

Sempra Completes \$3.6 Billion Sale of Peru Utility

ENERGY: Company Says Move Bolsters Liquidity and Balance Sheet

■ By BRAD GRAVES

Plans that Sempra Energy made public during the first weeks of 2019 are finally coming to fruition, and the move is putting a sizable amount of cash into the corporation's pocket.

Sempra announced on April 24 that it sold its majority stake in a Peruvian energy company, Luz del Sur, and related companies for \$3.59 billion in cash to China Yangtze Power International (Hong Kong) Ltd.

The sale of a similar business in Chile continues to move forward, the San Diego-based corporation added.

"We are very pleased with today's announcement as the sales proceeds will be used to further strengthen our balance sheet and our already solid liquidity position,"

said Jeff Martin, chairman and CEO of Sempra (NYSE: SRE), in a statement distributed by the company.

North American Focus

The business plans to focus on its North American businesses and plans \$32 billion worth of investments in its California and Texas utilities through 2024, Sempra said during its Investor Day presentation of March 24. To ex-



Photo courtesy of Luz del Sur

Sempra Energy's Luz del Sur utility lights the night skies.

ecute that plan, Sempra said it was building liquidity and strengthening its balance sheet.

"We intend to use the proceeds from the sales to focus on capital investment in North America to support additional growth opportunities and strengthen our balance sheet by reducing debt," the business said in its annual securities filing of Feb. 27. It has highlighted the growth potential of its California and Texas markets.

Sempra's goal is to have \$8.5 billion in

liquidity, including unused credit lines, it told investors in March.

Sempra's North American utilities include San Diego Gas & Electric Co., Southern California Gas Co. and Oncor Electric Delivery Co. LLC in Texas.

The Advantage of Cash

Nikhil Varaiya, professor in the Department of Finance at the Fowler College of

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One America News Network Continues to Make a Name For Itself

MEDIA: San Diego-Based Cable News Channel Ratings Up 50%

■ By JAY HARN

Not many people realize that San Diego is home to a national cable news network, but One America News Network has been making a name for itself since it started broadcasting on July 4, 2013.

Owned by Herring Networks, Inc. and run by father and son team Robert Herring Sr. and Charles Herring, the cable network came about when Robert Herring got an itch to fix what he deemed needed to be set right in the news business -- a missing center to center right link between the right-wing Fox News and the left leaning MSNBC.

Robert Herring, is the company's founder and CEO. Charles Herring is the president.

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Open Office Will Have to Adjust to Times

DESIGN: Changes Coming As a Result Of COVID-19

■ By RAY HUARD

Big changes are coming to the look and feel of offices as a result of the COVID-19 pandemic, according to San Diego County architects and design professionals who are scrambling to figure out how to adapt.

"This is going to have a very large impact on all spaces, short term, long term," said Deborah Elliott, principal of ID Studios in Solana Beach.

"I'm not sure that anybody knows exactly what that's going to be," Elliott said.

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Scripps Ranch Life Science Campus Leased to Fate Therapeutics

PROPERTY: Renovating Entire 200,000 Square Feet for Headquarters

■ By RAY HUARD

A Scripps Ranch life science lab and office campus has been leased to Fate Therapeutics for its corporate headquarters

The company is based in Torrey Pines but plans to renovate Scripps Northridge Corporate Center, 12278 Scripps Summit Drive, after signing a lease with Dart Interests.

\$30M Toward Renovation

Under the terms of the deal, Dart Interests will contribute \$30 million



Photo courtesy of JLL

Scripps Northridge Center will be renovated for Fate Therapeutics.

toward the renovation.

Randall Tuller, senior vice president of Dart Interests, declined to discuss other terms of the lease other to say that it was long-term.

Based in Grand Cayman, Dart Interests previously spent \$50 million renovating the building for its previous tenant, Dart NeuroScience -- a separate company from Dart Interests.

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Randall Tuller

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THE LIST

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Pinnacle

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said, people in their mid-50s to late 60's, mostly singles or couples.

"It's everybody but the typical South County buyer that we get."

Meridian promotes the project as "city towns" that offer the lifestyle of urban flats because the living spaces area all on one level of the townhomes.

Community amenities include a dog park, recreation center, pool, spa, playground and outdoor barbecue areas.

The genesis for Pinnacle was an experiment that Meridian tried on an earlier project in Millennia, Evo, which had a handful of units similar to those in Pinnacle.

Empty Nesters

"We knew there was a buyer profile in the marketplace, particularly among down-sizing empty nesters that wasn't being satisfied at all, that were trying to find single-story living and it didn't exist in the South County unless they went into apartments," Ross said, adding that the Evo units were in high demand.

"It gave us an indication that there was a deeper market for this group of buyers," Ross said, people who wanted to stay in South County to be close to their children and grandchildren.

When Evo went on sale, "We had 700 people come through the models," Ross said and 13 people camped out waiting for the units to go on sale.



We felt like we niched ourselves into a product type down there that people will recognize as unique.

REY ROSS

"That gave us the thought for this one" Ross said. "We felt like we niched ourselves into a product type down there that people will recognize as unique."

So far, Pinnacle has weathered the COVID-19 pandemic, Ross said.

Timing was a factor.

"We opened Feb. 15 and sold about 32 units in the first month," Ross said. "Lucky for us, we got out just before and came out with a bang."

The first move-ins are expected May 1. ■

Office Space

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"There's going to be a lot of experimentation on how to do this."

Several architects said they're already looking at how to adjust the design of buildings already under construction or still in the planning stages.

Change Already Happening

"We are certainly looking at what was to possibly rework some current projects," said Chris Veum, president of AVR P Skypart architects in East Village.

Among them is the new Sherman Heights headquarters AVR P Skypart is designing for Red Door Interactive, which is moving from the Diamond View Tower in East Village.

"One of the concepts we are exploring with Red Door Interactive is how the post-pandemic workplace will affect some of their gatherings and day-to-day work," Veum said.

Among the concerns is "how do we come up with the physical layouts and configurations that afford appropriate safety, security and wellbeing of their employees and clients," Veum said. "This is still in the exploratory phase but obviously, it is an early-adopter, real-world opportunity for the post-pandemic workplace."

Jules Wilson, principal and founder of Jules Wilson Design Studios in downtown San Diego, said "all of our current projects are asking what do we need to do now to plan our spaces differently."

New Concepts

"I suspect we could be moving away from the studio environment and bench seating and moving toward private pods where people can collaborate virtual with others in the office or for an increasing number of people working remote," Wilson said. "I could see a larger need for 'travel offices,' spaces that are set up for staff that works part in the office and part remote."

John Stein, owner of Kirei USA in So-

lana Beach, said clients are already calling for help in reworking their offices. His company specializes in interior office designs with a focus on acoustics.

"Everybody was going to these open spaces with everybody crammed together. We're being asked, 'help us rediscover our spaces,'" Stein said. "What we're finding is they want partitions."

While asking to return to partitions of some sort, Stein said clients want to do it "without making a rat maze."

Separating Workers

Short term, many architects and designers said to expect more space between people, desks that no longer face each other, a possible return to cubicles to keep people apart, maybe some sort of screen between work stations, and markings or devices to maintain social distances in break rooms and other common spaces.

"I believe that people will be using their existing spaces, just like our office, which is a big open office. We'll have to look at ways to separate each other by six feet and making sure people aren't facing each other," said Taal Safdie, co-founder of Safdie Rabines Architects in Mission Hills.

Working Remotely

Like Wilson, there's fairly consistent agreement that there almost certainly will be an increase in telecommuting as companies and workers became accustomed to working remotely during pandemic lockdowns.

"I do think that this is the Big Experiment," Veum of AVR P Skypart said. "Remote work has been a part of several companies but for those not used to WFH (work from home), this was a test and for many, they may never go back to the way we had traditionally worked."

Safdie said some companies will likely stick with more people working remotely as a well to save money on office space.

"I think a lot of employees who have to commute will see this as a nice option," Safdie said.

Staggered Work Weeks

For companies that were moving to denser office environments with more people in less space, there could be a shift to having workers coming in to the office on alternate days of the week if there isn't room for



John Stein



Deborah Elliott



Chris Veum



Taal Safdie



Jules Wilson



J. Kevin Heinly

workers to spread out.

"For years, we have been shrinking the footprint but now with distance protocols, that may be disrupted," Veum said.

Sanitation will become a paramount concern as people return to work, and even that has a design element to it.

Elliott of ID Studios said hand sanitizers will become common place, and she's trying to figure out how to make sanitizing stations blend in with the rest of the office without sticking out.

Longer term, some expect an even greater emphasis on creating indoor/outdoor spaces and more outdoor work and conference areas.

Greater attention in designing offices will be paid to how air is circulated.

Tailored Approach

J. Kevin Heinly, a principal and managing director of Gensler architects in San Diego, is part of a Gensler global team looking at how to adjust office space in a post-pandemic world.

"We're thinking that every organization is going to have a tailored approach to what we're calling return to work," Heinly said. "We don't believe there's kind of a one-size fits all."

On the owner side, Heinly said simple steps could include adding better filtration to mechanical systems to increase the air flow from the outside and installing ultraviolet lights in air ducts to eliminate microbes.

"The hospitals have that but that's not been the design standard for typical office buildings," Heinly said.

Lobbies "can become the first line of defense," Heinly said.

"We see touchless technology really becoming more relevant in the office environment," Heinly said, including touch free doors and elevators that use smart phone apps to operate.

"We might see smart elevators where it limits the number of occupants until we have a vaccine," Heinly said.

On the tenant side, "We don't think we're going to go back to all enclosed offices and we're certainly not going to go back to six-foot high cubicles."

Companies might have spaces to meet clients set apart from the general workforce.

Office floors could have one-way loops so people don't pass each other in hallways.

Amenities such as self-serve coffee bars were common place pre-pandemic. They may be replaced by baristas who make and serve the coffee.

"It's about peace of mind. You have to put your people first," Heinly said. ■

Callaway

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social distancing and a 'new normal,'" the CEO said in a statement.

"The joy of being outdoors, whether hiking, camping or simply taking a walk in nature, has never been more evident and is both logically and emotionally appealing today more than ever. At the same time, we expect the sport of golf to come back quickly as it is commonly viewed as a relatively safe and healthy outdoor activity that one can enjoy while still observing social distancing guidelines.

"This theory is supported by high usage rates of many golf courses that are open in North America as well as the reported usage rates as markets opened up post COVID-19 outbreaks in both [South] Korea and China.



Photo courtesy of Callaway Golf Co.

Big Bertha clubs retain a spot in Callaway Golf's catalog.

It is also supported by third party National Golf Foundation research which indicates a pent-up desire to play the game. Furthermore, while many portions of our business are currently operating on a limited basis due to various government orders, which will significantly impact our second quarter financial results, we are starting to see some signs of recovery, particularly in the regions that were first affected by COVID-19 and are in the process of recovering."

Marocchia, the analyst, said that while COVID-19 was putting pressure on working class people, it is not putting as much pressure on the demographic that plays golf.

Foreign markets are also helping the business. Brewer said the company experienced year-over-year growth in Japan and South Korea.

Callaway Golf plans to hold its annual meeting May 12. ■