THE UNIVERSITY OF CALIFORNIA’S AND THE IRVINE COMPANY’S
HISTORIC AGREEMENT

By Ray Watson

On June 20, 1960 The Irvine Company shareholders gathered in a small 15 feet by 25 feet conference room tucked in the corner of the company's single storied, wood framed ranch styled headquarters building. For most of this century the working and nerve center of the ranch had been located at the intersection of Myford (J.I.’s son) Road and Irvine Blvd.. Two country roads whose names unmistakably told you that you were in Irvine country.

The headquarters building was located at the southwest corner with its entry way on Myford Road. Directly across Myford Road was the grand two story victorian home that had housed both James and Myford Irvines families. Behind the headquarters were several barracks like buildings one of which housed some of the single ranch hands. On the first floor of one of the bunk houses was a large kitchen where three ranch portioned meals were prepared each day for the hard working cow boys and ranch hands. In addition lunch was served each week-day to office employees and guest of the company. An invitation to lunch at Irvine headquarters was one of the most coveted invitations in the county. No fancy menus just plain old ranch food served family style and plenty of it.

So it is that on this warm June day that representatives of the James Irvine Foundation and factions of the Irvine family met to either ratify or reject action taken by the Company's board six months earlier. At its Dec. 17, 1959 Board meeting the company’s directors had unanimously agreed to offer the University of California a gift of 1000 acres of prime Irvine Company land for their new southern California campus. And they had further proposed to build in concert with the development of a new campus a new town surrounding it. It was now up to the shareholders to accept or reject the board’s proposal. Two and one-half years of jockeying, lobbying, and Board room drama about the future direction of the Irvine Company had finally come down to a simple aye or nay vote in that spartan little room at the intersection of Myford Road and Irvine Blvd.

As for the June 20 annual meeting itself corporate minutes indicate that although the on-going battle between James Irvine’s granddaughter, Joan, and her fellow directors over governance continued unabated when the time came for a vote on the proposed University gift there was no disagreement. In fact, little to discuss. Just three weeks earlier trustees of the James Irvine Foundation which held 51% of the Company's stock had met and instructed their proxy-holders to vote in favor of the resolution. And Joan and Charles Wheeler (representing his wife and James Irvine’s other granddaughter, Catherine) had voted in favor of the resolution as directors of the Company.

So on June 20, 1960 a motion was made, seconded and unanimously approved to give 1000 acres of Irvine’s prime land to the University. All the shareholders of the historically private Irvine Company had finally agreed on something for the first time in three years. An agreement that was to propel Irvine into a future as dramatically different from its past as was the industrial revolution from this country’s agrarian past.

The following day the Company held a special meeting of its Board and formally authorized management to offer the University "a gift by this Company of approximately 1000 acres of land as a University Campus and for the development of surrounding land as an integrated University Community."

Company Vice President William Spurgeon reported on the "extensive negotiations carried on with the Regents of the University contemplating a transfer by the Company of approximately 1000 acres of its land to the University without consideration for the construction and development of a University campus:” He also informed the Board that “the Regents propose to accept such transfer by way of gift upon the condition or understanding that the Company agree to a planning concept for the development of approximately 10,000 acres surrounding the intended campus as an integrated University community...."

A resolution was then unanimously passed authorizing management to "execute a deed to 1,000 acres" providing the "University shall commence substantial construction and development of the property as a University campus not later than January 1, 1965." Immediately following passage of this resolution the directors passed another resolution stating they had "received as a preliminary planning concept for the development of the 10,000 acre area surrounding and related to the proposed University campus." Thus almost three years from the date the Regents had instructed
their management to seek a new southern California campus site the Company made them an offer they couldn't refuse.

Today, some 42 years later, the city of Irvine has a resident population in excess of 140,000 and the University of California, Irvine a student population approaching 20,000. Each enjoy national and in some quarters international reputations. Irvine, the city, as one of the most successful new communities planned and build in the 20th century and Irvine, the university, as the emerging great university it is fast becoming. But the road that they both traveled before the vision of University and Community was to become a reality was littered with both institutional and corporate obstacles. The story of what those obstacles were and how they were overcome is a lesson in the importance and power of both a vision and a forty year commitment to that vision. In this case a vision that not only captured the imagination of all the participants whose personal or political agendas often conflicted with each other but ultimately provided the one common thread such a diverse group needed to reconcile their respective agendas. A commitment made by a company that had no experience in the risky and challenging world of real estate development let alone city building. And a succession of university chancellors to the building of a great university.

The journey that brought University and Company together began in 1957 as the State as a whole and Southern California in particular were experiencing unprecedented population growth. The University's projections had made it obvious that their existing campuses had neither sufficient classroom space nor land within the existing campuses to expand the facilities necessary to accommodate the flood of new students projected over the next 20 years.

At the same time the population explosion of Los Angeles County had spilled over into Orange County and those who measure growth were predicting that L.A.'s southern neighbor would soon become the fastest growing county in the United States. By 1957 Orange County's growth had packed itself into the area between the Company's northern boundary and the LA/Orange County boundary. (MAP)

Home builders and developers were lining up at the Company's door seeking to buy a hunk of the ranch. The County assessor was threatening to reassess the Ranch using real estate not farming values. The handwriting was on the wall. For over 90 years Myford Irvine, his father and his grandfather had nurtured this great ranch through droughts and wildly fluctuating market swings, built reservoirs and deep water wells, planted thousands of acres of orange and walnuts trees, built up their sheep herd to over 100,000 in the 1880's, switched to cattle and introduced field crops in the early part of the 20th century and when necessary sold off pieces of ocean oriented land to developers to help pay for the development of the Ranch as a ranch.

But by 1957 Company president Myford Irvine, his board of directors and the Foundation that by then controlled the Company knew that what lay in the future was a far different world from that which James Irvine presided over when he passed away in 1947. For both University and Company predictions of dramatic change were no longer a question of when but how.

As inevitable was the need to face up to those external pressures to open the Ranch to development and for the University to expand the next 3-1/2 years was to become one of the most intense times in their respective histories. As momentous and important were the common issues and decisions both faced each also had their own respective constituencies to convince and unique problems to resolve.

The Regents and administration knew they needed to expand. The California legislature who ultimately would provide the necessary funds was supportive but Governor Pat Brown made it clear that before he would support any new campuses for either the University or State College systems they must resolve long standing conflicts emanating from their respective overlapping missions. Not a simple task for the two fiercely independent and competitive institutions. And, as you would expect, within the 17 member board of Regents different members with different constituents had conflicting views of where in Southern California a new campus should be located. Some favored LA County. Others expressed reservations about favoring the “rich” Irvine Company. Others thought the Ranch too far removed from the population it was to serve.

Meanwhile back at the Ranch The Irvine Company was going through a governance crises of major proportions. During the three and one-half years the Company/Campus/Community process took place Joan Irvine, J.I.'s granddaughter elected herself to the Board and immediately proceeded to challenge management on virtually all decisions past and present. The Company's president, Myford Irvine (Joan's uncle), committed suicide. Subsequently the James Irvine Foundation took control of the Company and as a result experienced the wrath of Joan. And finally the James Irvine Foundation questioned whether the indenture of will that Myford's father James Irvine had created in establishing the Foundation allowed it to support a land gift (versus sale) to the University.
The University/Irvine Company courtship begins

The first step in the recorded process occurred in December 1956 when the Regents of the University and the State Board of Education presented to the State Legislature a report prepared by the Joint Staff of their Liaison Committee entitled: “A Study of the Need for Additional Centers of Public Higher Education in California.” It pointed out “the urgent need for expansion of junior colleges, state colleges and the University of California, both by development of existing campuses and by the establishment of new ones.” It recommended that priority be given to the establishment of three new university campuses. One to be located in the Santa Clara valley area of northern California and the other two in Southern California. Of the two southern sites one was to be located sufficiently south of UCLA so as to not compete for the same students yet still serve the growing populations of south central Los Angeles and the fast growing Orange County. The third site was to be located south of Orange County in either San Diego or Imperial Counties.

Only six months after appearing before the state legislature the Board of Regents was ready to move forward. So at their June, 1957 meeting they authorized the university's administration to begin looking for appropriate sites. As a first step the administration established an in-house committee charged with establishing specific criteria against which prospective sites could be measured.

The first six months of 1957 were also a busy time for the management and members of the Board of The Irvine Company. In January of 1957, six months before the Regents voted to seek property for a new campus the dynamics of the Company's Board began to change. At that meeting Joan (Irvine) Pettiman, granddaughter of J.I. and niece of Myford, attended at the invitation of the Board. Her mother had represented her interest until then and this was an indication that Joan would soon become 24 years old and ready to represent herself.

Five months later at the Company's June 17, 1957 annual shareholders meeting and within days of the Regents meeting authorizing three new campuses Joan was elected to the Company's Board of Directors replacing her mother. Immediately following her election Joan accused the Company's long time general manager Brad Hellis of having a conflict of interest because of land he and the Company owned jointly. And the boardroom war between Joan and her fellow directors officially began.

So over the next six months while the University was searching for a new campus site President Myford Irvine was going through his own trauma with accusations by his niece, Joan, against his general manager Brad Hellis who had worked for both his father and himself for over 40 years. Within three months of being elected to the Board Joan introduced a resolution at the September Board meeting accusing Hellis of acting “adverse to the best interest of this corporation.” And then asking the corporation to “remove him from such offices and positions with the corporation.” Although her resolution was not adopted her fellow directors did pass a resolution separating Hellis's economic interest from the Company and agreed on a policy which precluded the Company from “acquiring any additional property in joint ownership with any officer or director of this Corporation.” Thus ended the long held practice of both James and Myford Irvine's of low pay but favorable business transactions with officers of the Company.

By the January '58 meeting of the Board the controversy over Brad Hellis concluded with a legal settlement between the Company and him which was agreed to by all directors. By then Hellis, who no longer was attending Board meetings, had resigned as general manager and four months later resigned from the Company's Board.

Meanwhile, while the Company was engaging in its own internal civil war the University was going about the serious business of a search for an appropriate site for its new proposed Southern California campus. So on October 18, 1957 the firm of Pereira and Luckman (a month later with the departure of William Pereira the firm name changed to Charles Luckman and Associates) was authorized to begin the search. By December the planning firm had identified more than 20 sites but withheld any judgments between them until the administration's site criteria committee had completed their work and the Regents had approved it.

By December the local press was hot on the trail of what they characterized as one of the most important decisions ever to be made in Orange County. Under a headline reading “College Land Group Views Sites Today” appearing in the Dec. 4, 1957 issue of the Globe/Herald, the Newport Beach/ Costa Mesa local newspaper, it was reported that in addition to viewing potential State College sites in the County U.C. officials had met with the State College Committee and as a result
stated that "if the four year State College goes to the northern part of the County then the U.C. Campus would be located in the southern or coastal section (and visa versa.)

Just two days later the Globe/Herald headline read: "University Regents Show Interest in Campus Here." And State Senator Murdy was quoted as saying that "only two sites, one in Yorba Linda and the other on the Irvine Ranch, were large enough."

Although the site committee's site selection criteria wouldn't be presented to the Regents for another 6 weeks the consultants had already identified 20 sites and each would ultimately prove "large enough" to satisfy the needs of the ultimate campus. But if the university's goal of controlling or influencing the development of surrounding land was to be taken seriously only two property owners had sufficient land to satisfy that criteria. One site was in Yorba Linda, a community in northern Orange County and seven other sites were on the Irvine Ranch.

The fact that early in the process sites on the Ranch were among those identified should have come as a surprise to no one. The Ranch sat in the geographic middle of the county and occupied 1/5th of it. And two current University Regents and a loyal and well know alumnus were associated with the Company. Edward Carter, CEO of the Broadway department store chain, and A.J. McFadden were members of both the Board of Regents and Trustees of the James Irvine Foundation. McFadden was also a member of the Board of Directors of the Company. In addition Foundation trustee and Company Director N. Loyal Mc Claren was both a graduate of and held a honorary degree of Doctor of Law from the University.

However, despite the personal ties and the obvious advantages the Company's property held because of its location and undeveloped condition both University and Company had their own respective issues to resolve before either could commit to the other. The University had not yet completed their own "site selection criteria" nor confronted the various forces from within and without the University who favored a site closer to and preferable within Los Angles County. As desirable as the Company officials may have thought the location of a campus on their land might be no precise location had been established let alone how it might be acquired. Both Company and University had issues to resolve and appropriately the University needed to take the lead. And it did.

The New Campus Location Criteria

By Jan. 1958 the University administration's site selection committee had completed their work and submitted their report titled "New Campus Location Criteria." The importance of this report cannot be underestimated because in addition to declaring a need for 1000 acres to accommodate an ultimate enrollment of 25,000 students and establishing specific criteria on such subjects as geology, soil, climate, utilities and services the report put on the table the importance of also considering the development immediately surrounding the future campus. By so doing they expanded the concept of "university community" by including concern for the quality and character of development outside campus boundaries.

The first seed was planted which ultimately would sprout into the vision of a greater University Community. At this early stage, however, most of their concern was defensive. It warned that "Faculty and students must not be exposed to deteriorating conditions such as have developed near the universities of Chicago, Columbia and M.I.T, nor should (students and faculty) be priced out of the neighborhood as (they were) at U.C.L.A."

The report stated that to deal with this potential problem there was a "need for definitive control over the future of a considerable area about the basic campus." In fact they considered it sufficiently important that they recommended: "methods of control be established at the outset and necessary agreements be executed simultaneously with land acquisition." Although they indicated that the most effective "control" would be by "direct ownership" they acknowledged that short of that "written agreements with legally constituted authority" could provide the protection they sought. Of course what they were saying was, lets control surrounding developments by securing agreements from surrounding landowners. As it turned out, easier said than done unless they could find a site where one owner owned both the prospective campus site and the surrounding land. Ultimately it was the relative importance the different factions gave to this point that weighed the scale in favor of the Irvine Ranch.

The Location Debate

Although by the end of Jan. 1958 the Luckman firm had identified over twenty sites and the site criteria committee had submitted their report to the Regents it would still take nearly three years before the University took possession of a site. The Luckman firm visited each of the 20 sites. Reviewed their geology, topography, availability of utilities and roads, explored the "attitude" of local officials as to their receptivity to having a college campus the size of UCLA within or adjacent to
theirs. And of particular importance was whether the site was available for acquisition and if it was owned by one entity or many.

While the University was doing its site selection due-diligence, public officials and other interested parties throughout south Los Angeles and Orange Counties were making their respective interests known.

When it became known that one of the potential sites was located in the south Los Angeles County community of La Mirada a group calling themselves “a citizens committee supporting the site (in La Mirada)” was formed and succeeded in producing a resolution signed by the county’s mayors and State legislators urging the UC Board of Regents to consider establishing the new campus “in Los Angeles County.”

The argument in favor of the Los Angeles County site was a strong one. The center of the existing population and its potential students was clearly not in Orange County let alone at it’s southern fringe. And to reinforce its locational advantage the County of Los Angeles had a distinct political advantage with the state legislature over its less populated southern neighbor. A point not lost on an institution, though independent by constitution, dependent on the state legislature for its annual operating funds.

However, as Luckman's firm visited more communities in Orange County and it became obvious that what Orange County had to counter the location advantage of South Eastern L.A. County were a number of sites that fit the 1000 acre goal for the campus plus undeveloped land surrounding them. And, perhaps, even more important land owned by one entity.

Finally the Orange County local press again picked up the story on March 14, 1958 when the Globe/Hearld's front page read “Hope for UC unit here rises.” The story cited the fact that the University was seeking a 1000 acre site and speculated that “the Irvine Ranch would be a possibility.” They then expressed the views of the coastal communities state legislatures when they added, “State Senator John Murdy and Assemblyman Bruce Sumner agreed that prospects for a local UC institution look good.”

Seven days later the Globe/Hearld followed up with another front page headline which read, “Sumner sees fair chance of UC here.” However, the story wasn't much more than a rehash of the previous one. The significance, however, was it was obvious now that the paper's publisher, Walter Burroughs, smelled a big story in the making. Maybe even sleepy little Newport Beach might become home to one of the most prestigious universities in the world. From that point on Burroughs decided to become a public voice articulating the advantages of his community.

In early June the local press learned that the Luckman firm would be making a presentation on the status of their findings to the Regents at their June 19th meeting. So in their June 16 edition the headlines read “Orange County Site for Campus to be Discussed by UC Regents.” The brief story mentioned that Luckman had been studying sites for 8 months and recently had visited local officials seeking information.

In June, 1958 the Luckman firm made their "Interim Report" to the Regents site selection committee. Although the final report would not be submitted until the following March 1 the consultants reported they had identified 21 potential sites and analyzed each against the "criteria" set forth in the report created by their own “administrative committee.” Based on the findings of Luckman's firm the list of 21 sites was tentatively reduced to six with three located on the Irvine Ranch.

To reduce the list further, however, was beyond the scope of Luckman's charge. Now the Regent's site selection committee and the University's administration had a half-dozen potential sites any one of which could adequately accommodate the new campus. What they now needed to resolve was their relative acquisition cost and the internal tug-a-war between those members who placed the highest priority on locating the campus in the geographical center of the existing population which meant southeast Los Angeles County and those who gave a higher priority to other considerations.

The first point required negotiations with each land owner. The issue of L.A. County versus Orange County was to prove more sticky. Everything being equal L.A. would win. For that is where the political muscle was. But everything wasn't equal. First of all the consultants could only find one site in south east Los Angeles County which fit the criteria. So the consultants were directed to look at the issues further and meet with the committee at their meeting set for September 12.

Having anticipated a decision coming out of the June meeting the Globe/Hearld showed their disappointment in their June 23, 1958 story which began: "UC Regents Keep Quiet on Campus" but kept the locals hopes alive by reporting that Clark Kerr, the University's president, stated that “the Irvine Ranch property ....is receiving equal consideration with two other sites.” Regent and Irvine Company director A.J. McFadden refused to elaborate other than to say, “far more study was required.” Whether it was study, negotiations or internal politicking McFadden's brief comment would prove to be an understatement.
As little as McFadden said publicly, however, minutes of the Irvine Company's June 27, 1958 Board meeting indicate that the Company was anything but a sleeping giant in the debate over the campus's location. At that meeting McFadden reported, "The University of California has narrowed prospective sites down to two. One on (Irvine) Company land and the other in Yorba Linda." As events unfolded McFadden's comments would prove to be an understatement since subsequent events indicate that the La Mirada site was also still in the running and the site selection committee had more than "one" site on the Ranch that interested them.

By early September Luckman's firm had apparently narrowed the number of prospective sites to three, Site 9 (one of six on the Irvine Ranch), Site 11 (Yorba Linda) and Site 17 (La Mirada). However, when his firm presented the characteristics of the three sites to the President's Faculty Committee on New Campus Criteria in Berkeley on September 5 and 11, 1958 the committee continued to debate whether "proximity to the population center should be the determining criteria, or whether aesthetic factors of the site itself, together with the existing and potential characteristics of the surrounding environment, are more important....."

The Committee also requested further analysis of Site 20 (East Anaheim) as a potential compromise between those who gave more weight to central location and those who came down on the side of a large campus site and either compatible surrounding development or vacant land. On September 17 the Regents' Special Committee on Site Selection toured all four sites. After that it appeared that many if not most of both the Faculty and Regent Committee members were leaning toward a site which satisfied the "surrounding environment" criteria.

By the Company's Oct. 23, '58 Board meeting it was obvious from the position that the Company took that they believed that the one and perhaps only factor that might overcome the location advantage of La Mirada was the one unique position the Company could offer, namely to present a plan for the land surrounding the campus.

They also obviously knew that the Luckman firm had identified 6 different sites on the Ranch and the Board wanted to express a preference as to which one they preferred. And finally, as anxious as the board members were to attract the new campus to Company land their opening position would be that the Company was willing to "sell" the site for its "fair market value."

Of course A.J. McFadden had a unique inside view of the progress of the hunt. As chairman of the State Board of Agriculture he was an "ex-official member of the Board of Regents" and perhaps even more significant was a "member of the Regents site-selection committee" a committee that he was not to resign from until Jan. 1959.

The apparent debate between the two sites narrowed down to two issues. The Yorba Linda site was centrally located within the south LA. and north Orange County area the campus was expected to serve. The Irvine Ranch site was clearly beyond the southern edge of development and thus required greater commuting times to reach the campus. Furthermore, some Regents argued that to build a new campus on land surrounded by property owned by one company potentially would unfairly enrich an already rich land owner, namely The Irvine Company.

On the other hand although William Pereira no longer was officially connected with the planning firm charged with analyzing the various sites he made his views available to both University and Company officials by arguing that by the time the campus matured the rapid growth of Orange County would spill onto the Ranch and further south thus placing the school in a more central location. But his most persuasive argument was that of all the sites that had been identified it was only on the Irvine Ranch with its single ownership that the vision of creating a unique version of "town and gown" was possible.

However, by now the interest of Irvine in securing the University for its land must have been obvious to the Regents so they weren't about to commit to either site until they had secured from the Company firm conditions on both the acquisition of the 1000 acres for the campus and the development of the surrounding land.

So by Oct. 23, 1958 Pereira's vision was the subject of much discussion during the Company's regular board meeting. At the conclusion of that meeting the directors passed a resolution which stated that it was the consensus of the full Board that the Company would "cooperate with the University if they (the University) decided to locate on property of this Company submitted as site No. 9 (the Board's preference)."

At that meeting President Myford Irvine was authorized to "meet with representative of the Regents to agree that this Company hire Pereira and Luckman or other competent land planners to recommend a plan for the development of a one mile radius from the perimeter of the University site...." As for the 1000 acres needed for the campus the Board agreed to set a price of "fair market value."

In retrospect a huge step had been taken by the Company. It now was preparing to not only aggressively attempt to attract the University but to begin to plan an orderly transition from ranching to urban development. However, the Directors weren't yet ready to offer the University more than the
right to buy the land and perhaps participate in the planning of the land around it. Agreeing, however, to plan the land around the campus site in coordination with University plans clearly signaled to the University that the Company wanted the campus on its land and was prepared to negotiate terms acceptable to both parties. It also tipped the scale in favor of those who considered surrounding development as important as the precise location of the campus itself.

Whether or not there was any discussion about giving rather than selling the 1000 acres is not evident from the minutes. However, it's not surprising that the Company would first attempt to be compensated for its land. No serious negotiations had taken place over price. To the Company's knowledge, none of the other property owners had agreed to give their land. Besides, had there been such a discussion by the Board it undoubtedly had to have been within the context of the special problem the Foundation potentially had relative to gifts of any sort.

When James Irvine had gifted 51 percent of the stock of the Company to the charitable foundation he created he concurrently had made specific prohibitions against his foundation making contributions (gifts) to any tax supported institutions. Although the Company itself had no such restriction the unresolved question was whether the Foundation directors could support such a gift.

However, from minutes of that Oct., 1958 Company Board meeting it is clear President Myford Irvine was authorized to pursue the University. But less than three months after the Oct. board meeting tragic circumstances suddenly threw the Company into a leadership vacuum. On Jan. 9, 1959 in the basement of the Irvine family home on Myford Avenue, Myford Irvine was found dead from self inflicted gun shots. Those shots not only ended the life of James Irvine's last living son they also confronted the Foundation's trustees with the immediate need to exercise both the responsibilities and powers set forth in the Indenture of Trust established by J.I. some 22 years earlier.

Who was to run the Company? No one other than an Irvine had ever exercised that role. Joan, Myford's niece and J.I.'s granddaughter immediately let it be known to the Foundation Trustees that the Company should continue to be run by an Irvine and she should be the one. At that time Joan was 25 years old but together with her mother held 22 percent of the stock in the Company. But despite vigorous lobbying (according to Foundation members) the Foundation thought her to be both too young and inexperienced.

The Foundation acted quickly to fill the vacuum left by Myford's death and within days passed a resolution "expressing shock over death of Myford Irvine" and recommended that the Board of Directors of The Irvine Company elect A.J. McFadden President and N. Loyal McClaren Vice President of The Irvine Company. According to Foundation minutes of their meeting immediately following the death of Myford their election was an interim step to provide stability to the Company until permanent leadership could be found. Interim or not McFadden and McClaren were no light weights.

Arthur J. McFadden's father, James McFadden, is credited with being the "founder" of the city of Newport Beach, Ca. and a prominent figure in the formation of Orange County in 1889. A.J. McFadden himself was a graduate of Pomona College and the Harvard Law School. He was a leading agriculturalist in Orange County and had served with distinction as president of many grower organizations, including the National Council of Farmer Cooperatives, Agricultural Council of California and California State Board of Agriculture. At the time he was also president and trustee of Pomona College and a former regent of the University of California.

Loyal McClaren was a graduate of the University of California, from which he held an honorary degree of Doctor of Laws. He was a partner in the international accounting firm of Haskin and Sells, a director of a number of public companies as well as a director of the Federal Reserve Bank of San Francisco. He also was a regent of the University of San Francisco and a member of Advisory Council of the University of California Business School.

With the Foundation's election of McFadden and McClaren they were immediately thrust into a whirlpool of conflicting issues. Joan strongly objected to the Foundation taking control of the Company and made it clear she wanted to be President. And by then it was obvious that the historic era of agriculture for the Company was coming to an end and the strange and unknown world of real estate about to begin.

Within a week of Myford's death the company's Board held a special meeting on Jan. 15, 1959, accepted the recommendations of their majority share holder and elected McFadden president and McClaren vice president. The Foundation had taken firm control.

Two months later at another special board meeting held on March 15, 1959 President McFadden reviewed with his fellow board members the results of meetings he had held with University officials. He shared with his fellow directors that the Company's offer to sell 1,000 acres to the University had met with less than enthusiasm. He then recommended the proposal be revised and that the Company agree to donate 650 acres with an option to the University to buy an additional 350 acres at appraised value. The new motion was unanimously approved.
McFadden immediately communicated the new proposal to the University and invited the Regents down to the Ranch to personally view the proposed site. Shortly thereafter Company and University officials together with members of the board of Regents toured the site. Apparently members of the Regents viewed favorably the site but (most likely with the encouragement of Pereira) indicated they would like an additional parcel known as “the natural amphitheater” be added to the land gift. So at a board meeting held on May, 14, 1959 the Company Board agreed to add land known as “the natural amphitheater” to the proposed 650 acre gift.

Two months later at a meeting held on July 16, 1959 the Regents of the University of California adopted a resolution by which the University and The Irvine Company jointly retain the firm of William L. Pereira and Associates as planning consultants to make a detailed study of the proposed campus site.

It was agreed that the study should proceed in two phases. Phase one was to determine the economic feasibility of establishing a University campus on the Irvine site, and then to establish fundamental agreements toward developing a tentative Master Plan for a university-oriented community surrounding the campus.

Within three months the Phase I study was completed and on October 15, 1959 it was presented to both the University and The Irvine Company. It concluded that:

1. That development of a University campus on The Irvine Company property is economically feasible,
2. That the site affords unique opportunities for development of an integrated University Community, and
3. That support and cooperation from neighboring cities and governmental agencies are assured.

At the time of the presentation of Pereira’s report the Regents were also informed that The Irvine Company was now offering (subject to approval by the Irvine Board) to donate the entire 1000 acres required for the development of the contemplated campus.

The Phase I study having reached a satisfactory conclusion, the Regents, on December 11, 1959, adopted a resolution which, in association with The Irvine Company, William L. Pereira and Associates were authorized to proceed with Phase II, a plan for the surrounding community.

Six days later, on December 17, at a meeting of The Irvine Company Board President McFadden informed his fellow directors of the results of the Phase I study and his proposal of a 1000 acre gift to the University. Of course this was the Board of the Company acting. What of the Foundations restrictions against gifts to tax supported institutions? President McFadden and Vice President McClaren voted in favor of the gift in their roles as officers of the Company (not the Foundation.) It was yet unclear how the Foundation would find a way around their problem prohibiting such gifts. To deal with that issue McFadden's gift proposal was approved by the full Board subject to approval by all shareholders of the Company.

With authorizations from both the University and the Company Pereira and his associates began the important phase II study. The phase I study had not only established that it was “economically feasible” to develop a University campus on The Irvine Company property but it had identified the precise location on the Ranch. With that huge step behind everyone Pereira identified the "basic purpose ...of the study" was to “prepare a refined University Community master plan which will serve as a framework for development and a basis for firm agreements between the University of California, The Irvine Company, County authorities, utility agencies and others...." With that as their objective Pereira set forth the following detailed scope of work:

1. Definition of the boundaries of the University campus and community.
2. Location of major roads and freeways.
3. Preparation of a refined land use plan for the University Community.
4. Preparation of a schematic campus plan.
5. Definition of planning principles and standards by which the development of the University Community would be guided.
6. Development in cooperation with authorities and agencies concerned of a satisfactory connecting link between the campus and the upper bay.
7. Definition and delineation of precise land uses within the University Community.
8. Preparation of a diagrammatic incrementation plan to assure an intelligently coordinated, economically sound, phased development program for the University and its community.
9. Assistance in securing agreements with utility companies to furnish services to the boundaries of the campus at no cost to the University.
10. Assistance in securing protection for the area defined as University Community against annexation by surrounding cities. (An issue that exploded into a war with Santa Ana some four years later.)

11. Recommendations concerning the creation of a "planning area" under existing State legislation as a means of securing adherence to an approved Master Plan. (A concept that never got beyond the idea stage.)

With the action by the Regents and encouragement of the Irvine Company management Pereira's firm began the task of preparing the Phase II plan in mid-December. It wasn't, however, until their February 24, 1960 meeting that the Company secured official authorization to proceed. At that meeting Assistant Vice President William Spurgeon presented to the Irvine Board the Phase I plan and recommended they authorize Pereira to prepare Phase II. An area of approximately 10,000 acres around the perimeter of the campus site was identified and an expenditure of $32,500 requested. One-half of said cost to be repaid to the Company by the University in the event the site is not accepted by the Board of Regents. The request was approved unanimously. One of the few if only item on the agenda that day that was approved unanimously.

By now the Board room battles had reached the point where Joan "entered the meeting accompanied by her attorney, Mr. Howard I. Friedman, with the request that he be permitted to be present at all Board meetings, to sit by her side and advise and assist her in the performance of her duties as a director." Her request was denied and a resolution passed (Joan voted "no") which said "no person other than Directors shall be admitted to meetings of the Board except upon the invitation of the Board."

According to minutes from that meeting, Joan then made a statement "that because of the exclusion of her lawyer she has been "prevented" ....from performing (her) duties....therefore, I will challenge the validity of this meeting."

Also, at that meeting, President McFadden "informed the Board that Mr. Alfred Branden had definitely declined the offer....to become President (of The Irvine Company)." Alfred Branden was a vice president of Stanford University in charge of developing the land around that campus and had been highly recommended for the Irvine Company job. According to minutes of Company Board meetings, his early interest in joining the Company wained when he learned of the depth of the conflict between Joan and the Foundation directors.

Despite the battle that was obviously taking place at each Board meeting the one issue over which there was little disagreement was the effort to secure the University. Despite Joan's threat to "challenge the validity of this meeting" she, along with her fellow Directors, voted affirmatively on the University/Company negotiations each step along the way.

By May 15, 1960 William Pereira had completed his Phase II study and it had been reviewed by both Company and University officials. It was now time for the Company and University to fish or cut bait. The first step was for the Company's shareholders to ratify the Board's offer of a gift of 1000 acres of Company land to the University. Next the University had to decide whether to accept it. The regular Company annual meeting of shareholders was scheduled for June 20 and the shareholders had been informed that authorization for the gift was on the agenda.

However, before the Foundation trustees could vote their shares in approval of the gift they had to find a way to reconcile the apparent conflict between the Company's offer of a gift and JI's explicit instructions to the Foundation trustees to make no gifts to tax supported institutions. And so on June 1 they met. Would JI's admonition about gifts prevent them from voting in favor of ratifying the Company's offer. Or was the fact that the gift was from the Company and not the foundation allow the trustees to separate the two issues. By this time there was no question that they wanted to find a way to support the Company's offer. McFadden's and McClaren's active role within the Company and the fact they had both joined their fellow Company Board members in adopting the "gift" resolution certainly signaled that their goal for this foundation meeting was not whether they should cast their votes in favor of ratification but how. So by the time their fellow trustees arrived both McFadden and McClaren had figured out a way around the no gift dilemma. They had hired a real estate consultant to analyze the economic consequences to the Company's surrounding land should the University locate there. The consultant's conclusion: The increase in value of the remaining land due to the campus's presence will exceed the value of 1000 acre gift. Thus, to the Company, since it wasn't a gift JI's admonition had no bearing on the issue.

Upon hearing their consultant's report the Foundation trustees concluded that "over a period of years the monetary advantages, both direct and indirect, to The Irvine Company which will flow from said transfer will greatly exceed the present value of the land to be transferred." They then instructed their proxy holder "to vote the 510 shares of stock....in favor of said proposed transfer, without consideration,"....at the meeting of the shareholders to be held on June 20, 1960.

Following approval by the Company's shareholders on June 20th and on the following day the Board of Directors authorization to convey 1000 acres to the University of California and approval of
Pereira's plan for the surrounding 10,000 acres all that was left was for the University to accept the gift. That took an additional six months. Legal counsel for the University wanted assurance that JI's restrictions against gifts to tax supported institutions would not somehow place a future cloud on the title. So the University filed a "friendly" law suit testing the Foundation's power to approve the gift. By December, 1960 the issue was settled to the satisfaction of the University's lawyers and they took possession of the 1000 acres.

So while the agreement reached in June of 1960 may have been the successful culmination of one phase of this joint endeavor it immediately became the launching date for intense efforts of both parties to sort out what they had mutually agreed to do. The Company and University each had their respective missions. The Company's job was to build the "town." The University's to build a new campus. But the agreement that had been borne from the three year gestation period also had committed them to each other. In June of 1960 that commitment was little more than a promise and a $32,500 planning study. The two fiercely independent entities had agreed to coordinate their independent efforts toward the goal of building what Pereira loosely described as "a university-oriented city." Aside from vague references to places like Oxford, Heidelberg, Princeton, Palo Alto and Cambridge neither had much notion on precisely what they each had committed to. A commitment that continues to this date, some 44 years after it was made.