

Diverse Retail Portion Of One Paseo Project Is Fully Leased

DEVELOPMENT: Two Residential Buildings Will Have 608 Apartments Starting at \$2,350 per month

■ By RAY HUARD

Kilroy Realty Corp. has fully leased the retail portion of its One Paseo development in Carmel Valley, and completed the first 237 apartments. One Paseo will start construction of the interior of the project's two office buildings.



Brian Lewis

All but four of the 43 shops and restaurants in One Paseo will be open by the end of the year, said **Brian Lewis**, senior vice president for retail development with Kilroy Realty.

Lewis said tenants include a mix of about one-third national brands, one-third regional and one-third local with enough variety that someone could spend an entire day at One Paseo.

"You can wake up, drive here in the morning, get on the bike at **SoulCycle**, then roll into breakfast at **Parakeet Café**, then get your hair blown dry at **DryBar**, experience some great unique meat and shop for dinner at **The Butchery**," Lewis said. "The design component lends itself to that."

96,000 Square Feet of Retail Space

Built on a 23-acre site, One Paseo has 96,000 square feet of retail space in low-rise buildings in what Kilroy described as a farmhouse style with pathways that



Rendering courtesy of Kilroy Realty Corp.

Kilroy Realty Corp. has finished leasing the retail portion of its One Paseo development in Carmel Valley.

meander through the project, linking the retail portion to the two office buildings under construction and the apartments.

The residential portion will eventually have 608 apartments in two buildings — one of which is six stories high and one that is four stories.

About 35 percent of the first 237 apartments available for rent have been leased and as of mid-October, about 45 tenants had moved in, said **Jay Rey-Hipolito**, Kilroy Realty's vice president of residential development.

"The unique thing was we had approximately 60 people prelease with us without ever having seen the project.

They basically did it off renderings. That was something I was pleasantly surprised with," Rey-Hipolito said. "It speaks to the anticipation for the project. It's something that's been discussed locally for some time so we had quite a lot of interest since we opened our doors."

The apartments average 1,000 square feet, ranging from about 600 square feet for studios to about 2,100 square feet for

townhome villas, Rey-Hipolito said.

Apartment Rents

Monthly rents range from \$2,350 for studios to \$5,600 for three-bedroom apartments, Rey-Hipolito said.

"The townhomes will have some exclusivity in terms of privacy and access and will have finished above our standard units," Rey-Hipolito said. "A lot of them will have two-story ceiling heights."

Amenities in the residential area of One Paseo include a pool, a 6,000-square-foot, two-story fitness center, a lounge with booths for studying or working and what

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Jay Rey-Hipolito

How Best to Raise Funding as a First-Time Founder

STARTUPS: Have a Plan Of Where You Are Going, And How to Get There

■ By ELISE REUTER

It's a problem that almost every founder faces at some point in their business. Looking for funding can be a challenging, especially if you're doing it for the first time. It can be difficult to get the ear of venture capital firms and banks when a company is just starting to build up its reputation.

Thankfully, San Diego has lots of resources to help founders get started. **Accion CEO Elizabeth Schott** said. Her nonprofit has been operating in San Diego for 25 years, with a focus on helping entrepreneurs who face barriers to resources, whether that be location, language barriers or business experience.

"A key piece of puzzle is they need that access (to capital)," she said. "But it's difficult to get."

Most of the success in securing a loan or an investment comes from preparing ahead, said **Kelly DuFord**, managing partner of **DuFord Law**.

"Anytime that I hear of somebody



Elizabeth Schott



Kelly DuFord

who has a good idea that gets pushback, it's usually because they haven't thought through what the investor wants to see projection-wise and legal-wise," she said.

Before approaching a potential investor or lender, DuFord and Schott recommended that founders have a few things prepared.

1. Have a plan

To start — have a business plan in hand. It doesn't have to be complicated, Schott said, but it's good to know your target market, competitors and price point for your product. For founders who have an area of expertise, such as medicine or baking, but don't have a background in business, she also recommended finding a trusted advisor to help with legal and finance.

"You want to have somebody that can grow as your business needs change," she said.

Schott said companies can take advantage of free services offered by local organizations. For example, the **Small Business Development Center**, **Small Business Administration** and the **Service Corps of Retired Executives (SCORE)** all offer free workshops and online resources.

"There's a lot out there that I just don't think people are aware of," Schott said.

2. Consider timing

Where founders go for funding first can vary widely, depending on their business

model and how quickly they need cash. For example, a fast-growing software business might be tempted to turn to venture capital firms right off the bat. DuFord recommended holding out for a bit longer.

"It's tempting to reach out to VCs and get that money going," she said. "People that are new into a business and signing a convertible note might not understand what it all means, but they're excited to sign a \$1 million check.... Depending on the deal, (investors) might be taking a lot of business ownership."

“People that are new into a business and signing a convertible note might not understand what it all means, but they're excited to sign a \$1 million check...”

KELLY DUFORD

For businesses looking to scale quickly, VCs can be a good option, but DuFord recommended getting to know the investors, and understanding the terms of the deal and the implications of giving up a stake.

"I've talked to a lot of people who regretted taking VC money so early on and not knowing what they were getting themselves into because they gave up so much control of their business," she said.

If a founder can maintain their business for two years, then opening a line of credit at a regional or national bank is another option that doesn't require giving up company shares. Local nonprofit lenders, such as Accion, can also be a good option for early-stage companies.

With loans, it's important to already have some money in the bank, Schott said. If you've already poured all of your earnings into your business, how will you demonstrate that you can pay back a loan?

Even if it means keeping your day job, having that source of income is important for securing an investment.

"You want to make sure you're going out and getting access to capital before you've exhausted all of your own funding," Schott said.

Both Schott and DuFord recommended against taking out a loan online, in most cases. While online small business lenders advertise fast capital in just a few clicks, they often come with prohibitively high interest rates and short repayment terms. Schott said repayment structures can be as frequent as weekly, or even daily payments.

"They're horrendous, especially if you don't know what you're getting yourself

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into," DuFord said. "Most of them that I've seen, you're looking at about 60 percent interest and short-term lending."

3. Get your affairs in order

It's important to have the needed legal structures in place before approaching a potential investor.

"Making sure your business is set up correctly from the beginning is the best way to do that with both VCs and banks," DuFord said.

For example, most VCs will look to invest in businesses that are set up in Delaware, Wyoming, Nevada, or other states that have favorable terms for investors. They also would look to invest in startups that are structured as a C corporation, which allows companies to offer various classes of stock.

On that note, it's also important to write in protections for existing investors, such as friends, family, or co-founders, by making sure their investment is documented. DuFord recommended bringing in a CPA or lawyer to help with this process.

Getting paperwork right is key. While legal documents generated online might have worked at first, they won't go very far with investors.

"If you walk in with a LegalZoom operating agreement or bylaws, it's going to say a lot about your dedication to the business and business know-how," DuFord said.

4. Research your business

Founders should have a clear idea of how much money they need, and what they plan to do with it, before they ask for funding.

For example, Schott said, a restaurant owner might get quotes from vendors before they seek funding to buy a new oven.

"People will call and say, 'I'm looking for capital. What is the maximum loan?'" she said. You want to convey to a lender that you know how much money you need and what you will use it for."

DuFord also said founders must take the time to get numbers on their own company. They should be able to share figures for their company's projected growth and how they're going to get there.

"You have to be ready to present that and how it's going to translate into numbers for them," she said. "They're going to make sure you're serious from day one. Don't go to them with just an idea unless you have a great track record."

In the end, both Schott and DuFord recommended that founders keep their end goal in mind. For every business, it can look a little different.

"Some entrepreneurs want to get on Inc. 500. Others want to support their family, have a farmers market booth and have the flexibility of being with their kids during the week," Schott said. "I always think entrepreneurship is really interesting because you have entrepreneurs that have different goals, and their definition of success is different." ■

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Bollé Brands international distribution network," said Peter Smith, CEO of Bollé Brands. "Our dedicated approach, support, and investment will drive exciting new developments in product innovation and design which will form the basis of considerable global growth."

Accelerated Expansion Plan

Now, SPY, a company that makes eyewear with a focus on active lifestyle products, is on an accelerated expansion plan. Crunchbase, a platform for finding business information about private and public companies, reports SPY's annual revenue is \$37.6 million. While the company, founded in 1994 and with 60 employees, wouldn't confirm the revenue figures or provide growth projections, the immediate plan is to scale rapidly and globally.

"As a new member of the Bollé portfolio, we plan to further scale our award-winning product development, along with enhanced distribution domestically and abroad," said Joe Freitag, vice president of brand at SPY. "It is too early to share figures, but the potential is huge. Domestically there's a lot of room between the two coasts in the U.S. for SPY to grow. But we also see a massive opportunity internationally, where we've barely scratched the surface."

While SPY has made a name for itself stateside the last 25 years, mostly known for pushing the envelope on design and performance, Freitag said there are a few factors the company is taking into consideration as it moves into this growth phase.

The Corporate Giants
"The biggest players are corporate monoliths that stock their products in the largest sunglass retail chains we've all seen at our local malls, or newer direct-to-consumer brands that are very inexpensive, high on flash, but actually sell product with sub-standard lenses to consumers who may not realize what they're getting," Freitag said. "SPY was born and bred in the action sports and outdoor-driven environment San Diego is synonymous with. Taking risks and trying new

SPY

CEO: Stephen Roseman
YEAR FOUNDED: 1994
HEADQUARTERS: Carlsbad
NO. OF LOCAL EMPLOYEES: 60
COMPANY DESCRIPTION: Eyewear company with a focus on the active lifestyle.



Joe Freitag



Photo courtesy of SPY

SPY products are designed in California, manufactured in Asia and Italy and shipped from Carlsbad.

things in terms of design and technology has separated the brand from the rest for 25 years."

Freitag said the changes being brought about by the evolving eyewear environment, especially on the tech front, has brands, like SPY, reevaluating their strategies to reach consumers. "This represents a major challenge for us," he said, but, feels confident that if the company stays focused on connecting with its customers in a "meaningful way," and provides as much value as possible, then, its path will remain clear.

The Originals

SPY was the brainchild of a group of athletes/friends—Mark Simo, Brian Simo and 'Beaver' Theodosakis—that were seeking to redefine how sunglasses and goggles should look, feel and perform, Freitag said.

"They were as motivated toward creativity and self-expression as they were with pushing design conventions," he said, adding that SPY has been embraced by the likes of professional surfers and motocross stars as well as celebrities and cultural icons by way of its ambassador program. SPY also promotes heavily on social media, through grassroots events, advertising and its partnerships with retailers around the country, said Freitag.

SPY products are available in retailers across the U.S., like Tillys, Zumiez and REI, and locally in shops like Hansen Surfboards, Sun Diego Boardshop and

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JOE FREITAG

Surf Ride, according to Freitag. Its customer tends to be between 18 and 34 and its best-sellers include the Discord Sunglass and the Legacy Snow Goggle, ranging in price from \$120 to \$230, he said. SPY products are designed in California, manufactured in Asia and Italy and shipped from the SPY warehouse in Carlsbad, Freitag said.

Dedication to Technical Design

While he recognizes the ebbs and flows of the ever-changing climate as far as eyewear is concerned are inevitable, there is one thing Freitag said will always remain the same for SPY, and that is the company's dedication to quality and design.

The winning formula for SPY is "a combination of irreverence toward the status quo and an unwavering dedication to technical design," he said. "When it comes to quality, there is no question that it is a hallmark of our brand and an area in which we never compromise." ■



Photo courtesy of SPY
SPY products are available in retailers across the U.S., according to the company