

Business

MARKETS

▲ 8.68	Dow	26,154.67
▼ 3.67	Nasdaq	8,010.04
▲ 0.80	S&P 500	2,904.98
▲ 0.03	10-yr. T-note	3.00%
▲ \$0.40	Oil	\$68.99
▼ \$6.60	Gold	\$1,196.20
▼ \$0.10	Silver	\$14.04

Euro 0.8600 • Peso 18.8880

SOLID WEEK FOR STOCKS: U.S. stocks hardly moved Friday as the market wrapped up a solid week. Smaller companies rose following signs of sustained economic growth and reports that more tariffs on Chinese goods could be on the way.

BRIEFLY

INDUSTRIAL

PRODUCTION RISES: U.S. industrial production rose by a healthy 0.4 percent in August, boosted by gains in the production of autos, oil and natural gas. The Federal Reserve said that industrial production, which includes output at factories, mines and utilities, has climbed 4.9 percent over the past 12 months. Industrial production appears on track for its strongest annual growth since 2010, when it jumped 5.5 percent as the economy began to recover from the Great Recession.

RETAIL SALES HIGHER IN AUGUST: U.S. retail sales barely rose in August as consumers slowed their spending after a robust month of shopping in July. The Commerce Department said Friday that the value of purchases ticked up just 0.1 percent last month, the smallest increase in six months. But the sluggish figure may prove only a temporary blip. It partly reflected falling prices for items like clothing, and it followed a strong gain of 0.7 percent in July. Auto sales fell 0.8 percent last month, and clothing stores sales plunged 1.7 percent, the steepest drop in 18 months, though that figure mostly reflected lower-priced clothing rather than declining demand.

LUXURY RETAILER

CLOSING DOORS: The luxury retailer Henri Bendel, which opened its doors in New York's Greenwich Village at the end of the 19th century, is closing. L Brands Inc., which acquired the brand in 1985, said that the 23 Bendel stores will turn out the lights in January. The company said it wants to focus on larger brands with more growth potential. Henry Bendel was a women's hat maker from Lafayette, La. He moved to New York in 1895 and began catering to the city's elite, making the stores' brown and white striped shopping and bags and hat boxes a coveted status symbol. In the 1960s, its in-house illustrator was a young artist named Andy Warhol. The company's flagship store on New York's 5th Avenue, steps away from Trump Tower, is a landmark in Manhattan.

MORTGAGE RATES

CLIMB: Long-term U.S. mortgage rates this week jumped to their highest level since the start of August. Mortgage buyer Freddie Mac said that the average rate on 30-year, fixed-rate mortgages climbed to 4.60 percent from 4.54 percent last week. The average rate has surged from 3.78 percent a year ago, posting the largest annual gain since May 2014.

DIGITS

8.7%

Year-to-date gain for the Standard & Poor's 500 index.

U-T NEWS SERVICES

SAN DIEGO ZOO ENTERS BOOK PUBLISHING



TAMMY SPRATT SAN DIEGO ZOO GLOBAL
When Jennifer Auger (left) was 5 and going through leukemia treatment, she wrote a letter to an ailing orangutan.

Conservation group to create children's books that tell inspirational stories, proceeds to benefit organization

BY BRADLEY J. FIKES

As a 5-year old girl fighting for her life against leukemia, Jennifer Auger wrote an encouraging letter to another sick youngster: Karen, an orangutan at the San Diego Zoo.

The letter's return was one of the highlights at a launch party for a new book publishing venture of San Diego Zoo Global, the zoo's conservation arm. It has established a publishing division to produce children's books to tell inspirational stories like Karen's. The orangutan recovered from open heart surgery and can still be seen at the Zoo.

There will also be books for adults on themes such as leadership.

Headed by Georgeanne Irvine, San Diego Zoo Global Press is initially releasing five books — three for children and two for adults. Karen's recovery from heart surgery is told in "Karen's Heart: The True Story of a Brave Baby Orangutan." The other children's books are, "Fabulous Floyd: The True Story of a Flamingo Who Never Gave Up," and "Ruuxa & Raina: A Cheetah and Dog's True Story of Friendship and Miracles."

Irvine, of San Diego Zoo Global, wrote all three of the children's books.

"We really think that through our books, we can inspire people, SEE ZOO • C2



NICK MERRICK MAKERS QUARTER

Open-air staircases are part of the design of Block D, a new 60,000-square-foot office building in East Village's Makers Quarter.

Block D ready for its downtown debut

Modern 60,000-square-foot Makers Quarter workspace 70% leased, with first tenant set to occupy space Oct. 1

BY JENNIFER VAN GROVE

Small though it may be, the brand new 60,000-square-foot office development in East Village's Makers Quarter is envisioned as the harbinger of a commercial real-estate renaissance that will draw corporate elites and create more jobs for downtown's booming residential population.

That's a lot to ask of a low-rise building with modestly sized 75-foot-wide floors.

But the project, known as Block D, aims to elevate itself into the up-

per echelon of modern workspaces with distinctive features such as automated exterior blinds on each floor that combat glare on demand. The 26 motorized, glass garage doors, spread purposefully throughout the property, also supply fresh air when needed.

And generously sized outdoor spaces, along with open-air staircases on the north and south sides of the building, should entice workers to venture outside when taking breaks or moving between floors.

Technophiles will appreciate the building's connectivity features.

Everything, including the aforementioned blinds and garage doors, can be monitored and adjusted through an online dashboard. Plus, environmentalists can take comfort knowing that Block D is intended to be a "perfect" building, meaning it should generate enough power from its double-sided solar panels to sustain itself.

"It's not too much of a stretch to say that Block D is a really critical part of the Makers Quarter planning process," said Mark Cafferty, president and CEO of the San Diego Regional Economic Development Corp.

Makers Quarter, a makeover of the Jerome's Furniture family property holdings, is south of City College and bounded by Broadway and G Street and 14th and 17th streets. Developed by Lankford & Associates, Hensel Phelps and HP Investors, it was master-planned to include around 1 million square feet of office space, roughly 140,000 square feet of retail and 800-plus housing units.

Much of the East Village community is still theoretical, with Block D the face of Makers Quarter. SEE BLOCK D • C2

STARTUP BUILDER AD ASTRA TURNS TO LIFE-SCIENCE COHORT RECRUITS

BY BRITTANY MEILING

The city's newest startup accelerator, Ad Astra Ventures, has inducted three new companies into its program, venturing into the biotech arena for the first time by seeking out life-science startups.

Launched in January, the accelerator first focused on startups building software and consumer products. But for its second act, Ad Astra has tapped into the region's life science talent. The new recruits are Cooler Heads, Hydrostasis and Vivid Genomics.

Ad Astra will take the three companies through a 12-week boot camp (specifically designed for women founders) to build out their business models, boost revenue, and give them the skills necessary to achieve fast growth. The cohort companies get a \$20,000 infusion of cash from Ad Astra to get the ball rolling in exchange for 3 percent to 5 percent equity.

SEE AD ASTRA • C2



TERADATA CORP.

Redmodeling is under way at Teradata Corp.'s Rancho Bernardo campus ahead of adding 275 workers and the Dayton, Ohio-based company's headquarters move.

TERADATA SETTING UP FOR NEW WORKERS AND HEADQUARTERS

BY MIKE FREEMAN

At Teradata Corp.'s Rancho Bernardo campus, construction crews are busy remodeling a building to make room for an additional 275 employees expected when the company relocates its headquarters from Dayton, Ohio, to San Diego this year.

For Martyn Etherington, the company's chief marketing officer, the "under construction" signs serve as a metaphor for bigger changes under way at Teradata.

For the past two years, the 40-year-old company has been remaking itself. It is moving away from the hardware-based SEE TERADATA • C2

SEMPRA'S SUBSIDIARY IN MEXICO SIGNS WITH CHEVRON

Energy company joins as client for IEnova's \$150M refined-fuels terminal

BY ROB NIKOLEWSKI

Sempra Energy's subsidiary in Mexico, IEnova, expanded its corporate footprint a bit more Thursday, announcing a unit of Chevron signed a long-term contract as a client in a \$150 million refined-fuels terminal IEnova plans to build in the north-west state of Sinaloa.

Chevron will take 50 percent of the project's initial 1-million-barrel capacity of mostly gasoline and diesel and an option to acquire 25 percent of the equity in the terminal once commercial operations begin.

IEnova also announced it has reached a separate long-term contract with another company to take the remaining half of storage capacity. SEE IENOVA • C2

ZOO • Writer uses history of animals to inform stories

FROM C1 children and adults to care about wildlife in the long term," Irvine said.

The new publishing division is mainly intended to advance the conservation message of San Diego Zoo Global, Irvine said. Any proceeds from the sale of the books will go back to San Diego Zoo Global.

"By purchasing a book, you're also supporting our organization," she said.

The books can be purchased at the zoo or online at <https://shopsandiego-zoo.com>. For the holidays, the books will be available through book retailers such as Barnes & Noble and Amazon.

More books are planned in coming years. Next year's batch includes a biography of the Belle Benchley, who led the Zoo from 1927 to 1953, becoming the first female director of a major public zoo.

Among the animal inspiration stories, there will be a tale about the return of the California condor. It's to be



COURTESY PHOTOS

"Karen's Heart," "Fabulous Floyd" and "Ruuxa & Raina" all by Georgeanne Irvine are the first three children's books published by San Diego Zoo Global.

released in 2020.

The recovery took many years and hard work. In the 1980s, the condor population dropped to 22, bringing it very close to extinction. Now there are more than 500, of which 300 are living in the wild.

"We want it to be the type of book that even if you, whether you like condors or not, you're going to say, oh my gosh, what a good read," Irvine said. "So it's the behind-the-scenes story of how San Diego Zoo Global and our partners saved the

California condor."

San Diego Zoo Global has long been familiar with book publishing, having produced guidebooks and a two-volume edition for the zoo's 2016 centennial. But it's never had its own publishing division.

Printing is handled by a local company, Southwest Publishing Group.

"We oversee the process for all the books," Irvine said. "It's our copyright. We hire the writers, we control all aspects of the books. But we partner with (South-

west) because they are experts in the production aspect of it."

The San Diego Zoo has recently been selling the children's books in its two gift shops near the exit as part of a "soft launch," Irvine said. At Safari Park, the books are for sale at the Bazaar gift shop located next to the Thorntree restaurant.

Overall demand has been strong enough that the first printing of 3,000 each has been followed by a second printing, for a total of

6,000 for each book. Each costs \$14.95.

Also for sale: push animals matched to the books, including Karen the orangutan, Ruuxa and Raina, and Floyd the Flamingo.

The two adult books are being printed in smaller quantities, of about 2,000 each. A quarter of the run goes to hardcover versions for \$24.95, soft covers sell for \$16.

One addresses the role of "servant leaders," who inspire from the bottom up, written by Don Janssen. The other describes the zoo's strategic plan to end extinction, written by Beth Branning.

And that's just the beginning.

"Right now we're in our infancy," Irvine said. "We would like to see us coming out with at least five to six different books per year to begin with."

To write the books, Irvine has taken deep plunges into the zoo's history, helped by her organizational skills and foresight. The letter re-

turned to Jennifer Auger had been saved by Irvine.

"I was very excited to include this letter in the book," Irvine said at Thursday's launch party. "And then my editor said to me, Georgeanne, you really have to get permission from Jennie and her family."

"So what do I do? I plug into Google, and the first thing that came up was LinkedIn, Jennifer Auger, nurse, Rady Children's Hospital. And her biography said, 'When I was five years old, I was diagnosed with leukemia.'"

Accepting her letter on Thursday, Auger thanked Irvine and reminisced about how she learned from her mother about Karen the orangutan. Being concerned about another being helped the young girl deal with her own illness.

"It was an act of caring from me to Karen, and from my mom to me," Auger said. "It's amazing how this has all come full circle."

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BLOCK D

FROM C1 ter's broader office vision. It joins Punch Bowl Social, 10 Barrel Brewing and the 265-unit residential development Broadstone Makers Quarter as concrete examples that a grander plan is in play — if demand warrants.

When it comes to office development, that's not exactly a given, though, according to Jason Hughes, chairman and chief executive of commercial leasing firm Hughes Marino.

"It's just the Wild West out there," he said, characterizing the East Village blocks as a "no-man's land" with minimal amenities, prevalent homelessness and rents too high for corporate clients.

Block D, for its part, is already 70 percent leased. Spaces, the cooler co-working offshoot of shared office space giant Regus, has inked a deal to occupy 33,806 square feet — or three full floors.

The digital design agency Basic was first to lease space, paying \$3.40 a square foot for the fifth floor. With its custom interior buildout under way, Basic will be the building's first official tenant, taking residency the week of Oct. 1.

Two ground-floor retail spaces and the 10,364-square-foot sixth floor have yet to be leased.

"(Block D) is being well-received," Cafferty said, calling the project a success. "The tenants are an interesting mix of people you want to see down there."

Even still, Mary Pam-puch, executive vice president for building developer Lankford, said that the quarter's overall office component is being downsized a bit — from 1 million square feet to closer to 800,000 square feet — after community planners struggled to secure a large anchor tenant. So instead of something big, the Makers Quarter group is moving forward with another small project. It expects to break ground on a 50,000-square-foot of-



NICK MERRICK MAKERS QUARTER PHOTOS

Automated exterior blinds are among the technological amenities in Block D that will be monitored and adjusted from an online dashboard.



Block D's open-air design includes motorized glass garage doors and generous outdoor space.

ice project next summer. The other 700,000-square-foot of planned office is still several years off.

"We were out campaigning for a 200,000-square-foot

office building, and it was very difficult," she said, explaining that it was hard to sell the neighborhood before the entertainment or food and beverage venues

had opened their doors. "There's a lot more interest now than there was a year ago."

A lot more competition is also on the horizon.

"There's 1.5 million square feet of office coming online in the next 24 months," Hughes said. "Between (The Campus at Horton), the Paladion site, Tower 180 and the Thomas Jefferson School of Law, there's a crazy amount of space coming available soon."

Most experts agree that newer creative office stock is needed in the region to keep pace with a growing population of tech workers who, they say, live downtown but commute north. Even Pam-puch welcomes real-estate investment firm Stockdale Capital Partners and its grandiose plan to turn the 900,000-square-foot Horton Plaza mall into an office epicenter where big Bay Area technology firms can congregate.

"The bigger the employment base we can get down here, the better," she said.

For now, though, Block D is a bit of an outlier.

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AD ASTRA

FROM C1

Ad Astra is addressing a sore spot among San Diego entrepreneurs, who have been known to grumble about the lack of accelerators in town that offer funding. Unlike well-known San Francisco accelerators like Y Combinator and Techstars, local accelerators have traditionally not offered seed funding. Instead, groups like EvoNexus and Connect offer space, mentorship and some business services, among other perks.

Ad Astra's co-founder, Allison Long Pettine, a longtime investor in San Diego, said she started the accelerator after observing significant differences between female founders and their male counterparts. She dove into research on the subject and discovered that women face unique challenges that could hold them back from success.

"Women have been socialized to follow the rules, and there are certain skills women don't get the opportunity to pick up," said Long Pettine.

The program is designed to make female founders aware of unconscious biases, teach them how to combat them, and give them tools to be strong leaders.

Along with Long Pettine, Ad Astra was co-founded by well-known local leaders Silvia Mah, executive director of female-focused accelerator Hera Labs; and Vidya Dinamani, longtime Intuit and Mitchell International executive.

Neal Bloom, chairman of Startup San Diego and founder of Fresh Brewed Tech, said Ad Astra is the latest in a long line of local startup groups that have advocated for women in business and technology.

After all, San Diego was the first city to have a female-focused co-working

network (Hera Hub). The city is also home to UC San Diego's women's accelerator, mystartupXX, Athena San Diego, and it has seen strong local turnout for meetings hosted by groups like Women Who Code and Girl Develop It.

Bloom added that San Diego Startup Week also saw a "nearly equal" gender turnout last year, "which is unheard of for tech conferences."

"San Diego has been building out the resources for women at an above-average, if not extraordinary way, compared to other ecosystems," he added.

As for Ad Astra's latest life science cohort recruits:

• **Cooler Heads** - This startup is developing cold caps for chemotherapy patients, which cool the scalp in an attempt to prevent hair loss. The company was founded by Kate Dilligan, a graduate of Stanford University and former vice president of a neural technology company KnuEdge. Cooler Heads was the winner of San Diego Startup Week's Padi Cab Pitch event.

• **Vivid Genomics** - Bringing her experience in genomics, molecular diagnostics and life science tools, Dr. Julie Collens co-founded Vivid Genomics, a diagnostic company developing non-invasive ways to identify neuro-degenerative disease pathologies, drug response, progression rate and tools to facilitate enrollment in clinical trials.

• **Hydrostasis** - A former imaging/data scientist at Sanford Burnham Prebys Medical Discovery Institute, Dr. Debbie K. Chen is developing a personalized hydration monitor for athletes to reach and maintain peak performance. She graduated from Hera Labs' program, Scale Intensive, this spring.

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HERA LABS

Hera Labs in Sorrento Valley will host some of the courses offered during Ad Astra's 12-week launch intensive program for female founders.

TERADATA

FROM C1 data analytics platform and striving to become a pure software outfit that can probe data no matter where it is located — be it on the Internet or on computers on site.

Moreover, the company has revamped its business model. It's now selling data analytics software as a recurring subscription, known as software as a service. In the past, Teradata, which employs more than 950 workers in San Diego, sold its platform as a software license — typically a large capital expense — that ran on a pre-configured hardware appliance installed in a data warehouse.

"We are in the midst of this huge transformation to take this company from what was perceived as a hardware data warehouse company to a data analytics company as a service," said Etherington. "That transformation is well under way."

The business model change is gaining traction. In the second quarter, 66 percent of Teradata's new business came from customers buying a subscription rather than a perpetual license.

The company also re-

ported better than expected financial results, with \$544 million in revenue in the quarter beating Wall Street analysts' forecast of \$524 million in sales.

"While business model transitions of this size are never easy and often take years to play out, we believe Teradata's new approach is clearly resonating in the marketplace," said Stifel Analyst Brad Reback in a research note.

For the first six months of this year, Teradata's revenue hit \$1.05 billion, up 4.6 percent over the prior year. It posted a loss of \$3 million under "Generally Accepted Accounting Principles," compared with a loss of \$6 million for the same period last year.

Founded in 1979, Teradata was acquired by NCR — National Cash Register — in the 1990s. It spun out as an independent company again in 2007 to provide data warehousing and analytics to large corporations ranging from Wells Fargo and Boeing to Verizon, Apple and eBay, all still current customers.

Companies use Teradata to predict when their customers are considering switching to rivals, when parts are about to fail, when transactions look suspicious for fraud and so on.

"We have a focused set of

500 customers that are probably the most complex data analytics customers in the world," said Etherington. "Our customers who have been with us through our transition know that when they need complexity, and at scale, we are the people to go to. We don't take that lightly."

As big data moved to the cloud, with more companies storing information on Amazon Web Services and other cloud storage platforms, Teradata's hardware-centric model came under pressure.

In addition, cheaper big data software competitors popped up — causing companies to delay taking Teradata licenses or shifting some workloads to less expensive competitors.

So the company began its journey to return to growth.

"While competitive pressure will persist, Teradata is a longtime visionary in the space with market-leading, mission-critical technology that is highly entrenched with the largest enterprises in the world — giving it a formidable foundation to power its new initiatives," said J. Derrick Wood, an analyst with Cowen & Co.

Teradata's corporate headquarters move is part of this ongoing shift in strategy. It aims to tap the region's

universities and existing labor pool for engineering and business talent.

The company employs about 300 workers in Dayton, some of whom received relocation offers, according to the company.

Teradata owns a four-building, 460,000-square-foot campus in Rancho Bernardo. It subleases about 126,000 square feet to Northrop Grumman.

Construction crews are renovating about 65,000 square feet in one of the buildings, adding workstations, offices and conference rooms. It also is building a full fitness center, juice bar and wellness center as part of the upgrades. It expects to complete the work in October.

"For San Diego, because we are moving our headquarters here, we are upgrading our campus to be world class," said Etherington. "We want to get to know and be known more in the community, so that term Teradata under construction is really a symbol of where we are today."

Teradata's shares ended trading Friday down 5 cents at \$39.86 on the New York Stock Exchange.

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