 1 percent to 2 percent of box office take to a whopping 80 percent to 90 percent range as they were the only game in town for movie goers who wanted a communal, big screen experience – albeit from the safety and security of their car.

“That again showed the desire of people to see movies on the big screen,” Dergarabedian said.

As for the new year, the first big movie comes out on Jan. 29 – the Warner Bros. suspense thriller “The Little Things” with **Denzel Washington** and **Jared Leto**. That is followed by “Cinderella” in wide release on Feb. 5 from **Sony Pictures**. Other films getting a wide release in the next few months include “Judas and the Black Messiah” (Feb. 12), the animated/live

action “Tom & Jerry” (Feb. 26), “The King’s Man” (March 12) and “The Soprano’s” prequel “The Many Saints of Newark” (March 12).

Dergarabedian, however, is skeptical that some of these dates will stick.

“I am not a betting man, but I will bet many of these dates will still change, especially the ones that are earlier in the year,” he said.

Movie studios and theater owners are used to a very structured timeline when it comes to releasing films. There generally is a long lead time given to a new film, but last year there were examples of movies being moved weeks, sometimes days before they were to hit the theaters, Dergarabedian said.

“What was once an unthinkable way of doing business became the norm,” Dergarabedian explained. “Every time the pandemic shifted in terms of its impact, it affected the entire movie schedule.”

The release schedule is among the challenges the film industry faces in the new year.

Another challenge is making sure there are enough theaters available to show new films.

Last year, some of the titles that were never released – including Marvel Entertainment’s “Black Widow,” now set for May 7 and the latest in the James Bond franchise, “No Time to Die,” coming out April 2 – faced the combination of a very limited theatrical marketplace and limited capacity in theaters that created a massive void, Dergarabedian said.

Without a lot of new content coming out, the studios were stuck, he added.

Many of the films, particularly the potential blockbusters, were pushed to this year and other films were released just to get them out. In many cases, that meant shifting them from a theatrical release to a streaming platform or having a shortened release in theaters before going to streaming, he said.

“All of these scenarios that would have been unthinkable a year before were becoming the norm,” Dergarabedian said.

## Lamps Plus Earns Role in ‘Wonder Woman 1984’

Superhero film puts retailer inside retro-style mall.

By **MARK R. MADLER** Staff Reporter

**Lamps Plus Inc.** has made an appearance in the new **Warner Bros. Entertainment** film, “Wonder Woman 1984.”

The Chatsworth lighting fixture retailer appears in the background of a fictional Virginia indoor mall, according to a release from the company.

“The scene is memorable, but in the real world, Lamps Plus has never had a store in an indoor mall or on the East Coast,” the release said. “But in the DC Universe, the retailer is shown having a successful storefront on the mall’s second level.”

Lamps Plus Chief Executive **Dennis Swanson** said the company wasn’t aware of the store’s placement in the shopping mall scene, which was shot in summer 2018 at the shuttered Landmark Mall in Alexandria, Va.

“In a year of unpredictability, we were excited to see a lighting store with our logo in ‘Wonder Woman 1984,’” Swanson said in a statement. “We weren’t aware of this prime placement in the mall scene, but it was a wonderful holiday season surprise.”

Lamps Plus was founded in 1976 and by 1984, the chain had about a dozen stores located only in California. The company has



Shopping Heroics: Left, in ‘Wonder Woman 1984,’ the title character descends in mall; right, onlookers cheer in front of Lamps Plus.

grown to have several dozen stores in seven western states as well as a thriving e-commerce business.

“The scene perfectly captures the authenticity of a shopping mall from that era instead of using campy, retro clichés,” Swanson said in his statement. “For some, the scene provides nostalgia of a 1980s mall shopping experience, while for younger audiences, it offers a window into that time. Either way, it’s a fun scene and Lamps Plus is grateful to be included.”

The film set had 65 retail stores re-created from the era, according to USA Today. Several of the retailers, such as Waldenbooks, Chess King and B. Dalton Bookseller, are no longer operating, the company’s release said.

The indoor shopping mall had a greater importance to consumers in 1984 than it does today as it was the place where one went to shop as well as socialize and go to the movies, Swanson said.

“While indoor malls are still important now, the internet has replaced some needs,”

Swanson said. “We’ve always wondered what it would be like to open an indoor mall store so now we have one, but only inside the ‘Wonder Woman 1984’ story.”

“Wonder Woman 1984” was released in U.S. theaters on Christmas and was subsequently made available on Burbank-based Warner Bros.’ streaming service HBO Max.

The film, a sequel to a 2017 blockbuster, has brought in \$32.6 million in domestic receipts and \$132 million in total global box office.

## THE LIST

# Private Schools Hold Tuition Line But Offer Aid

**LIST:** Administrators report full enrollment even with remote-only instruction.

By **AMY STULICK** Staff Reporter

So far in the coronavirus pandemic, private high schools in the Valley region have not experienced a drop in enrollment, nor have they had to reduce tuition, staffers told the Business Journal.

However, many have strengthened their financial aid for families that have lost either all or a significant portion of their income due to the pandemic.

For **Harvard-Westlake School** in Studio City, No. 3 on the Business Journal's list of private high schools, more than 20 percent of its students are on some form of financial aid, and in many cases tuition is paid entirely through school aid.

"It has been communicated to families on more than one occasion during this pandemic that if they are facing new needs or new financial pressures as a result of this pandemic, if someone has lost their job or if their income has been significantly curtailed, that's a conversation they should have with the school," said **Ari Engelberg**, head of communications and strategic initiatives at Harvard-Westlake. "The school stands willing and ready to support our families during times of need and that certainly calls to the school for emergency aid would be

well received."

**Notre Dame High School** in Sherman Oaks – No. 2 on the Business Journal's list – has increased its financial aid budget to keep students at school; efforts have maintained "strong interest" from new students too, according to **Richard Klee**, director of advancement.

"Notre Dame has not experienced any decline in enrollment," added Klee. "We are fully enrolled. ... We are currently accepting applications for students who would like to join Notre Dame High School in the 2021-22 school year."

Engelberg said Harvard-Westlake has always taken extra steps to make sure students on financial aid are treated the same and have the same experience as those that don't need it.

"There are relatively few people who work at the school who know which students are on financial aid and which ones aren't," added Engelberg. "We don't want there to be any stigma at all associated with receiving financial aid; we don't want the student to feel that their experience here is somehow different. ... We want them to have a full sense of inclusion."

If tuition is lowered at all, that decision would lie with the board of trustees and the school business office, Engelberg said.

"I'm pretty confident in saying there is not likely to be an adjustment to tuition," he added.

### Waiting on normalcy

Unfortunately, Valley schools are at the mercy of government entities to determine when it would be safe for older students to



**Campus Visit:** Students are screened on grounds of Harvard-Westlake School.

return to the classroom.

Engelberg said Harvard-Westlake last year invested in infrastructure, equipment, technology and training to welcome students back on campus for the current fall semester, but for now classes are completely online.

"The county has really only permitted students to come back to campus, for in-person instruction, for lower grade levels. A lot of the schools at the lower levels have put in place hybrid programs where kids will come onto campus in rotations where they'll spend some time on campus and at least getting some exposure to their teachers and friends," explained Engelberg. "Since we serve middle and high school students, we haven't even been able to do that."

An exception is made for student athletes and sports teams, according to Engelberg, who have been able to return to campus for conditioning exercises and practices outside.

"We are finding ways to have students safely on campus, such as for athletic conditioning and practices, as well as for retreats and other school activities as permitted by (L.A. County)," added Klee at Notre Dame. "Also, under current rules, schools are permitted to host in-person, small cohorts of students whose needs cannot be met in a virtual learning platform for on-campus sessions."

Although schools are "handcuffed" in a pandemic environment, Engelberg said, the talent is still there on both sides of the classroom.

"Whether you put them together in a classroom or you put them together in a Zoom room, good things are going to happen," Engelberg told the Business Journal. "We still see teachers being innovative and engaging with students, we're still seeing students be creative and driven and doing excellent work."

Notre Dame leaned into its community service values during the pandemic by having students organize a Candy Cane Drive-Through Christmas event with a "record number" of donations. The school partnered with the **Sherman Oaks Homeowners Association** to get essentials to community members in need.

"The things we are doing at Notre Dame may be altered, but not moot," said Klee. "We cannot embrace the people we serve in our Christian service program, but we still find ways to serve them."



SAN FERNANDO VALLEY  
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COMMERCIAL  
REAL ESTATE  
AWARDS

The **San Fernando Valley Business Journal** is proud to announce the 2021 Commercial Real Estate Awards.

We are currently accepting nominations for the biggest, best and most notable commercial real estate projects of 2020. We'll be honoring the developer, architect, and general contractor of each award winning project. In addition, we'll recognize the most successful broker/broker teams in the market. Winners will be announced at the Commercial Real Estate Awards and published within the Business Journal in March 2021.

FINAL NOMINATION DEADLINE:

Friday, February 5, 2021

We're accepting nominations in the following categories:

#### PROJECTS OF THE YEAR

- Hospitality
- Industrial
- Medical
- Mixed-Use
- Multi-Family
- Office
- Public
- Redevelopment
- Retail
- Sustainable
- Tenant Improvement

#### BROKERS OF THE YEAR

- Best Office Sale & Lease
- Best Industrial Sale & Lease
- Best Retail Sale & Lease
- Best Medical Sale & Lease
- Best Multi-Family Sale
- Best Land Sale
- Rookie of the Year
- Broker of the Year

To nominate, please visit [sfvbj.com/bizevents](https://www.sfvbj.com/bizevents)

AWARDS CEREMONY: MARCH 3, 2021

LIVE VIRTUAL EVENT  
2:00PM - 3:30PM

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# THE LIST

## PRIVATE HIGH SCHOOLS

Ranked by students enrolled in 2020-2021

► **NEXT ISSUE**

Business Improvement Districts

Rank	Profile • name • address • website	Enrollment • grades 9-12	High School Tuition • annual	Programs & Courses (partial list)	Profile • religious affiliation • grade range • gender	Administrator • name • title • phone	
1	 <b>Chaminade College Preparatory</b> 7500 Chaminade Ave. West Hills 91304; chaminade.org	1,212	\$18,795	23 AP courses, 18 honors courses, AP Capstone, one-to-one Tablet PC Program, athletics, visual and performing arts, mock trial and debate, robotics and livestream program	Catholic 6-12 co-ed	Robert Webb President (818) 347-8300	
2	 <b>Notre Dame High School</b> 13645 Riverside Drive Sherman Oaks 91423; ndhs.org	1,196	18,950	college prep, AP and honors courses	Catholic 9-12 co-ed	NA (818) 933-3600	
3	 <b>Harvard-Westlake School</b> 3700 Coldwater Canyon Studio City 91604; hw.com	1,170	41,300	28 AP courses, honors courses, interdisciplinary studies department, independent study, robotics, athletics, performing and visual arts, journalism	none 7-12 co-ed	Richard Commons President (818) 980-6692	
4	 <b>Oaks Christian School</b> 31749 La Tienda Drive Westlake Village 91362; oakschristian.org	958	34,500	college prep, AP and honors courses, performing and visual arts, international field studies, mission/service trips, leadership program	Christian 5-12 co-ed	Robert Black Head of School (818) 575-9900	
5	 <b>Bishop Alemany High School</b> 11111 N. Alemany Drive Mission Hills 91345; alemany.org	803	12,175	college prep, honors and AP courses: European history, U.S. history, U.S. government, economics, English, Spanish language and Spanish literature	Catholic 9-12 co-ed	Raphael Domingo Principal (818) 365-3925	
6	 <b>St. Francis High School</b> 200 Foothill Blvd. La Cañada Flintridge 91011; sfhs.net	669	18,800	College preparatory academic curriculum, AP and honors courses, campus ministry and Christian service programs, student activities and extracurricular clubs, athletics, arts	Catholic 9-12 male	Fr. Tony Marti President (818) 790-0325	
7	 <b>Campbell Hall</b> 4533 Laurel Canyon Blvd. North Hollywood 91607; campbellhall.org	546	40,850	22 AP courses, 17 honors courses	Episcopalian K-12 co-ed	Julian Bull Headmaster (818) 980-7280	
8	 <b>Paraclete High School</b> 42145 30th St. West Lancaster 93536; paracletehs.org	545	9,570	AP and honors courses, STEM program	Catholic 9-12 co-ed	John Anson Principal (661) 943-3255	
9	 <b>Milken Community Schools</b> 15800 Zeldins' Way Los Angeles 90049; milken.school.org	538	46,500	18 AP and 52 honors courses, special programs such as architecture, design, advanced sciences, engineering, science research and robotics	Jewish 7-12 co-ed	Sarah Shulkind Head of School (310) 440-3500	
10	 <b>Crespi Carmelite High School</b> 5031 Alonzo Ave. Encino 91316; crespi.org	537	18,800	college prep, AP and honors courses, all courses UC approved, Taiko drums, visual and performing arts, environmental leadership program	Catholic 9-12 Boys	Kenneth Foersch President (818) 345-1672	
11	 <b>Viewpoint School</b> 23620 Mulholland Highway Calabasas 91302; viewpoint.org	522	43,900	college prep, 28 AP courses, 16 honors courses, athletics, vocal and instrumental music, fine arts, film and conservatories of theater and dance	none K-12 co-ed	Mark McKee Head of School (818) 591-6500	
12	 <b>St. Genevieve High School</b> 13967 Roscoe Blvd. Panorama City 91402; valiantspirit.com	512	11,975	accelerated honors math, theater arts, band, orchestra, performance choir	Catholic K-12 co-ed	Daniel Horn Principal (818) 894-6417	
13	 <b>Help Group</b> 13130 Burbank Blvd. Sherman Oaks 91401; thehelpgroup.org	505	NA	servicing children and young adults with special needs related to autism spectrum disorder, learning disabilities, ADHD, developmental delays	none preschool-12 co-ed	Barbara Firestone CEO, President (818) 781-0360	
14	 <b>Sierra Canyon School</b> 20801 Rinaldi St. Chatsworth 91311; sierracanyonschool.org	464	39,200	25 AP courses, 32 honors courses, directed research courses, community service opportunities, Peak Week (experiential learning)	none PK-12 co-ed	Jim Skrumbis Head of School (818) 882-8121	

NA - Not Available Note: Information for this list was provided by the schools themselves and the California Department of Education. Schools are ranked by high school enrollment. To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and

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Researched by Joshua Niv

Continued on page 14

**PRIVATE HIGH SCHOOLS** *Continued from page 13*

Rank	Profile • name • address • website	Enrollment • grades 9-12	High School Tuition • annual	Programs & Courses (partial list)	Profile • religious affiliation • grade range • gender	Administrator • name • title • phone	
15	 <b>Village Christian School</b> 8930 Village Ave. Sun Valley 91352; villagechristian.org	454	\$15,580	Harvard College System-based concentrations program, AP and honors courses, Mandarin, Spanish, Fine Arts Academy	Christian JK-12 co-ed	Tom Konjoyan Head of School (818) 767-8382	
16	 <b>Providence High School</b> 511 S. Buena Vista St. Burbank 91505; www.providencehigh.org	452	19,950	college prep, AP and honors courses, focus programs (cinema arts, medical and technology), visual/performing arts, athletics, model United Nations	Catholic 9-12 co-ed	Scott McLarty Head of School (818) 846-8141	
17	 <b>Flintridge Preparatory School</b> 4543 Crown Ave. La Cañada Flintridge 91011; flintridgeprep.org	412	39,100	multidisciplinary education, STEAM, Leadership, and Global Studies focus, visual and performing arts, CIF-winning athletics programs, human development program	none 7-12 co-ed	Jim Pickett Head of School (818) 790-1178	
18	 <b>Heritage Christian School</b> 17531 Rinaldi St. Granada Hills 91344; heritage-schools.org	385	13,222	AP and honors courses, discovery program, performing arts, athletics, music academy, missions outreach	Christian preschool-12 co-ed	Jeremy Hoff Head of School (818) 368-7071	
19	 <b>Flintridge Sacred Heart Academy</b> 440 St. Katherine Drive La Cañada Flintridge 91011; fsha.org	384	27,650	college prep curriculum, visual and performing arts, athletic program, campus ministry and service program, clubs	Catholic 9-12 female	Sister Celeste Botello, O.P. Principal (626) 685-8500	
20	 <b>de Toledo High School</b> 22622 Vanowen St. West Hills 91307; dtths.org	364	41,400	AP courses, athletics, global travel, award-winning musical theatre, science and entrepreneurial academies, social action and interest clubs	Jewish 9-12 co-ed	Mark Shpall Head of School (818) 348-0048	
21	 <b>Oakwood School</b> 11600 Magnolia Blvd. North Hollywood 91601; oakwoodschool.org	340	43,080	AP courses, college prep, immersion (international travel), service learning, independent studies, arts, athletics, S.T.E.A.M., CalTech mentorship, computer science, CalArts mentorship, competitive athletics	none K-12 co-ed	Jaime Dominguez Head of School (818) 732-3150	
22	 <b>The Buckley School</b> 3900 Stansbury Ave. Sherman Oaks 91423; buckley.org	330	43,860	21 AP courses, applied science, performing arts, diversity, equity and inclusion program, fine arts, film production, robotics, varsity athletics, service learning, world languages, Model UN, mock trial, partnership with Iowa Writers' Workshop	inclusive of all religions K-12 co-ed	Alona Scott Head of School (818) 783-1610	
23	 <b>Louisville High School</b> 22300 Mulholland Drive Woodland Hills 91364; louisvillehs.org	313	19,250	college prep, AP and honors courses, focus programs in STEM, law and social justice, journalism and media and art	Catholic 9-12 female	Kathleen Vercillo Principal (818) 346-8812	
24	 <b>Grace Brethren High School</b> 1350 Cherry Ave. Simi Valley 93065; gracebrethrenschools.com	304	13,866	AP and honors courses, college prep, athletics, arts, robotics, cubeSat program, clubs	Christian 7-12 co-ed	Joseph Keller Head of School (805) 522-4667	
25	 <b>Faith Baptist Schools</b> 7644 Farralone Ave. Canoga Park 91304; faithbaptistschools.com	300	7,320	Christian environment, college prep, honors courses, 14 AP courses, athletics, fine arts, clubs, Bible classes and chapel	Baptist preschool-12 co-ed	Stephania Rasmussen Junior and Senior High Principal (818) 340-6131	
26	 <b>Valley Torah High School</b> 12517 Chandler Blvd Valley Village 91607; vths.org	260	29,000	religious and general studies program	Orthodox Jewish 9-12 male/female campuses	Rabbi Avrohom Stulberger Head of School (818) 505-7999	
27	 <b>La Reina High School</b> 106 W. Janss Road Thousand Oaks 91360; lareina.com	187	19,000	college prep, honors courses, AP courses include: English, French, Spanish, calculus, biology, 3-D design, physics, psychology, art, European history, SAT scores 195 points higher than national average, 100% college acceptance rate, basketball, cross country	Catholic 6-12 All girls	Tony Guevara President (805) 495-6494	
28	 <b>Holy Martyrs Ferrahian High School</b> 5300 White Oak Ave. Encino 91316; ferrahian.com	185	9,000	California content standards, AP courses, Armenian language and history	Armenian Christian K-12 co-ed	Sossi Shanlian Principal (818) 784-6228	
29	 <b>AGBU Manoogian-Demirdjian School</b> 6844 Oakdale Ave. Canoga Park 91306; agbumds.org	185	10,300	college prep, AP and honors courses, Armenian culture and language emphasis, new focus group program, academic and interest based clubs, performing arts	none preschool-12 co-ed	Arpi Avanesian Principal (818) 883-2428	

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## PRIVATE HIGH SCHOOLS

Rank	Profile • name • address • website	Enrollment • grades 9-12	High School Tuition • annual	Programs & Courses (partial list)	Profile • religious affiliation • grade range • gender	Administrator • name • title • phone	
30	 <b>Desert Christian Schools</b> 2340 W. Avenue J-8 Lancaster 93536; desertchristian.com	175	\$6,695	offers three diploma options which exceed state graduation requirements and enables the student to enroll in colleges, universities and the military	Christian preschool-12 co-ed	David Pratt School Administrator (661) 948-5071	
31	 <b>Trinity Classical Academy</b> 28310 Kelly Johnson Parkway Valencia 91350; trinityclassicalacademy.com	170	18,150	religious and general studies, special education program	Christian TK-12 co-ed	Liz Caddow Head of School (661) 296-2601	
32	 <b>International School of Los Angeles</b> 1105 W. Riverside Drive Burbank 91506; internationalschool.la	150	24,050	French Curriculum (from the French Ministère de l'Éducation Nationale) with the French Diplôme National du Baccalauréat, International Baccalaureate (R) - IB	none preschool-12 co-ed	Michael Maniska Head of School (818) 994-2961	
33	 <b>Santa Clarita Christian School</b> 27249 Luther Drive Santa Clarita 91351; sccs.cc	130	12,000	AP and honors courses, college prep, choir, band instruments, fine arts, athletics, resource specialist, college counseling, chapel, student leadership, Bible studies	Baptist K-12 co-ed	Mark Wilson Administrator (661) 252-7371	
34	 <b>Lancaster Baptist School</b> 4020 E. Lancaster Blvd. Lancaster 93535; lancasterbaptistschool.org	127	NA	Bible classes are part of the curriculum alongside chemistry, AP Calculus, AP Music Theory and AP U.S. History	Baptist K-12 co-ed	Brandon Ewing Administrator (661) 946-4668	
35	 <b>Newbury Park Adventist Academy</b> 180 Academy Drive Newbury Park 91320; mynpaa.com	125	7,775	college prep, high school diploma	Seventh-day Adventist 9-12 co-ed	Sheldon Parris Principal (805) 498-2191	
36	 <b>Glendale Adventist Academy</b> 700 Kimlin Drive Glendale 91206; glendaleacademy.org	120	18,850	AP and honors courses, performing and fine arts programs, athletics	Seventh-day Adventist K-12 co-ed	Israel Olaore Principal (818) 244-8671	
37	 <b>St. Monica Academy</b> 2361 Del Mar Road Montrose 91020; stmonicaacademy.com	100	11,500	Classical curriculum including Latin, CIF athletic teams, Shakespeare production and spring musical, choir and chamber group, clubs	Catholic 1-12 co-ed	Marguerite Grimm Headmaster (818) 369-7310	
38	 <b>Bridges Academy</b> 3921 Laurel Canyon Blvd. Studio City 91604; bridges.edu	96	43,435	gifted and highly-gifted students with learning differences	none grades 4-12 co-ed	Carl Sabatino Head of School (818) 506-1091	
39	 <b>Holy Family High School</b> 400 E. Lomita Ave. Glendale 91205; hfhsglendale.org	87	11,495	12 AP courses, honors courses, visual and performing arts, Associated Student Body and over 20 honors/interest-based clubs	Catholic 9-12 female	Jeff Terashima Head of School (818) 241-3178	
40	 <b>Hillcrest Christian School</b> 384 Erbes Road Thousand Oaks 91362; hillcrestcs.org	80	14,395	Christian education, AP and honors courses, elementary, middle school and varsity sports programs, International student program with ELD, HCS Online Academy	non-denominational Christian preschool-12 co-ed	Karen Winter Head of School, Principal (805) 497-7501	
41	 <b>Westmark School</b> 5461 Louise Ave. Encino 91316; westmarkschool.org	72	52,446	individualized instruction for students with diagnosed language-based learning differences like dyslexia, dysgraphia, or dyscalculia, often combined with ADD/ADHD, teaches to distinct learning styles, one-to-one iPad program, assistive technology, SEL/social emotional learning	None 2-12 Co-ed	Claudia Koochek Head of School (818) 986-5045	
42	 <b>Fusion Academy Warner Center</b> 21650 Oxnard St., Suite 100 Woodland Hills 91367; fusionacademy.com	72	45,000	academic and elective courses, including honors level, state of the art recording studios	none 6-12 co-ed	Meliné Sarkissian Head of School (818) 712-9521	
43	 <b>Highland Hall Waldorf School</b> 17100 Superior St. Northridge 91325; highlandhall.org	40	32,970	college prep, arts, music, world languages, sports, drama	none preschool-12 co-ed	Ken Lavner Pedagogical Chair (818) 349-1394	

NA - Not Available Note: Information for this list was provided by the schools themselves and the California Department of Education. Schools are ranked by high school enrollment. To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and

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Researched by Joshua Niv

## REAL ESTATE FOCUS

# Industrial Might in the Heart of the Valley

The city of San Fernando caters to business owners fond of a small-town feel.

By **MICHAEL AUSHENKER** Staff Reporter  
Photos by **THOMAS WASPER**

Surrounded by industry-heavy Sylmar to the north, Mission Hills to the west and Pacoima to the southeast, the city of San Fernando is one of the smallest cities in the region.

With only 2.37 square miles, it retains a small-town atmosphere with its own government and chamber of commerce. Yet it's the namesake city for the entire Valley. The original Catholic San Fernando Mission, founded in 1797, is now located nearby in Mission Hills.

**Tom Ross**, chief executive of **Tekwerks Internet**, a business-to-business technology and broadband company based in San Fernando, characterized the place as cozy and accessible.

"When you land here, you're at the crossroads of the city in the Valley," Ross said. "It's the best place to be."

Smallness works as an advantage for businesses with close cultures that are interested in local involvement. Ross noted that elsewhere, a small business can feel like a tiny fish in a big pond.

"You can be anywhere in Los Angeles and just get lost," Ross said. "In Sherman Oaks, you're just another fish in the sea."

In contrast, he feels involved in San Fernando with local officials.

"It's great to be engaged because at least you have your hand on the lever, no matter how you slice it, it's good. You can talk to the police chief or the mayor or the City Council," Ross said. "If you ignore it, you're not getting the benefit of Mayberry."

### Industrial, retail deals

In the commercial real estate market, industrial and retail in the city of San Fernando have seen significant transactions in recent months. Like much of the east San Fernando Valley, low inventory fetched high prices. One of the larger industrial deals, a 333,051-square-foot site at 510 Park Ave., sold for \$33.7 million in October 2019. Another splashy sale, for a 147,000-square-foot building at 1150 Aviation Place, sold in April 2019 for \$29.7 million, or \$202 a square foot. Previously, the 44,941-square-foot warehouse at 836 Arroyo Ave., completed in 1976, sold in 2018 for \$7.9 million, or \$176.

The East San Fernando Valley is also home to a 4,157-square-foot industrial site at 661 Jessie St. The 1983-created structure was purchased for \$1.25 million, or \$301 per square foot, in October 2019. Owner/users **Vartevor Daldalyan** and **Karine Kaladzhyan** occupy the warehouse. Meanwhile at 510 Park Ave., a 26,600-square-foot industrial site sold in that same month for \$33.7 million, or \$1,267 a square foot. **Verizon Communications Inc.** has been the building's single occupant since January 2020.

More recently, 1303 Coronel St., a 4,470-square-foot warehouse built in 1928, sold for \$1.3 million, or \$296 per square foot, in December. In November, a 7,020-square-foot, 1929-erected site at 606 Ilex St. sold for \$1.2 million.

In the retail market, a 5,240-square-foot storefront built in 1972 at 101-103 N. Maclay Ave., home to tenant **Industrial Shoeworks**, sold for \$2 million, or \$383 a square foot, in October. In March 2019, 968 N. Maclay Ave., a 12,000-square-foot space hosting laundromat **La Buenisima Lavande-**



**B2B:** Tom Ross of Tekwerks Internet characterizes San Fernando as accessible.



**Warehouse:** In November, 606 Ilex St. sold for \$1.2 million.

**ria**, sold for \$2.2 million.

Also, in May 2019, the 1,300-square-foot property at 1203 N. Maclay Ave. went for \$1.42 million. **Economy Test Only**, an automotive business, is the facility's only tenant.

The office sector also saw its share of deals, although the inventory in San Fernando skews to small buildings. 618 San Fernando Road, a 7,030-square-foot building sold in November for \$2 million. 456 San Fernando Mission Blvd., a 9,622-square-foot building what was built in 1960 and renovated in 2006 sold for \$4 million, or \$419 a square foot.

### Coronavirus impact

A Sylmar native, Ross moved to San Fernando in the mid-1980s, joined the San Fernando Chamber of Commerce in the late 1990s and got involved once again after the Great Recession. By last year it had roughly 80 members with 12 active board members steering it.

Tekwerks, Ross' business, is located on Brand Boulevard, three blocks from San Fernando Road. Ross has operated his business for several decades, but the coronavirus pandemic has brought hardship to him and the city of San Fernando.

Ross said he was able to float on PPP



**Updated:** This 1960 building at 456 San Fernando Mission Blvd. sold for \$4 million.

money and a low-interest loan to keep his enterprise afloat.

"We were here the entire time, we never took any days off," he explained. "Our infrastructure business dropped 60 percent. Our internet business was steady but did not make up for the loss. It kept us afloat."

As for industrial tenants, San Fernando is home to blue-collar businesses such as carpenters, plumbers and electricians.

"The Northeast Valley is home to the people who do the work," Ross said. "There's a lot of contractors who are still working."

Retail and restaurants, however, are another





Welcome: Gateway greets visitors near 1203 N. Maclay Ave.



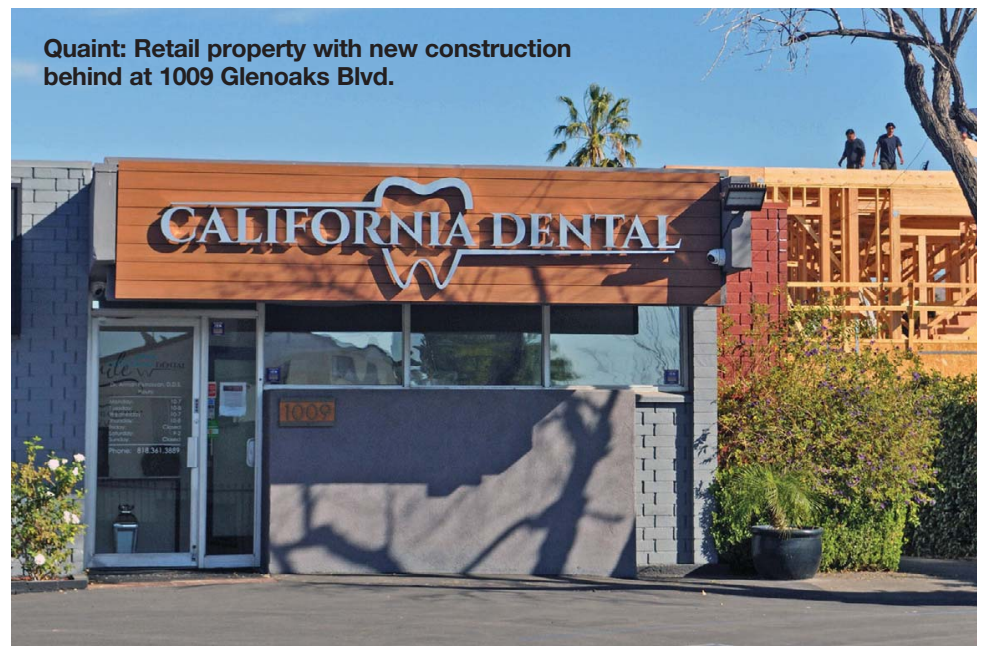
Laundromat: In 2019, 968 N. Maclay Ave. sold for \$2.2 million.



Industrial: 661 Jessi St. sold for \$1.25 million.



Smile: Dental office at 608 N. Maclay Ave.



Quaint: Retail property with new construction behind at 1009 Glenoaks Blvd.

er story. The retail tenant mix in the city reflects its local population, according to Ross.

While the city of San Fernando used to be of predominately Dutch, German and Italian heritage, Ross said that immigration has brought “a fresh crop of people,” mostly Mexican, in recent decades.

“We like to say is that a lot of the retail we have here is ‘celebration’ retail,” said Ross, referring to life events such as holy communion, quinceañeras and graduations in the Latino market. Flower shops, tuxedo rentals and catering outfits support those celebrations, “all of which stopped in its tracks,” due to the pandemic, Ross said.

Ross has seen a succession of storefronts go dark, either temporarily or permanently.

While **James’ Restaurant** is still open after some 50 years, “a dance studio open for over 10 years, she shut down,” Ross said.

As for other retailers, “most of them closed, but it’s unclear who will reopen,” Ross added. “Is their landlord going to make up for back rent? Are they ever going to be successful again? There’s so much uncertainty.”



Construction: Development across from 510 Park Ave., a warehouse that sold for \$33.7 million.



## REAL ESTATE

Michael Aushenker  
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# Building in Simi Fetches \$30 Million

Bank of America leases entire 206,917-square-foot property.

By **MICHAEL AUSHENKER** Staff Reporter

Despite a waning appetite for office space during the pandemic, an office building in Simi Valley has sold for \$30 million, according to **Newmark**, a real estate brokerage involved in the deal.

The 206,917-square-foot structure, which is 100 percent leased to Bank of America, is located at 450 America St.

The two-story edifice, situated on some 12.5 acres, features abundant parking, four lobbies and an on-site café. The building also incurred some post COVID-19 improvements such as expansive ceilings and operable doors to improve airflow. Geographical amenities include access to the 118 freeway and neighboring retail centers such as Simi Valley Town Center and Mountain Gate Plaza.

Newmark's Co-Head of U.S. Capital Markets **Kevin Shannon**, Executive Managing Directors **Ken White**, **Rob Hannan** and **Sean Fulp**, Senior Managing Director **Laura Stumm** and Managing Director **Ryan Plummer** represented the seller, a subsidiary of **Griffin Capital Essential Asset REIT Inc.** **David Meir** and **Jack Minassian** at **Peak Commercial** represented **Buyer Top Terraces Inc.**

**Occupied: 450 America St. in Simi Valley.**



"The North L.A. submarkets have seen tremendous growth over the past decade, most recently with Amazon taking 290,000 square feet adjacent to 450 America, placing this investment directly in the path of progress," Shannon said in a statement. "The Private Capital Group that we launched three years ago sourced the buyer and is proving its effectiveness time and time again. The collaboration between the institutional and private capital platforms is unique to Newmark."

The deal comes amid a COVID-19-impacted office market. According to **Savills** fourth-quarter statistics, the L.A. office market ended 2020 with mostly a whimper as availability rates, especially sublease availability, continued to rise.

"Counterintuitively, asking rents remain high as landlords have held firm on their rents while high-profile office projects are under construction and will expect to complete this year," said Savills Research Director of Southern California Region **Mike Soto**. "However, full recovery in the overall economy and the office leasing market is still dependent on mass immunizations and getting the virus under control."



PHOTO BY THOMAS WASPER

**Under Construction: Watermark Apartments at 6625 Reseda Blvd. in Reseda.**

# Watermark Lands \$83 Million Bridge Loan

Tarzana's Gelt and partner Uhon secure financing for nearly complete 250-unit development in Reseda.

By **MICHAEL AUSHENKER** Staff Reporter

Watermark has hit its mark with bridge financing.

Real estate development firms **Gelt Inc.** and Uhon have turned to New York-based **Square Mile Capital** to secure an \$83 million bridge loan on behalf of its joint venture The Watermark Apartments, a 250-unit multifamily property set to open this year in Reseda.

The Davies Group at Los Angeles-based **George Smith Partners** brokered the loan.

A Gelt representative told the Business Journal that the long-in-development Watermark, located at 6625 Reseda Blvd., is due to open within two months.

Designed by Los Angeles-based **Albert Group Architects**, the six-floor mixed-use complex, which features workforce apartments above nearly 6,600 square feet of ground-floor retail on a 2.4-acre parcel, has been in the works for a couple years now and has garnered the support of city officials such as L.A. City Councilmember **Bob Blumenfield** as a Reseda revitalizer. The development, which includes five stories of townhomes in a rear building, will offer a combination of studio, one-, two-, and three-bedroom homes ranging in size from 419 to 1,386 square feet.

The owners of the ambitious apartment complex are going to be loosely targeting as tenants the employees of such area entities as **Providence Cedars Sinai Tarzana Medical Center**, affiliated health care employers and the restaurant and retail sectors.

"Despite the strong market dynamics, our team knew that a well-funded capital source versed in supplying flexible debt solutions was required in a year the likes of 2020," said **Malcom Davies**, principal and managing director at **George Smith Partners**, said in a statement. "Our



**Interior: Kitchen in a Watermark unit.**

PHOTO BY THOMAS WASPER

ability to secure such a large loan during a pandemic is a testament to the quality of Watermark and the credentials of its sponsors."

Davies, along with other Davies Group members Senior Vice President **Zachary Streit**; Vice Presidents **Alexander Rossinsky** and **Drew Sandler**; Assistant Vice President **Aiden Moran**; and Analyst **Brandon Asherian** sourced the financing on behalf of the Gelt-Uhon joint venture.

Gelt, which has long been based in Tarzana at 18751 Ventura Blvd., has acquired a total of 10,785 apartment units since its start in 2008, and currently owns a portfolio of 7,404 units as well as approximately 200,000 square feet of commercial space.

Frequent partner Uhon – a private capital real estate investment and development group with offices in Pasadena and Toronto, Canada – is an arm of **Shenzhen Yuhong Investment Group Co.** in China. Since its 2015 inception, Uhon has participated in real estate transactions valuing more than \$1 billion across 3,000 units and 2.5 million square feet.

# Tejon Ranch's OK to Build Multifamily

Kern County greenlights potential 495-unit project.

By **MICHAEL AUSHENKER** Staff Reporter

Commercial developer **Tejon Ranch Co.** has announced that the Kern County Board of Supervisors has approved two conditional use permits to authorize development of multifamily apartments at the Tejon Ranch Commerce Center.

The approvals will allow Lebec-based Tejon Ranch to develop up to 495 units in 13 apartment buildings, as well as 6,500 square feet of amenity space and 8,000 square feet of retail on the ground floor of the residential buildings.

"We're not yet ready to disclose a construction timeframe, only to say we plan to move forward as soon as practicable," Tejon Ranch Co. Senior Vice President of Corporate Communications & Investor Relations **Barry Zoeller** told the Business Journal.

The development will be located on a 27-acre site located immediately north of the Outlets at Tejon.

This new residential project is unrelated to the ongoing Tejon Mountain Village — the company's 5,082-acre planned project which will feature 3,450 homes, a shopping center, hotel rooms and a pair of golf courses.

Tejon Mountain Village has faced some opposition by environmental groups. In December, a California court granted summary judgment entirely in favor of the U.S. Fish & Wildlife Service and Tejon Ranch Co. in a lawsuit that challenged the 2013 approval of a Multi-Species Habitat Conservation Plan covering the upland regions of Tejon Ranch.

The plan will protect the California condor and other species found on Tejon Ranch.

# Texas-Sized Acquisition

Marcus & Millichap buys LMI Capital in Houston.

By **MICHAEL AUSHENKER** Staff Reporter

**Marcus & Millichap Inc.** has acquired Houston-based LMI Capital.

Financial terms of the acquisition by the Calabasas-based real estate brokerage were not disclosed.

Founded in 1999, LMI arranges debt and equity capital across all property types, including multifamily, industrial, retail, office, self-storage and hospitality.

The 10-person team at LMI has completed more than \$1.2 billion in finance transactions during the past three years. The company has a specialty in Fannie Mae and Freddie Mac loan arrangements, according to a Marcus & Millichap statement.

"LMI's track record of repeat business with their clients and compatibility with our existing MMCC (Marcus & Millichap Capital Corp.) and investment sales professionals were particularly attractive to us," Marcus & Millichap Chief Executive **Hessam Nadji** said in a statement.

CUSTOM CONTENT

JANUARY 18, 2021

# LABOR & EMPLOYMENT

A ROUNDTABLE DISCUSSION



**SUE M. BENDAUID**  
Chair, Employment Practice Group  
Lewitt Hackman



**JONATHAN FRASER LIGHT**  
Managing Attorney  
LightGabler, LLP



**DREW E. POMERANCE**  
Senior Partner  
Roxborough, Pomerance,  
Nye & Adreani, LLP



**RICHARD S. ROSENBERG**  
Founding Partner  
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& Savitt, LLP



The San Fernando Valley Business Journal has once again turned to some of the leading employment attorneys and experts in the region to get their assessments regarding the current state of labor legislation, what changes have come to the labor law landscape in light of the COVID pandemic, the new rules of hiring and firing, and the various trends that they have been observing, and in some cases, driving.

Here are questions the Business Journal posed to these experts and the unique responses they provided – offering a glimpse into the state of business employment in 2021 – from the perspectives of those in the trenches of our region today.

## LABOR &amp; EMPLOYMENT ROUNDTABLE

“To the extent that health care providers, for example, can use the federal law they should do so to take advantage of the federal tax credit.”

JONATHAN FRASER LIGHT



“As individuals continue to work remotely, even after things get back to normal, employers will have to be on top of all wage and hour requirements, as it will be much harder to track overtime or working ‘off the clock’ when employees are at home.”

DREW E. POMERANCE



**With the onset of the COVID-19 pandemic in 2020, the business world was (and still is) faced with many new challenges. What implications will the COVID-19 situation have on employment law?**

**POMERANCE:** Now that we are over ten months into the pandemic, it seems pretty clear that COVID's impact will be significant and long lasting. The world will change in many ways, even after the vaccine is widely distributed. As individuals continue to work remotely, even after things get back to normal, employers will have to be on top of all wage and hour requirements, as it will be much harder to track overtime or working “off the clock” when employees are at home. Ensuring rest breaks and meal breaks are lawfully provided will be difficult. And, what happens if an employee is injured while working from home? Is workers' compensation implicated? If employees do return to the workplace, safety will become the top priority. CAL/OSHA Emergency COVID-19 regulations became effective November 30, and require the development of written prevention protocols, which include a system for identification, investigating, and tracking COVID-19 in the workplace. Similarly, I think you will see more employees having to take a leave of absence and, of course, an increase in workers' compensation costs as people who do return continue to get sick. It will be very difficult for employers for at least the first half of 2021.

**ROSENBERG:** To be sure, this is a developing story. COVID-19 regulations for employers began in March with the Governor's original Stay-at-Home Order and then the federal government and various city and county health departments quickly followed suit. The result was that employers were beset by an array of quickly changing and often contradictory requirements to follow as the nation grappled with how to arrest the virus. Many of these rules carry criminal penalties for non-compliance and permit employees and government agencies to file suit as well. More than ever, employers need to partner with a knowledgeable labor law advisor to ensure compliance with the multitude of ever changing COVID-19 labor law obligations.

**BENDAVID:** Our federal, state and local legislatures created significant new employer obligations and employee entitlements related to COVID-19. Most of the new laws are designed to mitigate the spread of the virus and lessen the financial impact on employees (e.g., paid time off while obligating workers to isolate or quarantine). With more employees teleworking/working from home now, we anticipate seeing an increase in wage and hour and other employee disputes stemming from work-at-home issues, and subsequent bills and court opinions clarifying employers' obligations. There remain many pending questions. For example, is an employer obligated to reimburse an employee for the business use of the employee's workspace (home office)? How much should be paid as reimbursement for the employee's work-related internet usage? What obligations does an employer have to provide an ergonomic workspace at home? Employers should continue to educate themselves as laws/cases are issued.

**For organizations who have undergone furloughs and layoffs due to COVID-19-related challenges, what are some of the legal challenges to consider?**

**LIGHT:** Did the employer pay out vacation or PTO after ten days of furlough? Did it give WARN Act notices appropriately, assuming the company had the requisite number of employees?

What criteria will management use to decide who to bring back without getting sued for, most frequently, age discrimination? Did the company provide severance agreements with proper age discrimination waiver language and notices?

**BENDAVID:** As businesses are forced to downsize or close, employers should consider federal and state Worker Adjustment and Retraining Notification (WARN) Acts. Generally, large employers covered under WARN must provide advance notice before plant closings or mass layoffs. On March 18, 2020, Governor Newsom signed Executive Order N-31-20, temporarily suspending Cal-WARN's 60-day notice requirement where a mass layoff, relocation, or termination is caused by COVID-19 “business circumstances.” Similarly, the federal Department of Labor interpreted “business circumstances” to include “[a] government ordered closing of an employment site that occurs without prior notice.” Notably, written notice is still required, and should be given asap when the need to conduct a mass layoff or plant closure arises. Employers must also consider wage and hour issues when employees are furloughed or laid off, including accrued vacation payouts. Per labor commissioner opinion letters, if a furlough does not have a specific end date within ten days/same pay period, the “furlough” is a layoff for wage and hour purposes. We hope to see some leniency by the courts and labor commissioner given the extreme circumstances employers face following abrupt shutdowns under government orders.

**ROSENBERG:** As companies plan for the resumption of more normalized operations, management must insure that they are compliant with any new worker protection laws giving laid off employees the right to be recalled to their former jobs. Many larger cities and counties have passed such rules. These laws have cumbersome advance notice and paperwork requirements and allow workers who have not been properly recalled to file suit for lost wages and benefits. Also, these laws permit the employee to recover their attorneys fees if they win.

**What are some of the key considerations that employers should be thinking about and implementing as they navigate managing a newly remote workforce?**

**BENDAVID:** Employers should consider a teleworking policy that outlines expectations and employee rules regarding work and break hours, productivity, and security practices. Importantly, non-exempt employees should be instructed to only perform work during their work hours and to accurately track hours worked and meal periods. If employees must work at varying hours throughout the workday (e.g., to accommodate child care issues), employees must be told to record the start and end time of each work period, even if that means multiple time entries every day. A telecommuting policy should include the employer's meal, rest, and overtime policies and non-exempt employees should be reminded not to work off the clock. Employers should reimburse employees for necessary business expenditures, such as office supplies and a reasonable percentage of costs associated with an employee's internet and phone use. Securing confidential information outside the workplace is another important consideration. Employees should take all practical steps to secure confidential information, including shredding sensitive documents, shielding others from seeing protected information, and using secure connections (e.g., avoiding public Wi-Fi and using a virtual private network).

**POMERANCE:** I think the COVID Pandemic will have a lasting impact on how people work. There is no doubt many businesses will have at least part of its workforce continuing to work from home. As such, these businesses must be able to manage wage and hour compliance remotely. This means that employers have to carefully track overtime and whether employees are “working off the clock”. Employers would be well advised to adopt specific guidelines that lay out clear expectations for when employees are expected to work, their exact hours, and when they are expected to be off the clock. Employers will also have to be able to clearly track and enforce the taking of rest and meal breaks. Doing all this remotely will present significant challenges.

**ROSENBERG:** From a labor law compliance perspective, employers must insure that overtime eligible employees are being paid for all hours worked (including applicable overtime pay) and that employees are being properly reimbursed for home internet, cell phone and any other expenses incurred in carrying out their duties. For example, the State Labor Commissioner takes the position that you must pay a portion of the remote worker's cell phone and internet charges, even if the employee is on a flat rate plan and has incurred no additional charges by working from home. Also, state rules about meal and rest periods apply to remote workers. Employer processes for tracking these should be implemented. Workers compensation laws also apply if the employee suffers an injury while working remotely.

**LIGHT:** Does the employee have a suitable workplace and suitable chair, desk and lighting? The employer may be required to provide that additional equipment. Include use of and speed upgrades to internet and electrical consumption in the list of items subject to reimbursement. The payment is whatever is “reasonable” as negotiated between employer and employee. We use “screens, internet usage, and electrical consumption” as our catch-phrase. As a side note, if employees are using their smart phones only to log in and out four times a day (including meals), that costs about \$1.05 in bandwidth usage for 22 work days in a month. One of my clients pays \$12 in January and July to cover that cost for six months at a time.

**What modifications to employers' policies and procedures are required in light of COVID-19?**

**ROSENBERG:** Right after Thanksgiving, the California Occupational Safety and Health Standards Board has passed emergency Cal/OSHA regulations requiring employers to immediately implement a detailed written COVID-19 Prevention Program and specifying provisions which must be included. These include new requirements that go beyond those imposed by existing federal, state and local statutes, ordinances and orders. For example: (i) a requirement to ensure that employees excluded from the workplace due to COVID-19 symptoms or exposure, or a positive COVID-19 test, maintain their earnings while excluded; (ii) a requirement to provide no-cost COVID-19 testing to employees exposed to infected co-workers; (iii) a prohibition against requiring excluded employees to test negative before they can return to work; and (iv) specific requirements for employers that lodge or transport their employees. The new regulations apply to all California employees, except those working alone without contact with other persons, working from home, or working in workplaces (such as hospitals, medical offices and medical labs) which are already covered by existing regulations applicable to workplaces at high risk for transmission of airborne diseases.

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## LABOR &amp; EMPLOYMENT ROUNDTABLE

“Know the law before you act and be especially sensitive to the employee’s heightened health and safety concerns due to COVID-19.”

RICHARD S. ROSENBERG



“Employers should review local and state travel restrictions, such as Los Angeles County’s December 30, 2020 Mandatory Directive on Travel, which followed California’s Travel Advisory.”

SUE M. BENDAVID



**BENDAVID:** COVID-19 forced employers to restructure in significant ways, from implementing strict cleaning and disinfecting protocols to updating employee handbooks that reflect new employee leave entitlements. Employers must adhere to the new California Division of Occupational Safety and Health (Cal-OSHA) emergency regulations, which provide a framework and rules to protect workers from COVID-19. The regulations require employers to develop a COVID-19 prevention plan, which includes investigation, isolation, and notification procedures. Employers should consider designating specific personnel to ensure that the Cal-OSHA COVID-19 prevention plan is put into place and properly implemented. Employers need to consider and may need to modify the physical workplace and related procedures to reflect the ever-changing local/state safety protocols. Employers in Los Angeles must comply with the County’s industry-specific orders, which establish health and safety protocols such as mandatory health screenings, face coverings, postings, and more. Many employers may need to physically re-arrange their facilities to ensure social distance requirements, such as mandatory limits on occupancy. This prompted many employers to stagger work schedules and permit teleworking where possible.

#### What are some best practices for handling employee leave and accommodation requests related to COVID concerns?

**LIGHT:** Unlike the federal CARES Act sick time law, the state version covering certain employers doesn’t provide any payroll tax credits. To the extent that health care providers, for example, can use the federal law they should do so to take advantage of the federal tax credit.

**ROSENBERG:** Know the law before you act and be especially sensitive to the employee’s heightened health and safety concerns due to COVID-19. Employers with five or more employees must follow the California Family Rights Act. Similarly, the new Cal/OSHA Emergency Regulation will obligate an employer to grant unlimited leave (paid in many circumstances) to affected employees. Also, you need to check for any applicable local ordinances. For example, the City of Los Angeles passed a Supplemental Paid Sick Leave ordinance in April that requires larger employers (> 500 employees in L.A. or > 2000 nationwide) to pay up to 80 hours of Supplemental Paid Sick Leave (max \$511/wk.) for any employee who has COVID-19 or been in close contact who has the virus. That same law also requires employers to give up to 80 hours of paid leave to any employee age 65 or older who asks for the time off (since they are among the most vulnerable) or if the employee (any age) requesting time off has a specified health condition (such as heart, lung or kidney disease, diabetes, asthma, or a weakened immune system).

**BENDAVID:** When an employee indicates they have COVID-19 or were in “close contact” with an infected individual, employers must consider a myriad of leave laws and related pay/benefit issues (e.g., city/state required paid sick leave, time off under the Family Medical Leave Act, California Family Rights Act, or under the new Cal-OSHA regulations, etc.). Further, if an employee is disabled as a result of COVID-19, employers must consider Fair Employment and Housing Act (FEHA) and Americans with Disabilities Act (ADA) rules, which require employers to provide reasonable accommodations unless doing so would impose an undue hardship. Workers’ compensation benefits may also be required. Ensure that

you document the time off and pay/benefit issues, so you can subsequently prove compliance, if necessary.

#### How should employers handle employee travel to COVID hot spots?

**ROSENBERG:** You must check and know the applicable rules. They are changing all the time. Example: the current State and Los Angeles County Health Orders prohibit all non-essential travel. That means that employers may not insist (or even allow) business travel, except as permitted by the Order. For leisure travel, these same rules apply for now, but could be changing in the future. Example: On December 30, 2020 Los Angeles County issued a Mandatory Directive On Travel. Non-essential travel is discouraged. Anyone traveling into the County from a point of origin outside of the Southern California Region (the 12 Counties from the Mexican border to the south, San Luis Obispo County to the north and Riverside/San Bernardino to the east) must quarantine for at least 10 days.

**BENDAVID:** Employers should review local and state travel restrictions, such as Los Angeles County’s December 30, 2020 Mandatory Directive on Travel, which followed California’s Travel Advisory. The Directive requires individuals entering L.A. County from anywhere outside of Southern California to quarantine after non-essential travel for at least 10 days after arrival. California’s Advisory states that persons arriving in California from out-of-state should quarantine for 14 days after arrival. Employers should remind employees that pursuant to the County’s Directive and State’s Advisory, they are strongly encouraged to avoid non-essential travel. Employees who choose to engage in nonessential travel must quarantine upon their return.

**LIGHT:** Everywhere is a hot spot right now, so it’s perhaps not so much the location, but the travel method. Car, ok. Plane, maybe not ok. Also, what is the activity at the location? Family reunion with 20 people? Or meeting two people and maintaining social distancing outside in the backyard? Employers are entitled to inquire as to the nature of the travel because of the overriding health and safety issues.

#### As COVID vaccines start to become more widely available, what is your advice to companies who want to implement mandatory vaccines for their employees?

**ROSENBERG:** The law on mandatory vaccination is still in its infancy. For years, hospitals have been requiring employees to vaccinate in order to protect co-workers and patients. Similarly, I think the need to protect employee/customer health will be a legitimate basis for employers to require employees to vaccinate against COVID-19 as a condition of employment, with two major exceptions: where the employee can present a legitimate health or religious concern. EEOC and the California job-bias agency have addressed this in context of mandatory face coverings and require employers to endeavor to “reasonably accommodate” employees who pose such objections to wearing a face covering. I would suspect they will take the same approach in regard to vaccinations. I also note that in the wake of COVID-19, EEOC updated its pandemic guidance. In it, EEOC states employers may administer COVID-19 testing to employees before initially permitting them to enter

the workplace and/or periodically to determine if their presence in the workplace poses a direct threat to others. Testing administered by employers consistent with current CDC guidance will meet the ADA’s “business necessity” standard, provided the test is considered accurate and reliable. The U.S. Food and Drug Administration publishes information about what may or may not be considered safe and accurate testing. The CDC and local health departments do so as well.

**LIGHT:** It’s up to individual employers if they want to make vaccination mandatory. Employers need to be aware, however, that employees may claim medical and religious reasons for declining to get vaccinated. Employers are entitled to probe on the religious basis and should obtain a doctor’s note for any medical claim, but can’t probe further. Note that there are on-line draft letters available from various sources that employees can use to claim the religious exemption. If employees are successful in avoiding vaccination on either of these bases, employers may be forced to allow them to work.

**BENDAVID:** The Department of Fair Employment and Housing has not yet provided guidance concerning mandatory COVID-19 vaccinations under California law. For now, we refer to the U.S. Equal Employment Opportunity Commission’s guidance—the EEOC generally permits employers to require mandatory COVID-19 vaccinations, if employers comply with other requirements. For example, employers seeking to mandate vaccines should consider having a third-party administer the vaccine to avoid eliciting protected medical information in the pre-screening process. If an employer requires employees to receive their vaccination from an outside provider, federal restrictions against disability-related inquiries would not apply. Employers can then require that employees provide receipt of a COVID-19 vaccination. If going this route, caution employees against providing any sensitive health or medical information when providing proof of vaccination, and do not ask employees follow-up questions that may elicit disability-related information (e.g. why the employee may not have received a vaccination). Further, employers must consider reasonable accommodations for employees who are unable to receive the vaccine due to disability or religious reasons.

#### How should an employer handle communication of a confirmed COVID case among its employees?

**POMERANCE:** Most significantly, AB 685 introduced into law at the beginning of the year significant reporting requirements in the workplace when there is a COVID-19 case. Notices must go to employees and local public health agencies, as well as protocols must be in place for cleaning and disinfecting. These new reporting requirements could possibly come into conflict with an employee’s right to privacy regarding his or her medical issues. Those rights, however, may be superseded by fellow employees’ rights to be able to come to work in a safe environment free from disease. I would expect further clarification on these reporting requirements over the next few months.

**ROSENBERG:** Be very careful. You must inform employees that they may be in possible danger. However, the HIPAA health information privacy rules require employers to keep such information confidential unless the employee has given permission to reveal their identity. The EEOC takes the position revealing the employee’s identity is an ADA violation. Thus, employers must make every effort to limit the number of people who get to know the name of the employee. This means



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## LABOR &amp; EMPLOYMENT ROUNDTABLE

“The changes to the California Family Rights Act (CFRA) are dramatic, in that the minimum required head count is reduced from 50 to five.”

JONATHAN FRASER LIGHT



“A California employer can impose some limitations on political speech in the work environment, but that is a different issue from whether an employer should impose such limitations.”

DREW E. POMERANCE



that you must tell employees that “someone” with whom they have worked has tested positive, but you may not reveal the employee’s identity. If the employee is working remotely to accommodate the illness, you may tell employee about the WFH arrangement, but may not reveal why. Also, EEOC permits interviewing the employee to get a list of people with whom the employee possibly had contact through the workplace, so that the employer can then take action to notify those who may have come into contact with the employee, without revealing the employee’s identity. For small employers, coworkers might be able to figure out who the employee is, but employers in that situation are still prohibited from confirming or revealing the employee’s identity. It is recommended that all employer officials who are made aware of the employee’s identity should be instructed that they must maintain the confidentiality of this information (doing so in writing is best).

**BENDAVID:** Employers must provide written notice to employees within one business day of learning of potential exposure to COVID-19 in the workplace, to all employees present at the same worksite as the infected individual within the infectious period, stating that they may have been exposed to the virus. The notice must include information pertaining to COVID-19 related benefits under federal, state, and local laws (e.g., workers’ compensation, COVID-19 related leave, etc.), and the employer’s disinfection and safety plan per the Center for Disease Control and Prevention (CDC) guidelines. Employers should not disclose the identity of the infected individual (even if that may be obvious in smaller workforces). Employees in “close contact” must be told to quarantine for 10 days after their last contact with the infected employee. “Close contact” means any individual within six feet of an infected person for more than 15 minutes over 24 hours – or an individual who had unprotected exposure to an infected person’s body fluids and/or secretions. A person with COVID-19 is considered infectious from two days before symptoms first appeared or two days before they tested positive.

**LIGHT:** Under various state and local laws, employers are required to alert “affected employees” in their “regular manner of communication,” although some of the laws require written notice. Identifying the affected group requires some version of contact tracing, and using security cameras can sometimes be effective for this effort. Affected employees then need to assess their exposure risk based on the well-established criterion of a cumulative 15 minutes of contact within six feet, masked or unmasked, within a 24 hour period. Cal/OSHA’s latest regulations effective November 30, which are being challenged in court, require companies to pay employees if they are told to stay home because of possible exposure and are otherwise “able and available” to work. It’s likely that Cal/OSHA exceeded its authority with this mandate, but we will see what the courts do about it.

### Do you expect collective bargaining agreements to change in the future as a result of the crisis?

**ROSENBERG:** They already have. Unions have been keenly focused on how COVID-19 impacts the employees they represent and have been demanding bargaining on an array of related topics such as PPE, safety precautions, medical leave, hazard or “hero” pay, to name a few. This has been especially challenging in jobs with high customer contact or in workplaces deemed “essential.”

### What advice do you have for employers that want to maintain a collaborative relationship with unions?

**LIGHT:** I have found that if supervisors treat their people well, there are fewer friction points with the union. It’s the same old saw; employees leave or become unhappy most frequently because of an unfair, unfriendly, or abusive supervisor. I’ve even seen a group of lower level supervisors join a bargaining unit because of an abusive supervisor. That vote could have been avoided had senior management taken more proactive action against the difficult supervisor who caused the vote.

### As a presidential transition approaches and emotions surrounding the election are still running high, is it lawful for employers to prohibit or otherwise regulate political speech in the workplace?

**POMERANCE:** With the country so polarized and divided, it is to be expected that more employees will want to express personal political views in their workplace. Labor Code Sections 1101 and 1102 prohibit employers from restricting an employee’s political activities, including holding certain views or running for office. But, the First Amendment does not prohibit a private employer from reasonably regulating speech in the workplace. Therefore, a California employer can impose some limitations on political speech in the work environment, but that is a different issue from whether an employer *should* impose such limitations. It is probably lawful to prohibit an employee from posting political content on company platforms, or to hold political rallies on company property. But beyond that, the employer is getting into murky waters, and ought to seek specific advice on a case-by-case basis.

**LIGHT:** Employees don’t have full First Amendment rights in their workplace, much to their surprise sometimes. It’s the same with social media if it negatively affects the workplace. Employers may take steps to prevent workplace speech related to politics, and may also take action if an employee’s social media content is spilling into the workplace and creating a toxic environment.

### Which of California’s new employment laws are most likely to land employers in court?

**LIGHT:** The changes to the California Family Rights Act (CFRA) are dramatic, in that the minimum required head count is reduced from 50 to five; the five could be located anywhere in the country; and a single California-based employee among the five would be entitled to 12 weeks of job-protected leave. The employee no longer needs to work within 75 miles of 49 other employees, although the legislature retained the 1250 hour and one year work requirements. Smaller employers may have difficulty running a small business with that much guaranteed time off or be unaware of this change. Employers small and large still need to remember that exhaustion of FMLA or CFRA rights doesn’t end the leave discussion, because an employer must still evaluate a continuing leave request under state and federal disability laws covering “reasonable accommodation.”

**POMERANCE:** Since the most significant law this past year was AB 5 pertaining to classification of independent contractors,

it seems likely that the new amendment to that statute, AB 2257, will likewise produce confusion and conflicting interpretations, thus resulting in a plethora of lawsuits. The new law attempts to revise the “ABC” test for business to business contracting, and also carves out a number of occupations that may be exempt from the ABC test under certain circumstances. Moreover, the recent passage of Proposition 22 dealing with ride share services (Uber, Lyft, etc.), attempts to create a sort of “hybrid” worker, who is still an independent contractor but is nevertheless entitled to some of the benefits of employment. I would suspect that this area of the law will likely be heavily litigated for years to come.

**ROSENBERG:** On January 1, the California Family Rights Act (CFRA) was extended to employers with as few as 5 employees (before Jan 1st, you had to have at least 50 employees). Like the federal Family Medical Leave Act (FMLA), the CFRA requires covered employers to provide eligible employees with up to 12 weeks of job-protected leave annually because of the employee’s own serious health condition, for the employee to care for specified family members facing medical issues or to care for/bond with a new baby in the home. CFRA compliance is difficult. It requires new policies, retooling handbooks, developing new paperwork packets to give employees who inquire about the leave and educating managers to understand these new rights to avoid actions or statements that can be deemed illegal “interference” with these rights. For employers with 100 or more employees, California’s new Pay Data Reporting requirement (March 31 deadline) is very concerning. These employers are now required to file with the state detailed annual reports setting out certain demographic, pay and position information on their employees to enable the government to engage in “targeted enforcement” of California’s anti-discrimination, “pay equity” and wage and hour laws. Finally, the new year brings a higher state minimum wage requirement. Along with that comes a new higher threshold for the minimum salary that must be paid to retain an overtime exemption. Remember also that certain cities and counties have their own (typically higher) minimum wage and special (higher) wages for employees in certain occupations.

### What can employers expect from the California legislature in 2021?

**POMERANCE:** It seems likely that the Coronavirus will continue to dominate life here at least through the first half of the year, with perhaps some return to normalcy beginning in the third quarter. As such, I would hope and expect the legislature to do everything in its power to remedy the economic effects of the pandemic. It should attempt to not only protect employees (which it has typically done pretty well), but it must also look out for the needs of businesses, especially those small “mom and pop” businesses that have really been hit hard. Big corporate powerhouses like Amazon and Walmart can undoubtedly weather the storm, and perhaps may even thrive in this environment, but for small businesses, the legislature should look to be giving them significant tax breaks, liability protection, and perhaps even some direct financial assistance in order to help them get back on their feet.

**BENDAVID:** Apart from COVID-19 issues, we hope the legislature will take another look at the ABC test and exemptions for independent contractors. More lobbying is expected in an effort to include different types of professionals as exempt from the ABC test; and instead to use the “Borello” standard, which



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## LABOR &amp; EMPLOYMENT ROUNDTABLE

“California law is very protective of employee free movement, so most “non-compete” agreements are unenforceable.”

RICHARD S. ROSENBERG



“As more millennials join and start advancing in the workplace, managers from different generations will need to consider how best to communicate expectations and job requirements.”

SUE M. BENDAVID



focuses more on control and the weighing of various factors (e.g., who supplies tools, ability to profit/sustain a loss, etc.).

**LIGHT:** COVID substantially reduced the amount of bills reviewed and signed, so I would expect an uptick. There's still confusion regarding independent contractor law after Dynamex and AB 5, so I would expect some more tweaking of those laws in particular.

#### What effect does the increasing number of millennials have on a company's approach to employee relations?

**BENDAVID:** As more millennials join and start advancing in the workplace, managers from different generations will need to consider how best to communicate expectations and job requirements. Better communication ultimately leads to a healthier work environment and satisfied employees, which helps reduce the risk of litigation and employee claims. Particularly now with COVID-19 and more employees working at home, employers should consider flexibility and different types of work arrangements to attract qualified applicants, including millennials who may seek out companies that provide these options.

**LIGHT:** You need more ping pong tables and a really high functioning Keurig.

#### In today's social media environment, what recourse does a company have for employees who are publicly active in political or other causes that are inconsistent with the company's values?

**POMERANCE:** I would advise employers to do their due diligence upfront when interviewing applicants for a job. Search social media postings and if the person espouses views in his or her public postings that are inconsistent with the company's values, then don't hire the person. While you cannot discriminate against that person in the hiring process, there is no law that forces you to hire someone who posts material on social media that is offensive. If you are dealing with a current employee who posts offensive content on social media, there is not much you can do if the employee does so on his or her own time and on their own individual (non-company) platforms. My feeling is that as long as the social media posts are not wholly outrageous (such as blatantly racially offensive or the like), it is probably better to ignore them than to call attention to them.

#### How have the changes in marijuana laws affected your clients?

**LIGHT:** Some are way mellower. Many have taken a lighter approach to the subject by treating marijuana use more like alcohol: don't show up to work or come back from lunch smelling like marijuana and you're good to go. Others have stopped pre-employment testing for marijuana. Employers do need to remember that when they send an injured worker to the medical clinic for treatment, the clinic can't automatically test for drug use. There must be some possibility that drugs contributed to the accident; usually the simple approach is to determine whether the worker contributed even a small amount to the accident and then the standard is likely met. For example, a

sleeping passenger injured in a vehicle accident should not be tested because they almost certainly did not contribute to the accident.

**ROSENBERG:** This is a huge source of concern. Cannabis use remains a federal offense even in states like California where voters have legalized its medicinal and recreational use. Also, California law specifically preserves the right of a company to insure that employees do not come to work under the influence and are not using, possessing or distributing the drug on company premises. However, there is no uniform drug testing standard for evaluating whether a person is impaired. And, since cannabis remains in a user's system and is detectable in a drug test weeks even after its ingestion, employers will have to work with local authorities and their drug testing labs to develop defensible standards for measuring impairment.

#### How do you advise clients regarding the implementation and enforcement of non-competes and other restrictive covenant agreements?

**LIGHT:** Don't do it. Unless the employee is selling an interest in a business, along with goodwill, a true non-compete won't be enforceable under California law, either when hiring someone from a competitor or after losing someone to a competitor. I often give tutorials to employers who are faced with this issue on the distinction between a legal and allowable “announcement” and an illegal “solicitation” of clients or customers by a former employee. Also, employers need to be especially careful to scrutinize such agreements when hiring someone out of state; other states vary in allowing versions of non-compete language.

**POMERANCE:** I advise my clients that the easy default rule to live by is that restrictive covenants are pretty much illegal in California as a restraint against trade. So, I ask the client exactly what is the critical information within its business that needs to be protected? So much information today is publicly available online that a company should be able to clearly define what is truly proprietary and then take real steps to protect this information. By drilling down with the client as to what information they absolutely need to keep proprietary, they will be better able to craft a restrictive covenant that will pass scrutiny, and be able to protect what is truly proprietary and valuable to them.

**BENDAVID:** Under California law, non-compete agreements are perceived as “anti-business” and generally unenforceable. With limited exception, employers cannot lawfully restrict employees from engaging in a trade or business once they leave their job. We advise clients to arm themselves with strong confidentiality or trade secret agreements while implementing policies that safeguard company information. This may include limiting digital and physical access to those who need to know, and enforcing relevant provisions in the employer's handbook. This way, an employer can show the steps it took to protect its confidential and proprietary information and be better positioned to take action against an employee who improperly uses such information, both as a breach of contract and violation of the Uniform Trade Secrets Act.

**ROSENBERG:** California law is very protective of employee free movement, so most “non-compete” agreements are unenforceable. It also permits employers to protect proprietary and trade secret information by having employees sign agreements which

prohibit them from taking, using or making unauthorized disclosure of their employer's confidential or trade secret information. The key is taking a proactive approach to identify what information is legally protectable and having employees sign an agreement that properly protects that information.

#### Which pay practices are most likely to result in a company being sued in a wage-hour class action?

**BENDAVID:** We anticipate that many employers will continue to face claims for failure to provide proper meal and rest breaks, failure to properly pay overtime, and claims for failure to reimburse for necessary business expenses as more employees are now working from home. This will also result in increased penalty claims under California's Private Attorneys General Act (PAGA). As employers continue to navigate the remote office, it's critical to set telecommuting expectations in writing. For example, nonexempt employees should be reminded of proper timekeeping practices and only work overtime with prior approval. In California, employers have a duty to reimburse employees for reasonable and necessary expenses, including business-related cellphone use. Employers should ensure that remote employees are being properly reimbursed a reasonable amount for expenses such as Wi-Fi use, cellphones, and office supplies.

**LIGHT:** One that came up in a case recently is the payment of sick time when an employee has nondiscretionary bonuses or commissions in their payroll. Sick time must be paid at that blended rate, just like overtime would be paid. There is also a case pending over whether meal and rest break premiums need to be paid at that higher blended rate. There is a decent argument as to why not, but for sick time, which is wage replacement, it's clear that the higher rate needs to be paid.

**ROSENBERG:** We continue to see the same ones over and over: (i) failure to provide meal and rest breaks; (ii) overtime not being paid or miscalculated; (iii) employees being paid off the clock; (iv) employees not being properly reimbursed for business expenses; (v) recordkeeping and paystub violations; (vi) failure to pay vacation pay and bonuses upon termination; (vii) allowing supervisors to be part of a tip pool; and (viii) the misclassification of workers as independent contractors. In addition to the back pay for these violations, the Private Attorney General Act (PAGA) authorizes the employee to collect multiple penalties that could result in exposure as high as \$1800 per employee per pay period (12 months max.). These PAGA penalties are over and above any amounts owed to the employee. And, since PAGA allows the lawyer bringing the suit to recover attorney's fees if they win, this has no-doubt contributed to why so many PAGA suits get filed and settled each month.

**POMERANCE:** I think most – but not all – companies today have pretty much figured out how to properly track and pay overtime, as well as being able to guard against employees working off the clock. As such, I think where they remain most vulnerable is in the providing of meal and rest breaks. As alluded to earlier, because the pandemic has forced a large segment of the workforce to work from home, it has become increasingly difficult for employers to track breaks, or ensure that their employees are provided such breaks. As society continues to adjust to working remotely, employers will have to figure out how to ensure compliance with the meal and rest break laws, or they will remain at risk.

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## LABOR &amp; EMPLOYMENT ROUNDTABLE

**How has the worker's comp landscape changed in recent times?**

**BENDAVID:** COVID-19 impacts workers' compensation benefits significantly. On September 17, 2020, Governor Newsom signed SB 1159, creating a rebuttable presumption that a COVID-19 related illness or death is compensable. The law applies to employers with five or more employees, when the following conditions are met:

- Employee tests positive within 14 days after s/he last worked at their place of employment at the employer's direction;
- The work performed was on or after July 6, 2020; and
- The employee's positive test occurred during a COVID-19 "outbreak."

An "outbreak" exists if, within 14 calendar days:

- Four employees test positive for COVID-19 (100 or fewer employees at a worksite);
- Four percent of employees working at a specific location test positive for COVID-19 (100 or more employees at a worksite); or
- A worksite is ordered closed by a public health department, California Department of Public Health, Division of Occupational Safety and Health, or a school superintendent. Employers must give timely notice to their claims administrator in the event of a COVID-19 infection of an employee.

**How can employers remain current on the ever-evolving employment law trends?**

**ROSENBERG:** That's a tall order. The phrase "penny wise and pound foolish" comes to mind. Many labor laws carry individual liability for the business owner, even if the company is set up as a corporation. In my opinion, a company is best served by developing a relationship with law firm that specializes in labor law compliance and litigation defense. The firm should also be large enough to have a team of dedicated subject matter specialists and knows your industry. The firm should have a compliance newsletter which notifies clients of significant changes in the law and emerging trends. They should have

specialists who can effectively train managers on litigation avoidance and problem prevention.

**POMERANCE:** I think it is very difficult. It is hard enough for lawyers who specialize in this area to keep up. As such, I advise my clients that they engage us twice yearly to have employment "tune-ups" where they meet with us to go through their policies and procedures, and we can help them with any modifications or updates to their handbooks and other policies, if so needed. Our firm, like many others, sends routine e-mail notices out to our clients when there are new cases or other updates in the law, but if you are the one who is running a business, you have enough on your plate without having to read, study, and make sense of the numerous e-mail updates that come across your computer screen. That's why we ask for their undivided attention twice a year to carefully go over with them their policies and procedures. This seems to help them stay on top of the ever-changing environment.

**LIGHT:** Call or email the attorneys answering these questions. No employer can effectively keep up with all the laws and the interpretation of the laws as determined by the courts. As one of my clients said after paying \$400,000 in a class action settlement based on relatively minor infractions that added up to significant penalties, "I didn't know that doing nothing wrong is not the same thing as doing EVERY THING right."

**BENDAVID:** Employment law is one of the fastest evolving legal areas at the local, state, and federal levels. It's critical that employers hire top-notch human resources professionals that have their finger on the pulse of this ever-changing legal landscape. These HR professionals should regularly attend seminars, frequently read articles and blogs, and be aware of major pending court cases. It's also crucial for employers to regularly audit their company policies and practices with a skilled employment law attorney.

**How does a law firm specializing in labor and employment differentiate itself from the competition in 2021?**

**BENDAVID:** While Los Angeles is home to many law firms, it can be difficult to find trusted legal advisors. Business owners should look for practitioners with a reputation for providing thorough and realistic counseling with an eye to the most cost-effective course of legal action for the risks involved. Further, as a result of COVID-19, it's critical now more than ever to retain a legal team that actively tracks legal trends and updates on the local, state, and federal level. Labor and employment attorneys should understand how the unfolding legal issues surrounding COVID-19 intersect with their specific clients and various business sectors and be ready to timely respond effectively to such challenges. Last, we're a one-stop law firm for business. Not only do we have a large employment law practice, we also have team members who practice in corporate, franchise, real estate, intellectual property, tax and other business areas.

**LIGHT:** Provide frequent updates with the new laws and regulations, especially with myriad federal, state and local Covid laws upon us. Answer your own phone; respond to email quickly. It's not enough for an attorney, especially in the employment field, to respond within 24 hours these days, as clients expect an almost instantaneous response; and often need it that quickly.

**POMERANCE:** Obviously, most of the law firms who specialize in labor and employment are good lawyers who know and understand the law. So that is a given. Beyond that, in order to be invaluable to a client, a lawyer ought really to understand his client's business beyond just what type of business it is and how many employees it has. How does the business actually run? Who makes the decisions? How do economic trends affect the business? What are its markets, and who are its competitors? As well, I think it is important that the law firm have the ability to take cases to trial. There are lots of good litigators who can draft discovery and write motions, but there are far fewer trial attorneys who know how to win a case in court in front of a jury. While most cases settle and do not go to trial, you will get much better settlements if the other side knows your lawyer is a skilled trial attorney. My advice to businesses is to make sure your lawyer can try a case in court and win it.

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# Protecting Personal Information: A Guide for Business

Most companies keep sensitive personal information in their files—names, Social Security numbers, credit card, or other account data—that identifies customers or employees.

This information often is necessary to fill orders, meet payroll, or perform other necessary business functions. However, if sensitive data falls into the wrong hands, it can lead to fraud, identity theft, or similar harms. Given the cost of a security breach—losing your customers' trust and perhaps even defending yourself against a lawsuit—safeguarding personal information is just plain good business.

Some businesses may have the expertise in-house to implement an appropriate plan. Others may find it helpful to hire a contractor. Regardless of the size—or nature—of your business, the principles below will go a long way toward helping you keep data secure.

## GENERAL NETWORK SECURITY

- Identify the computers or servers where sensitive personal information is stored.
- Identify all connections to the computers where you store sensitive information. These may include the internet, electronic cash registers, computers at your branch offices, computers used by service providers to support your network, digital copiers, and wireless devices like smartphones, tablets, or inventory scanners.
- Assess the vulnerability of each connection to commonly known or reasonably foreseeable attacks. Depending on your circumstances, appropriate assessments may range from having a knowledgeable employee run off-the-shelf

security software to having an independent professional conduct a full-scale security audit.

- Don't store sensitive consumer data on any computer with an internet connection unless it's essential for conducting your business.
- Encrypt sensitive information that you send to third parties over public networks (like the internet), and encrypt sensitive information that is stored on your computer network, laptops, or portable storage devices used by your employees. Consider also encrypting email transmissions within your business.
- Regularly run up-to-date anti-malware programs on individual computers and on servers on your network.
- Check expert websites (such as [www.us-cert.gov](http://www.us-cert.gov)) and your software vendors' websites regularly for alerts about new vulnerabilities, and implement policies for installing vendor-approved patches to correct problems.
- Restrict employees' ability to download unauthorized software. Software downloaded to devices that connect to your network (computers, smartphones, and tablets) could be used to distribute malware.
- Scan computers on your network to identify and profile the operating system and open network services. If you find services that you don't need, disable them to prevent hacks or other potential security problems. For example, if email service or an internet connection is not necessary on a certain computer, consider closing the ports to those services on that computer to prevent unauthorized access to that machine.
- When you receive or transmit credit card

information or other sensitive financial data, use Transport Layer Security (TLS) encryption or another secure connection that protects the information in transit.

## AUTHENTICATION

- Control access to sensitive information by requiring that employees use "strong" passwords. Tech security experts say the longer the password, the better. Because simple passwords—like common dictionary words—can be guessed easily, insist that employees choose passwords with a mix of letters, numbers, and characters.
- Require an employee's user name and password to be different. Require password changes when appropriate, for example following a breach.
- Explain to employees why it's against company policy to share their passwords or post them near their workstations.
- Use password-activated screen savers to lock employee computers after a period of inactivity.
- Lock out users who don't enter the correct password within a designated number of log-on attempts.
- Warn employees about possible calls from identity thieves attempting to deceive them into giving out their passwords by impersonating members of your IT staff. Let employees know that calls like this are always fraudulent, and that no one should be asking them to reveal their passwords.
- Caution employees against transmitting sensitive personally identifying data—Social Security numbers, passwords, account informa-

tion—via email. Unencrypted email is not a secure way to transmit information.

## LAPTOP SECURITY

- Restrict the use of laptops to those employees who need them to perform their jobs.
- Assess whether sensitive information really needs to be stored on a laptop. If not, delete it with a "wiping" program that overwrites data on the laptop. Deleting files using standard keyboard commands isn't sufficient because data may remain on the laptop's hard drive. Wiping programs are available at most office supply stores.
- Require employees to store laptops in a secure place. Even when laptops are in use, consider using cords and locks to secure laptops to employees' desks.
- Train employees to be mindful of security when they're on the road. They should never leave a laptop visible in a car, at a hotel luggage stand, or packed in checked luggage unless directed to by airport security. If someone must leave a laptop in a car, it should be locked in a trunk. Everyone who goes through airport security should keep an eye on their laptop as it goes on the belt.

There's no one-size-fits-all approach to data security, and what's right for you depends on the nature of your business. It's cheaper in the long run to invest in better data security than to lose the goodwill of your customers, defend yourself in legal actions, and face other possible consequences of a data breach.

Information for this article was provided by the FTC.

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# COMMUNITY OF BUSINESS™

Greater Valley business events



**1.** Melissa Sullivan, a registered nurse at Dignity's Northridge Hospital, received the COVID-19 vaccine.

**2.** Dr. Imran Sharief was the first to get a COVID-19 vaccine at Dignity Health – Northridge Hospital Medical Center.

**3.** Romina Razi, respiratory care practitioner at Dignity's Northridge Hospital, gave the peace sign as she got her dose of the COVID-19 vaccine.



**4.** Armida Colmenares-Stafford, chairperson of the United Chambers of Commerce San Fernando Valley Region, presented retiring Valley Bureau Deputy Chief Jorge Rodriguez of the Los Angeles Police Department with gifts at the group's annual Captains Luncheon. The annual lunch was replaced this year with a Zoom meeting.

**5.** Armida Colmenares-Stafford, chairperson of the United Chambers of Commerce San Fernando Valley Region, presented retiring Valley Bureau Deputy Chief Jorge Rodriguez with a certificate of appreciation at the Captains Luncheon.



**6.** At a swearing-in ceremony on Dec. 4., Michael Rives joined the board of the Antelope Valley Healthcare District Board. From left: board members Dr. Abdallah Farrukh, Kristina Hong and Rives.

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[www.EOLANorth.org](http://www.EOLANorth.org)

# CALENDAR

## Wednesday, Jan. 20

### The Virtual Mixer

Greater Conejo Valley Chamber of Commerce  
4 p.m. – 5 p.m.  
Virtual event  
Free for members; \$10 guests  
(805) 370-0035 or tgrace@conejochamber.org

## Thursday, Jan. 21

### Business-4-Breakfast

Antelope Valley Chambers of Commerce  
8:30 a.m. – 10 a.m.  
Virtual event  
Free  
(661) 948-4518 or (661) 273-3232 or avchambers.org

### Tools and Tips to Providing the Best Customer Service for Your E-Commerce Business

Small Business Development Center  
12 p.m. – 1 p.m.  
Virtual event  
Free  
(661) 362-5900 or cocsbdc.org

### Joint Thirsty Thursday with Hollywood Chamber of Commerce

Greater San Fernando Valley Chamber of Commerce  
4 p.m. – 5 p.m.  
Virtual event  
Free  
(818) 989-0300 or sanfernandovalleychamber.com

## Monday, Jan. 25

### Sustainability Expo

West Valley – Warner Center Chamber of Commerce  
3:30 p.m.  
Virtual event  
Free  
(818) 347-3747 or Felicia@woodlandhillssc.net

## Tuesday, Jan. 26

### Networking Breakfast – Coffee, Contacts and Comedy

North Valley Regional Chamber of Commerce  
8 a.m. – 9:30 a.m.  
Virtual event  
\$9  
(818) 349-5676 or info@northridgechamber.org

## Wednesday, Jan. 27

### Network Connection Breakfast

Greater San Fernando Valley Chamber of Commerce  
7:30 a.m. – 9:30 a.m.  
Virtual event  
\$10 members; \$15 guests; add \$5 after Jan. 24  
(818) 989-0300 or sanfernandovalleychamber.com

### Comedy and Cocktails Mixer

West Valley – Warner Center Chamber of Commerce  
5 p.m.  
Virtual event  
Free  
(818) 347-3747 or Felicia@woodlandhillssc.net

### Women in Business Mixer

Camarillo Chamber of Commerce  
5:30 p.m. – 7 p.m.  
Virtual event  
Free  
(805) 484-4383 or .camarillochamber.org

## Thursday, Jan. 28

### Meetings, Minutes and Motions: Preparing Corporate Documents

Small Business Development Center  
12 p.m. – 1 p.m.  
Virtual event  
Free  
(661) 362-5900 or cocsbdc.org

## Top E-Commerce Metrics to Watch:

### Understanding Google Analytics

Small Business Development Center  
12 p.m. – 1 p.m.  
Virtual event  
Free  
(661) 362-5900 or cocsbdc.org

### 98th Annual Awards and Installation

Santa Clarita Valley Chamber of Commerce  
6 p.m. – 9 p.m.  
Virtual event  
\$50; \$125 for VIP, includes dinner  
(661) 702-6977 or hello@scvchamber.com

## Friday, Jan. 29

### Employee or Contractor? The Status of Contract Workers in California

California Lutheran University  
8 a.m. – 9 a.m.  
Virtual event  
Free  
(805) 493-3150 or smnelso@callutheran.edu

## Friday, Feb. 5

### The Virtual Breakfast

Greater Conejo Valley Chamber of Commerce  
8:30 a.m. – 10 a.m.  
Virtual event  
\$5 members; \$15 guests  
(805) 370-0035 or tgrace@conejochamber.org

## Monday, Feb. 8

### Networking Luncheon

North Valley Regional Chamber of Commerce  
11:30 a.m. – 1 p.m.  
Virtual event  
\$9  
(818) 349-5676 or nikki@nvrcc.com

## Friday, Feb. 12

### Good Morning Simi Valley Networking Event

Simi Valley Chamber of Commerce  
8 a.m. – 9 a.m.  
Virtual event  
Free  
(805) 526-3900 or info@simichamber.org

### Business@Breakfast

Camarillo Chamber of Commerce  
8 a.m. – 9:30 a.m.  
Virtual event  
Free  
(805) 484-4383 or camarillochamber.org

## Wednesday, Feb. 17

### The Virtual Mixer

Greater Conejo Valley Chamber of Commerce  
4 p.m. – 5 p.m.  
Virtual event  
Free for members; \$10 guests  
(805) 370-0035 or tgrace@conejochamber.org

### Business After Hours Virtual Mixer

Santa Clarita Valley Chamber of Commerce  
5 p.m. – 6:30 p.m.  
Virtual event  
Free for members; \$10 guests  
(661) 702-6977 or hello@scvchamber.com

## Thursday, Feb. 18

### Joint Thirsty Thursday with Century City Chamber of Commerce

Greater San Fernando Valley Chamber of Commerce  
4 p.m. – 5 p.m.  
Virtual event  
Free  
(818) 989-0300 or sanfernandovalleychamber.com

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# AROUND THE VALLEYS



Lancaster: Tent hospital set-up.



Santa Clarita: Princess in port.



Van Nuys: Two warehouses at 7022 and 7028 Valjean Ave. sold for \$3.7 million.



Chatsworth: At 21405 Devonshire St., Chatsworth Plaza retail center fetched \$14.9 million.

## ▶ ANTELOPE VALLEY

### LANCASTER

The City of Lancaster, in partnership with North Carolina nonprofit **Samaritan's Purse** and **Antelope Valley Hospital**, is building a 50-bed field hospital to serve the overwhelming number of COVID-19 patients. A tractor-trailer arrived Jan. 9 with the first portions of the field hospital and disaster response specialists began to erect the hospital that same day, Samaritan's Purse said in a statement. Additional components were airlifted by a DC-8 cargo plane Jan. 11. The facility, located in the parking lot of Antelope Valley Hospital, will specialize in respiratory care. It is the fifth such hospital built by Samaritan's Purse. "We are grateful for the support provided by Samaritan's Purse, as we anticipate another surge of COVID patients in the coming weeks, the help couldn't have been more timely," **Ed Mirzabegian**, chief executive of Antelope Valley Hospital, said in a statement.

learning all I can about our diverse markets and working with our incredibly dedicated teams across Southern California to expand access to affordable, high-quality health care," Sprenkel said in a statement. The expanded division is the largest in CommonSpirit's portfolio with \$6 billion in revenue, the nonprofit health care system said.

### SHERMAN OAKS

Tom LaBonge, who served on the Los Angeles City Council for 14 years and was known for advocating for his constituents as well as his hikes in Griffith Park, died this month in his home in Silver Lake. He was 67. LaBonge represented the Fourth Council District, including Sherman Oaks, from 2001 to 2015. In a joint statement, Mayor **Eric Garcetti** and L.A. City Council President **Nury Martinez** said that LaBonge loved Los Angeles and the city loved him right back. In a city of 4 million residents, LaBonge was Mr. Los Angeles, the pair said. LaBonge is survived by his wife Brigid and two children.

### VAN NUYS

Two separate freestanding warehouses within the Van Nuys Airport Corridor have sold for a combined \$3.7 million. The 4,452-square-foot property at 7022 Valjean Ave. sold for \$1.9 million, while the 4,436-square-foot property at 7028 Valjean Ave. sold for \$1.8 million. **Yair Haimoff** and **Barry Jakov**, commercial real estate advisors with **Spectrum Commercial Real Estate** in Encino, represented the seller. The properties sold to separate owner-operators. Both are situated on approximately 7,400-square-foot parcels and feature high-image designs, modern office layouts, ample power, 16- to 18-foot minimum warehouse ceiling clearance, front loading and fenced parking and yard areas. According to a statement from Spectrum, the sales represent a record-breaking price for comparable industrial buildings.

## ▶ SANTA CLARITA VALLEY

### SANTA CLARITA

**Princess Cruises** has again postponed the resumption of cruising activity, this time through May 14 – more than a year after the industry ground to a halt at the onset of the coronavirus

pandemic. The delay affects early-season cruises in the Caribbean, California coast, Alaska and Europe. The Santa Clarita cruise line previously planned to resume sailing in some regions on March 31. As part of efforts to ready ships to sail again, Princess will dock several ships at the Port of Los Angeles this and next month to receive fuel, supplies and services. Competitors including **Holland America** and **Norwegian Cruise Line** will do the same. According to a statement issued by the port, the visits "are part of the cruise lines' operations to reestablish the ships in U.S. waters as a prerequisite to meet federal regulations in order to resume cruising."

## ▶ TRI-CITIES

### BURBANK

**Tin Horn Flats Bar & Grill**, a western-themed bar at 2623 W. Magnolia Blvd., may see its conditional use permit revoked if it does not comply with pandemic-time restaurant restrictions. The City of Burbank issued a Notice of Violation and Notice of a Hearing to the bar, asking that it stop offering on-site dining on its patio and indoor dining room and require staff to wear masks at all times – all requirements of public health orders. The notice, issued Jan. 12, gives the business 10 days to cure the violations before its permit may be revoked. Tin Horn Flats reopened its outdoor dining space Dec. 10, flouting county and state rules. It advertised the choice on social media as a "peaceful protest" against "tyrannical mandates and closures."

### GLENDALE

Short-form video distributor **Loop Media Inc.** has signed a partnership agreement with **Switch Inc.**, a Canadian telecom service provider. The company will provide its curated channels featuring music videos and other short-form content to Switch's new Canadian television platform. Financial terms of the agreement were not disclosed. The deal helps expand Loop Media's content into Canada, where the company has a satellite office in Toronto. Switch is based in Edmonton, Alberta. Loop's music video channels include content from Canadian artists, as well as a source for curated music videos that are currently lacking in Canada, the company said.

## ▶ VENTURA COUNTY

### CAMARILLO

Valeo Networks, a managed security service provider that is a division of **Saalex Corp.**, has acquired Etech Solutions, a similar firm in Iowa. Terms of the deal between Valeo, in Rockledge, Fla., and Etech, in Ankeny, Iowa, were not disclosed. Etech Solutions marks the fourth and final acquisition of 2020 for Valeo Networks, firmly placing its revenue volume in the top 5 percent of managed security service providers nationwide, the company said. Etech specializes in providing information technology services for a variety of industries, including the construction, engineering, real estate, health care and legal sectors.

### THOUSAND OAKS

**Teledyne Technologies Inc.** announced this month it will acquire **Flir Systems Inc.** in a cash and stock deal valued at \$8 billion. The aerospace, marine and digital imaging products manufacturer will pay \$56 a share for Flir stock, a 19 percent premium to its closing price on Dec. 31. Flir in Arlington, Va. develops cameras and sensors used in military, industrial, automotive, marine and public safety applications. Teledyne Executive Chairman **Robert Mehrabian** said that while the companies' respective business models are similar, their products are complementary with minimal overlap, having imaging sensors based on different semiconductor technologies.

### WESTLAKE VILLAGE

**Corinne Le Goff**, a former executive at **Amgen Inc.**, has been hired by **Moderna Inc.** to become the Boston biotech giant's chief commercial officer. Moderna is one of three companies leading the race to distribute an effective COVID-19 vaccine. The vaccine has been authorized for emergency use in the U.S. by the Federal Drug Administration, and throughout Europe by the European Union. Le Goff said in a statement she is "delighted" to join Moderna "at this crucial time of the launch of the Moderna COVID-19 vaccine." She will assume her new role on Moderna's executive committee Jan. 19.

## ▶ SAN FERNANDO VALLEY

### CHATSWORTH

Chatsworth Plaza, a commercial shopping center at 21405-21515 Devonshire St. in Chatsworth, has sold for \$14.9 million, or \$237 per square foot, according to **CoStar** data. L.A. entity **Dayani Partners** purchased the 67,841-square-foot property. **Bryan Ley**, **Geoff Tranchina** and **Tim Kuruzar** of JLL represented the seller, **Combined Properties Inc.** Among the plaza's 19 storefronts are anchor tenants **Ralphs**, **Dollar Tree**, **Viva La Fiesta** and **Care A Lot Pharmacy**.

### NORTHRIDGE

Chicago-based **CommonSpirit Health**, which owns Dignity Health hospitals in Northridge and Glendale, has expanded its Southwest Division. **Julie Sprenkel** will continue leading the now 21-facility division, CommonSpirit said in a statement. Prior to the expansion, Sprenkel oversaw nine acute care hospitals and four micro-hospitals. Dignity Health hospitals along the Central Coast and in Central California join facilities in Los Angeles and San Bernardino counties, as well as Clark County, Nevada. "I'm looking forward to

# MERGERS & ACQUISITIONS

## NOVEMBER 2020 | RANKED BY VALUE

Announced Date	Transaction Status	Merged/Acquired Business	Business Description	Buyers/Investors	Sellers	Deal Structure	Value (in millions)
November 4	Closed	Four self- storage facilities	Commercial real estate properties.	<b>Public Storage,</b> Glendale	NA	Acquisition of Majority Stake; Cash Merger	\$ 29.1
November 11	Closed	118-unit apartment property in Tarzana	Residential real estate property.	Hill Street Realty, Los Angeles	<b>Bechirian Investments,</b> Reseda	Acquisition of Majority Stake; Cash Merger	27.09
November 12	Announced	WKAT-AM/an FM translator in Miami, Fla.	Radio broadcasting station.	NA	<b>Salem Media Group Inc.,</b> Camarillo	Acquisition of Majority Stake; Cash Merger	3.5
November 12	Closed	Website and related assets of Hyper Pixels Media, Galva, Kans.	Website and related assets.	<b>Salem Media Group Inc.,</b> Camarillo	Hyper Pixels Media, Galva, Kans.	Acquisition of Majority Stake; Cash Merger; Corporate Divestiture	1.1
November 24	Announced	Caliva Inc., San Jose	Producer of cannabis.	Subversive Capital Acquisition Corp., New York	KarpReilly GP, Greenwich, Conn.; <b>Next Play Capital,</b> Studio City.	Acquisition of Majority Stake; Earnout Payments	NA
November 22	Closed	Manufacturing rights of four aircraft instruments from Flightline Electronics Inc., Victor, N.Y.	As of November 22, 2020, Manufacturing Rights of Four Aircraft Instruments from Flightline Electronics Inc was acquired by Ontic Engineering and Manufacturing, Inc.	<b>Ontic Engineering and Manufacturing Inc.,</b> Chatsworth	Flightline Electronics Inc., Victor, N.Y.	Acquisition of Majority Stake; Corporate Divestiture; Terms Not Disclosed	NA
November 19	Closed	<b>Fuse,</b> Glendale	Fuse, doing business as NUV0tv, operates a bicultural cable English-language entertainment network for Latinos.	NA	NA	Acquisition of Majority Stake; Leveraged Buy Out (LBO); Management Buyout; Management Participated; Terms Not Disclosed	NA
November 18	Closed	<b>Cartocal,</b> Ventura	Develops artificial intelligence-based scheduling algorithm.	CentralReach, Pompano Beach, Fla.	NA	Acquisition of Majority Stake; Terms Not Disclosed	NA
November 10	Closed	Nine dealerships of Keyes Automotive Group in the San Fernando Valley and Arizona.	Automotive dealerships.	Lithia Motors Inc., Medford, Ore	<b>Keyes Automotive Inc.,</b> Van Nuys	Acquisition of Majority Stake; Corporate Divestiture; Terms Not Disclosed	NA
November 6	Closed	<b>ACXSS365,</b> Calabasas	An aggregator company that offers supply chain solutions for the health care industry.	Sterling Healthcare Logistics, Las Vegas	NA	Acquisition of Majority Stake; Terms Not Disclosed	NA
November 5	Closed	<b>B. Riley Operations Management Services,</b> Woodland Hills	Financial investment and advisory services to middle market manufacturing companies.	<b>Great American Group Advisory &amp; Valuation Services,</b> Woodland Hills	Anchor Resource Management Consulting, Los Angeles	Acquisition of Majority Stake; Corporate Divestiture; Terms Not Disclosed	NA
November 3	Closed	Nicotine pouch product of <b>Dryft Sciences,</b> Moorpark	Oral nicotine products for tobacco leaf-free consumption.	Modoral Brands Inc., Winston Salem, N.C.	<b>Dryft Sciences,</b> Moorpark	Acquisition of Majority Stake; Corporate Divestiture; Terms Not Disclosed	NA

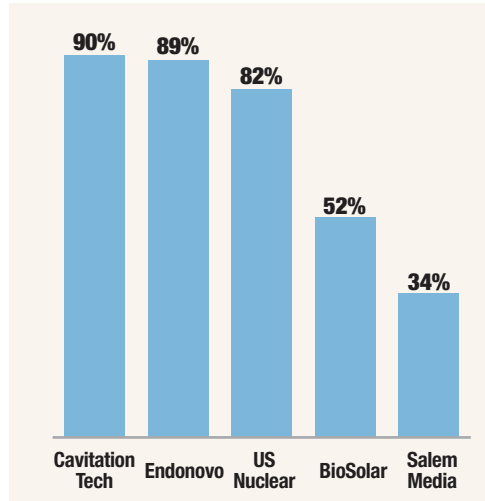
The chart features deals that involved sellers, investors, buyers or targeted companies in the greater San Fernando Valley. Local entities are boldfaced. NA: not available. N/A: not applicable.

All data is provided by S&P Capital IQ, a business unit of the McGraw-Hill Cos. and a provider of multi-asset class data, research and analytics to institutional investors, investment advisers and wealth managers around the world. For more information, visit [www.capitaliq.com](http://www.capitaliq.com).

# VALLEY 50 *The Valley area's biggest public companies.*

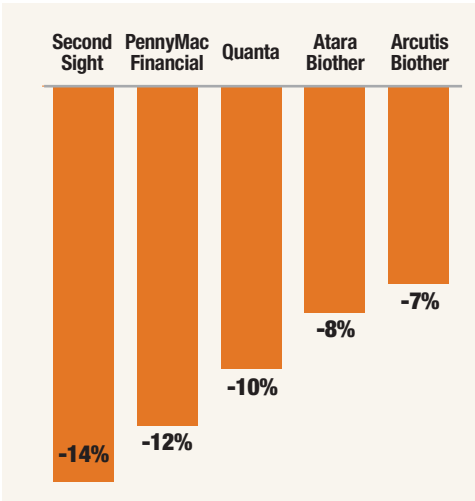
## TWO-WEEK BEST PERFORMERS

Percent Change from Dec. 30 - Jan. 13



## TWO-WEEK WORST PERFORMERS

Percent Change from Dec. 30 - Jan. 13



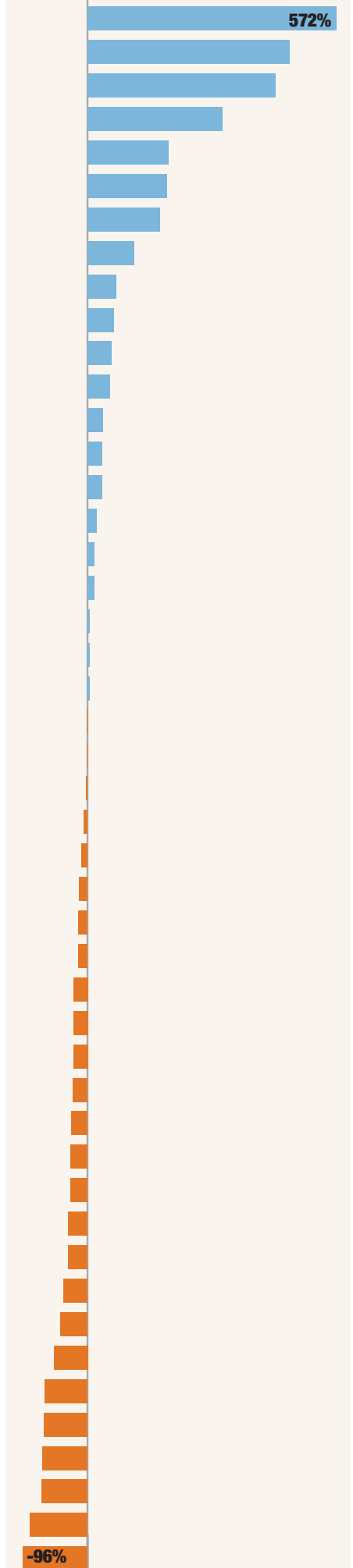
## COMPANIES

All closing prices as of Jan. 13

Company	Jan. 13 Price	Two Week % Change
Velocity Financial	7.06	13.5%
California Resources	25.30	11.4%
Arcutis Biotherapeutics	27.14	-7.4%
BioSolar	0.10	52.0%
Loop Media	3.55	10.6%
Capstone Turbine	13.30	21.1%
Web Blockchain Media	0.04	25.8%
BlackLine	127.18	-4.5%
Simulations Plus	72.25	-0.9%
MannKind	3.16	-6.0%
PennyMac Financial Services	57.45	-11.8%
Cavitation Technologies	0.03	90.4%
Semtech	73.89	2.6%
AeroVironment	96.17	9.2%
Tutor Perini	15.83	20.2%
Avery Dennison	162.93	5.7%
NetSol Technologies	4.42	18.8%
Walt Disney	176.12	-2.8%
Atara Biotherapeutics	18.97	-7.6%
American Homes 4 Rent	29.43	-1.6%
Taitron Components	3.23	1.7%
Teledyne Technologies	386.96	-1.1%
Public Storage	224.79	-1.8%
Cheesecake Factory	40.39	10.7%
Marcus & Millichap	37.58	0.6%
Salem Media Group	1.47	33.6%
Amgen	237.74	4.7%
Tejon Ranch	15.36	6.4%
Golden State Bancorp	13.73	0.4%
Calavo Growers	70.85	0.9%
LTC Properties	40.28	4.1%
Trio-Tech International	4.26	11.8%
PS Business Parks	133.21	1.0%
Resonate Blends	0.15	7.1%
Dine Brands Global	67.96	15.0%
Limoneira	15.61	-6.6%
Research Solutions	2.58	10.3%
PennyMac Mortgage	17.28	-1.1%
Mission Valley Bancorp	10.74	1.8%
Flamemaster	8.50	0.0%
Bank of Santa Clarita	10.07	-3.5%
Unico American	4.80	4.0%
Kolibri Global Energy	0.06	9.1%
US Nuclear	0.32	81.9%
Zalemark	0.01	-1.7%
Second Sight Medical Products	1.82	-13.7%
Tix	0.15	-2.1%
APEX Global Brands	2.40	-3.6%
Quanta	0.06	-10.4%
Endonovo Therapeutics	0.05	89.5%

## 52-WEEK % CHANGE

Note: Velocity Financial, California Resources and Arcutis Biotherapeutics have been publicly traded for less than 52 weeks.



## FIVE HIGHEST P/E RATIOS

As of Jan. 13

PennyMac Mortgage	11520.00
Simulations Plus	141.64
American Homes	109.45
Semtech	103.50
AeroVironment	80.42

## FIVE LOWEST P/E RATIOS

As of Jan. 13

PennyMac Financial Services, Inc.	3.37
Bank of Santa Clarita	11.99
NetSol Tech	14.97
Mission Valley	15.93
BioSolar	17.19

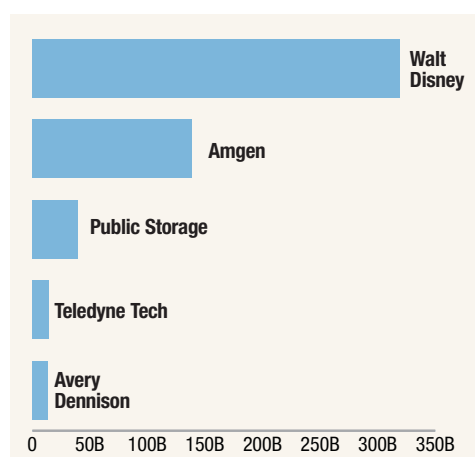
## TOP 10 MOST ACTIVE STOCKS

Average daily volume

Company	Volume
BioSolar, Inc.	17,250,406
Walt Disney Co.	8,389,345
MannKind Co.	3,232,228
Amgen Inc.	2,695,575
Second Sight Medical Products, Inc.	2,200,165
American Homes 4 Rent	2,051,321
PennyMac Financial Services, Inc.	1,038,676
Public Storage	995,944
Endonovo Therapeutics, Inc.	994,587
Cheesecake Factory Inc.	975,322

## FIVE BIGGEST MARKET CAPS

As of Jan. 13



## INDEXES

As of Jan. 13

	Dow Jones Industrial	NASDAQ	S&P 500	Valley 50
Dec. 30	30,335.67	12,850.22	3,727.04	2242.69
Jan. 13	31,060.47	13,128.95	3,809.84	2266.71
Point Chg.	724.80	278.73	82.80	24.01
2-Wk % Chg.	2.4%	2.2%	2.2%	1.1%
YTD % Chg.	1.8%	1.9%	1.4%	1.7%
52-Wk Chg.	7.8%	43.0%	16.7%	13.0%

Summary presented by BNY MELLON WEALTH MANAGEMENT

For more information, please contact: Rob Kricena, Regional President in Los Angeles at (310) 551-7600

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# Aerospace: Aerojet Adds Propulsion to Lockheed

Continued from page 1

for Aerojet stock although a special dividend of \$5 per share will be paid to stockholders in March. That dividend will reduce the price per share paid by Lockheed to \$51.

Aerojet makes rocket engines. As Rocketdyne, the company developed rocket engines for the entire U.S. space program, including the Saturn rocket engines for the Apollo moon missions and the main engine for the Space Shuttle. It has a facility in the San Fernando Valley at DeSoto Avenue and Nordhoff Street in Chatsworth. That facility is currently manufacturing the RS-25 engine for use on NASA's Space Launch System (SLS), the space agency's heavy lift rocket that will return humans to the moon in 2024 and then possibly to Mars.

Lockheed Martin maintains its top-secret research and development division known as the Skunk Works in Palmdale.

Alex King, founder of Cestrian Capital Research Inc., an equity research firm in Newport Beach that follows the space industry, said that with this transaction Lockheed gets a business in propulsion where it doesn't have a presence.

"I'd fall off my horse if it ran into anti-trust problems because they don't own much in propulsion, if any, today," King said.

Whether any other buyers will appear is unlikely, said King and two other analysts who fol-



Ready: RS-25 rocket engines in Chatsworth await shipment to NASA.

low the company – Greg Konrad of Jefferies Financial Group Inc. and Truist Securities Inc.'s Michael Ciarmoli.

Raytheon Technologies Corp. would have been a potential buyer, but that defense contractor has its hands full right now with the merger of United Technologies Inc., King said.

"Lockheed is the best buyer," he added. United Technologies is the former owner of Rocketdyne, having bought the company from Boeing Co. in 2005 and sold it in 2013 to GenCorp., which combined Rocketdyne with its

Aerojet division. GenCorp later changed its name to Aerojet Rocketdyne Holdings.

King admitted to having no insider knowledge about how the acquisition will affect the Valley operations. But he did not foresee any major staffing cuts and cited three reasons.

For one, Lockheed is not a big player in Aerojet's core propulsion projects, and second there isn't a lot of fat to trim off the company, King said. "And three, it doesn't look good for a buyer to arrive and start closing things down," he added. "I'd be surprised if a wrecking ball were swung around."

## Government clients

The transaction is expected to close in the second half of the year.

In his research note on the deal after it was announced on Dec. 20, Ciarmoli of Truist Securities wrote that Aerojet was already a supplier to Lockheed within that company's aeronautics, missile and space businesses.

"(It) maintains a portfolio aligned with top Department of Defense priority and we believe is complementary to Lockheed Martin's capabilities including Hypersonics, Tactical Missiles, Integrated Air and Missile Defense, Strategy Systems and Space Exploration," Ciarmoli wrote in the note.

In talks with Aerojet management, they said that the deal "occurred naturally over time," Ciarmoli added.

"On the space side, given increased commercial competition and program concentration around the SLS program, management believes that platform will have superior capabilities over commercial alternatives and will maintain strong support from NASA," he wrote.

The commercial space industry, dominated by such companies as Space Exploration Technologies Corp. or SpaceX, in Hawthorne and Virgin Galactic in Las Cruces, N.M., has not been a part of Aerojet's strategy.

For decades, the company's core business had been selling big rocket engines to government agencies. To change that and sell solid rocket motors to a Virgin Galactic would mean selling at a price point 10 times to 50 times lower than usual, King said.

"Companies have a hard time moving between market segments in that way," he added.

Aerojet could not profitably supply to commercial customers because they would have to design a whole new set of motors at a much lower price point, King noted.

## Lockheed's space game

Konrad, the analyst with Jefferies Financial, said in a research note that he did not expect any issues in regard to closing the Aerojet deal.

"Product overlap is not a concern. In the end, the industry is used to competing in some aspects, but partnering in others. In addition, we believe a competing bid is unlikely," he wrote in his note.

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## REAL ESTATE

### ACCOMPLISHED INDUSTRIAL TEAM JOINS COLLIERS IN GREATER LOS ANGELES



Colliers has added one of Greater Los Angeles' most successful industrial brokerage teams—David Harding, Greg Geraci, Matt Dierckman and Billy Walk—to their booming GLA business. The team joins Colliers from CBRE, where they have built a reputation over the last several decades as one of the top advisors of owners and tenants of warehouse, distribution and manufacturing facilities throughout Los Angeles County and, for their corporate clients, in markets across the U.S. and around the globe. Since 2000, the team has advised some of the industry's most prominent

landlords and the region's largest industrial tenants on more than 2,400 transactions totaling more than 70 million square feet. Harding, Geraci and Dierckman join the firm as Executive Vice Presidents. Walk joins as Senior Vice President.

The team feels the depth and breadth of the Colliers platform will enable them to continue exceeding their clients' expectations while supporting their expanding their business. Additionally, the Colliers culture is a perfect match for their own entrepreneurial and collaborative spirit.

David Josker, Colliers' President of Brokerage for the U.S. Southwest, commented that "Adding a group of this caliber further solidifies our commitment to excellence as we continue to scale to meet the growing demands of our clients, both existing and new."



## INFRASTRUCTURE



Mekuria

Ted Mekuria, senior project manager for HNTB Corporation, has been named to the Valley Industry & Commerce Association's board of directors for 2021. With input and guidance from its members, VICA maintains a regular presence at all levels of government to represent San Fernando

Valley businesses effectively. He joins distinguished members from various Southern California public agencies and businesses.

"We congratulate Ted on his new leadership role with VICA," said Wayne Feuerborn, HNTB West Division president. "With his extensive industry experience, he is well-positioned to help guide VICA in shaping and advancing policy that increases the vitality of the San Fernando Valley business community."

Mekuria has two decades of engineering consulting experience in transportation planning and design for public and private clients and has completed major transportation projects in the Los Angeles area. He joined HNTB in 2019 and serves as the City of Los Angeles client service lead. As senior project manager, he is involved in every aspect of the project lifecycle, from data collection and design, to management, and on-time project delivery.

VICA is widely considered one of the most influential business advocacy organizations in Southern California.



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# Real Estate: Disney+ Footprint Poised to Expand

Continued from page 1

The Tower, Disney occupies 115,673 square feet of a total 501,000 square feet at 3900 W. Alameda Ave. Walt Disney Animation Studios occupies much of floors 25 through 30. Disney renewed its lease last April until December 2029.

Across the street, in another Blackstone/Worthe building named Burbank Centre at 3800 W. Alameda Ave., Disney renewed its 425,000-square-foot lease last November.

In addition to its presence at The Tower and Burbank Centre, Disney also leases another 150,000 square feet at the Burbank Media Studios North complex at 2255 N. Ontario St. It houses the film production arm, Walt Disney Pictures.

Of the space that Disney occupies at Burbank Centre, about 32,000 square feet has been devoted to back-up operations of ESPN and Radio Disney. Signed in 2011, that lease runs through 2023.

However, Disney, on Dec. 6, announced it would close Radio Disney after 24 years. Also, ESPN has suffered under the weight of the coronavirus crisis, which has led to a cancellation of sports events.

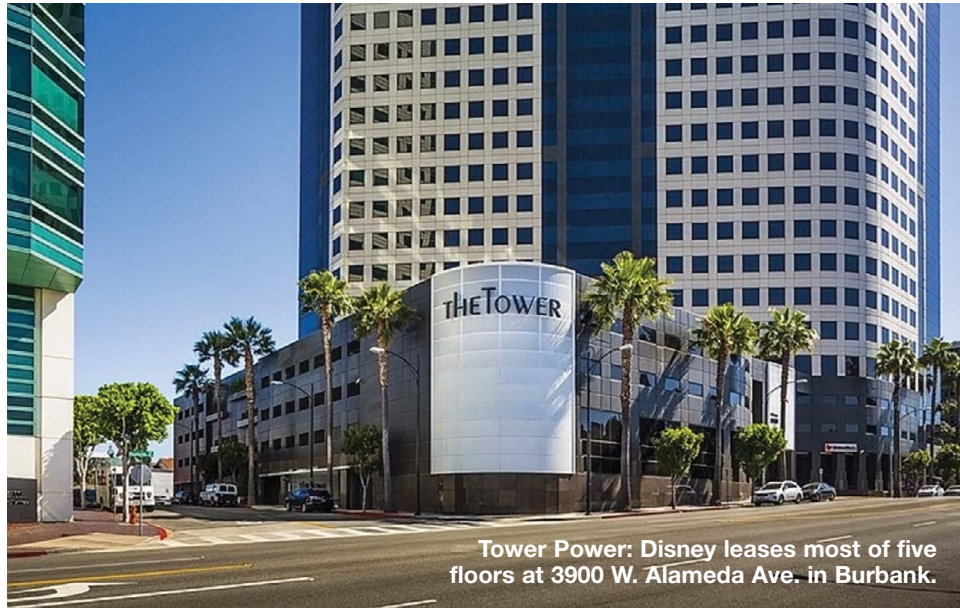
Also, earlier this month media reports indicated Disney could relocate several business divisions to Florida, where it owns the Disney World resort. The company has not made any public announcement on the matter.

## Down year

In 2020, Disney did not have a good year. It was a stark contrast to 2019, when — amid the culmination of several big cinematic franchises, including Marvel and Star Wars, and the launch of its new Disney Plus streaming channel — Disney grossed \$69.6 billion in net revenue — a company and entertainment industry best. By November 2020, Disney only managed to make \$8.1 billion for the year.

The coronavirus pandemic strangled several revenue streams with the closures of movie theaters and amusement parks.

Additionally, Disney announced in November that it would lay off 32,000 employees through spring 2021 from its total 223,000 employees worldwide. While most of those layoffs would occur at Disney's amusement parks, there were some high-profile executives as well. Following the successful launch of streaming service Disney Plus in late 2019, Head of Streaming **Kevin Mayer** exited last May to become chief executive at **TikTok**, and former Senior Vice President of Content for Disney Plus **Agnès Chu** left in July to head **Condé Nast Entertainment**.



Tower Power: Disney leases most of five floors at 3900 W. Alameda Ave. in Burbank.

## Staying power

There is a consensus among several real estate brokers who spoke to the Business Journal both on and off the record that Disney's reconfiguration of its workforce will not profoundly affect the office market in Burbank.

That's because the one bright spot in Disney's year has been the rocket rise of Disney Plus. By 2021, Disney Plus had far exceeded its original subscription goal for the streamer's first year, totaling 86.8 million subscribers and proving to be the first serious contender for Netflix's streaming crown. Disney said in December that it expects Disney Plus to reach 230 million to 260 million subscribers by 2024.

News of the media giant transforming itself from a movie and television studio to an online entertainment entity did not come as a total surprise: Facing mass layoffs and amusement park closures due to COVID-19 as well as entertainment's inevitable march toward streaming platforms in the aftermath of Silicon Valley player **Netflix Inc.**'s game-changing influence, Disney's move seemed like a logical next step — a decision only accelerated by the 2020 pandemic.

Because of Disney Plus' success, **William Boyd** at **Kidder Mathews'** Pasadena office does not expect Disney to dramatically shrink its Burbank footprint.

"Those of us who have watched Disney for four decades now in this office market generally point to the past for (indications) for the future," Boyd said. "While there may be short-term pauses, there is no indication that they will be retreating from the office space. Eventually, they will need more space."

**John Loper**, an economist at **USC Lusk Center for Real Estate**, agreed.

"In terms of Burbank real estate," Loper explained, "if Disney Plus is adding (employees), they're going to draw from people in California. They're probably going to be in Burbank. So, I don't see that having a huge impact on office."

At Disney's Investor Day in December, the company announced that Disney Plus will soon have 10 Marvel series, 10 Star Wars series and 15 new live-action movies. With that announcement, Disney has boldly prioritized Disney Plus and cemented its commitment to streaming as the company's future. The company did not specify where those shows will be produced.

Boyd said there is plenty more Disney office space in the Burbank market that is not made public.

"There are other office buildings in the immediate area," Boyd continued. "One transaction that our team did for a landlord was 80,000 square feet of Disney space. That went unreported."

Boyd added that Disney keeps a low profile on its real estate deals for departments such as accounting and business services. "They do a very good job of not having their leases publicized," he said. "Most of it, we just don't hear about."

## Potential relocation

However, just as Disney's switch to streaming makes economic sense, so do the rumors about transferring operations to Florida.

"Disney is in the same realm as **Tesla** (which relocated from Hawthorne to Austin,

Texas)," Loper said. "They have to think about the shareholders."

Recently, Disney has become frustrated with California, especially Gov. **Gavin Newsom's** strict COVID regulations that keep Disneyland in Anaheim closed. In 2020, the company wanted to launch a Marvel attraction at Disneyland as well as build on its 2019 investment, the Star Wars-themed Galaxy's Edge.

"All the momentum from Galaxy's Edge and new Marvel and (amended) California Adventure and other recent investments (has sputtered)," Loper said. "They can't make money on their theme parks."

Meanwhile, Disney World in Orlando has stayed open, continued Loper, who would not be surprised if Disney moved some operations outside of California, especially given vibrant movie production in Atlanta, where Disney's Marvel has done a lot of filming and where talents such as **Tyler Perry** have large operations.

"If I'm Disney," he said, "and I see Atlanta having a very robust production facility and I see production in Vancouver going on for months while in L.A. County, we've stopped production, (the question becomes) 'Do I want to have production in California or am I able to do it this year?'"

Earlier this month, a Disney spokesperson told the Orlando Business Journal, "As the largest employer in Central Florida, we are always exploring opportunities for additional locations within the vicinity of our theme park, but there is nothing concrete."

If confirmed, the divisions would reportedly move to Lake Nona, a master-planned community in southeast Orlando, according to the paper.

"Florida is where a lot of talent is moving," Loper said. "The financial world is moving to Florida. Disney has a lot of property there."

## Post-virus path

After the coronavirus crisis, Disney will enter a competitive playing field in the streaming sector.

When the dust settles on the pandemic, Netflix will establish its first animation studio with 171,000 square feet at Empire Center in Burbank — an existential threat, not only to Disney owned streaming services Disney Plus and Hulu, but to Disney's legacy bread-and-butter business of animation, which Disney pioneered in the 1920s and has dominated ever since.

In addition to Netflix, the competition for eyeballs includes Burbank-based **Warner Bros. Entertainment's** HBO Max; **NBCUniversal's** Peacock, **Roku** and **ViacomCBS'** CBS All Access. Other streamers, such as Paramount Plus, are on the horizon.

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## COMMENTARY

## Local Landlords Are Heroes, Too

By IRMA VARGAS

It's Christmas morning and my phone rings. It's a tenant telling me: "I went to use my stove and it does not work. Can you have it fixed today?" This is just one of the many calls that landlords receive almost daily, and due to COVID-19, the volume of these calls have increased. Here are just a few samples:

- "Can you come and clean-up the human feces on the front sidewalk? Don't you know it is unsanitary?"
- "My kitchen sink is clogged. Can you send someone over now?"
- "The kids upstairs are making a lot of noise; can you tell the tenants upstairs to control their kids?"
- "The guy downstairs is smoking weed and it is coming through my window. It's hot today and I don't want to close my window. Can you get down here and make him stop?"
- "The trash cans in the back are overflowing again. Can you send someone to clean it up?"

Emergency stay-at-home orders that have shut down businesses and left millions unemployed has adversely impacted us all, but no one seems to notice how this is affecting landlords. Since tenants, by and large, are working at home, people are spending more time at our rental properties. This situation has created many issues among neighbors who typically do not see each other except for mornings or evenings. Now apartment residents are seeing and hearing each other all day, and rather than solve issues like civilized adults, they complain to their landlord about noises, smells, children, pets, and the extra trash accumulating in trash bins from all the take-out meals and Amazon shipments.

In the media, we hear about nurses and doctors working around the clock to save lives. Yes, they

**'We are only small business owners trying to make ends meet with both our hands tied behind our backs in an environment of increasing costs and lower income with no end in sight.'**

are truly exceptional and are heroes. But just like any major emergency, support personnel are just as important as those working on the front lines by supplying the needs of front-line personnel. Well, we landlords are the behind the front-line soldiers of today's pandemic fight.

The San Fernando Valley area is dominated by apartment buildings with "mom and pop" owners that are self-managed or operated by smaller property management firms. Since March, calls coming into property management offices for virtually all types of assistance has more than tripled, and property managers today are working 10 to 12 hours a day trying to address issues, calming fears, mediating between neighbors, and of course, clearing someone's clogged toilet. We are all in this together, but when it comes to being a landlord, we continue to go about doing our thankless job keeping members of our community safely housed.

Just like other small businesses, government is slowly choking the life out of landlords. Since

the onset of the pandemic, we have been subject to regulations banning evictions, late fees and rent increases and are being punished for attempting to collect rent. Yet, despite all of this, the city of Los Angeles has increased water bills while tenants who are home are using water, and the city's trash haulers have recently increased fees 6.15 percent. While we are challenged collecting rent, our property taxes, insurance, mortgages, and maintenance expenses continue to increase and are due.

Like those in the restaurant business, landlords are being told to do much more for less or in some cases for nothing. And just like restaurateurs, it is uncertain how long landlords can hold out. Even now, our state's legislators are contemplating the extension of eviction restrictions because they believe landlords are politically expendable. However, apartments are not emptying because of evictions; tenants are leaving their rental units to either buy homes (A lender called us to verify the payment record of a tenant who had not paid us a dime since April.) or they are relocating out of state, or some are merely moving across the street into a cheaper apartment in this depressed rental market.

Landlords are not the villains that our elected officials and tenant groups falsely claim we are. We are only small business owners trying to make ends meet with both our hands tied behind our backs in an environment of increasing costs and lower income with no end in sight. We are some of the heroes in this crisis, trying our best to keep tenants housed, their toilets running, and their stove working while at the same time, dealing with situations that the police do not care to do anything about.

*Irma Vargas is chief financial officer of RST and Associates, a property management firm in Los Angeles. She serves on the board of the Apartment Association of Greater Los Angeles.*

## Real Estate Has 'Digging to Do'

By DAN BROZOST

Like most restaurateurs, Michel LeChasseur has struggled since the pandemic blindsided him. He hasn't taken a salary since March, hasn't paid rent since April, and he's not sure how he'll catch up once this is over.

"In Burbank, we depend so much on the studio business. I was working on 16 TV shows, catering roundtables where the actors and writers would come together. That's done. That's all Zoom now," said LeChasseur, who owns and operates MA's Italian Kitchen in Burbank. "I told my landlord there's no way we can afford to pay the rent. It's hard to make arrangements without having an end to this in sight."

His landlord wasn't keen on abatements or deferral at first, but after watching a number of beloved locales and institutions call it quits, he said they became more willing to negotiate.

"Honestly, I'm one of the lucky ones," LeChasseur said.

If you spent some time surfing the Instagram pages of restaurants throughout San Fernando Valley area, you might be inclined to agree. A lot will look like The Bellwether, a longtime Studio City hotspot that closed permanently, citing the high cost of rent as a primary reason.

"We have brainstormed and mapped out all scenarios to make the business work, but sadly, even running at 50 percent capacity, we cannot sustain the business," wrote co-owners Ann Marie and Ted Hopson in a final September post thanking their patrons.

The pandemic undeniably altered our daily routines and created a "new normal," from the way we spend time with others to the way we work, and

society has been forced to rapidly adjust to these unprecedented circumstances. This includes the commercial real estate market, where the pandemic has had a snowball effect on landlords and tenants alike – a snowball which has grown big enough to trigger an avalanche in the prolonged absence of meaningful government aid. Those that manage to dig themselves out are emerging to a radically different commercial real estate landscape.

As a real estate attorney, I've watched as the growing health crisis and the resulting economic fallout upend the deal-making structures that have long been in place, resulting in a high degree of uncertainty.

In the early days of the pandemic, virtually all leases, purchase and sale transactions and financing transactions that we were working on hit the brakes. It put a big question mark on everything, and very few answers were apparent.

Like LeChasseur, many economically strained tenants stopped paying rent, as they were forced to close their businesses or otherwise severely restrict their operations. We've been contacted by tenants and landlords alike to discuss their legal rights and remedies with respect to the issues created by the pandemic. The wealth of new government regulations related to controlling the pandemic has also generated a flurry of client inquiries.

The crisis has lasted long enough that the general public and the business community have become inured to living and working during an ongoing pandemic. We've seen our transaction volume increase once again as investors and businesses carefully dip their toes back into the water.

Suburban office spaces will be popular given both the need and desire for less dense workspaces due to the virus. Companies now compete with the

comfort and convenience of remote work while providing an environment that employees will want to return to and feel safe in.

Many suburban and creative offices can easily accommodate the need for increased spacing and other health protocols, so the post-pandemic climate may work in their favor. On the other hand, traditional city offices and businesses with long term leases at conventional office spaces are likely to lose traction.

The next few months will be especially tricky for businesses and investors as they deal with resetting property values and managing the real possibility of future lockdowns. Even more concerning is the reality that the problems in many areas of commercial real estate have yet to hit its peak.

Absent direct governmental intervention involving all impacted commercial real estate stakeholders, we're likely to see increasing lease defaults, increasing tenant evictions, increasing loan defaults, all eventually leading to inevitable foreclosures and other ownership transfers and disruptions.

We're encouraged to see many landlords and tenants now agreeing to forward-looking contract provisions, mainly by virtue of tenants now enjoying a new degree of increased bargaining power. Landlords are agreeing to targeted rent deferral or abatement provisions if it means gaining a tenant at a property that likely would have remained unoccupied.

We'll have a lot of digging to do once the avalanche is over. But for tenants and landlords who can hunker down, there's opportunity on the other side to make some fresh footprints.

*Dan Brozost is a real estate attorney at Blackacre LLP in Manhattan Beach.*

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**'Building in California is something of an art rather than exact science.'**

ROB MARSH,  
Kindred Healthcare,  
PAGE 4



**'The oil and natural gas produced here is the cleanest and greenest you'll find in the world.'**

TODD STEVENS,  
California Resources Corp.,  
PAGE 6



**'I always wanted to own my own business and to start doing something by myself.'**

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— *Gary Saenger, Founder and President  
 Saenger Associates – Retained Executive Search  
 Consultants*

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