

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

ACCELERATOR COMMITTEE

MINUTES

January 10, 2019

Orange County Business Accelerator in New Windsor, New York.

12:00- 1:00pm

PRESENT: Ed Diana, Mary Ellen Rogulski, John Steinberg

ALSO PRESENT: Laurie Villasuso – Chief Operating Officer
Kevin Dowd – IDA Attorney
Vincent Cozzolino – Managing Director
Sarah Wilson – Project Manager

New Company: Buzzsaw

Mr. Cozzolino refers to a tracking guide to all Accelerator PODS. He started with the Newburgh Area which includes Newburgh and New Windsor sites. He states that all the companies in the Newburgh area incorporate fashion in some way.

Mr. Cozzolino then informs the Committee of a new company, called Buzzsaw, that is moving into the New Windsor site. He explains that they take LED lights and old houseware material to making fashion lighting fixtures.

Buzzsaw will also manage the schedule for all the shared equipment in the Newburgh Area Accelerator in exchange for a little break in the rent.

New Compliance Officer for The Accelerator

Mr. Cozzolino then starts going through the matrix (tracking guide) and says that Cathy, the compliance officer for The Accelerator, will keep track of the jobs created by the clients in The Accelerator. Cathy will also be responsible for informing The Accelerator if companies are being compliant to the minimum of three days a week usage of the PODs.

Mr. Diana asked if The Accelerator knows who is in at what time.

Ms. Villasuso responded by explaining that there will soon be a new unique pin for each tenant to enter using. This will be more effective than the current system in which everyone signs in manually and can occasionally forget. The Accelerator does not want to waste resources on tenants who do not make use of their PODs, and the new system will accurately inform who is

using it or not. If they are not, then The Accelerator will have to let them out. The new pin is not only useful to us, but also will help the clients feel more secure.

Ms. Villasuso then goes back to a previous point and explains that Cathy will meet with the clients quarterly to treat The Accelerator more like any other economic development by the IDA. There will be more touch base with IDA and Accelerator projects so that at the end of the year there can be a master report internally. If and when the state requires the IDA to legitimize what is happening with The Accelerator, there will be a thorough report.

Newburgh Area

Mr. Cozzolino then continues to go through the matrix. He starts with Green Panda. He explains that out of the six employees Green Panda has, four are from Access. These are people with disabilities. He explains that The Accelerator is interested in utilizing these population of the labor force, and due to the working relationship, they have with the POD holders, The Accelerator can incentivize them to do so. Green Panda is having great success with the Access employees.

Mr. Cozzolino then moves onto Limberti, and Italian handbag company that has had a slow time moving in. They have new equipment being shipped in and will be installed later this week. Limberti has also been stepping up and helping out some of the other POD holders. Mr. Cozzolino compares them to Melo, another handbag company in The Accelerator that is at 27 employees and only started at three.

Mr. Cozzolino then mentions Mackie Rondon and NYCe Blu and explains that they will be located in the 603 Broadway building in Newburgh. He offers a tour one day to see the two PODS that resemble a Brooklyn factory. Mr. Cozzolino explains that NYCe Blu put a lot of money into their product and are producing handbags. The bags estimate around seven hundred dollars.

Ms. Villasuso explains that NYCe Blu has been very good at getting the bags into the hands of people. They are using the loss leader tactic by giving bags to famous influencers on social media.

Mr. Cozzolino explains further stating that NYCe Blue has two influencers who will show bags on their Youtube and other social media giving their reviews to their followers. He assures that this is the modern way.

Mr. Cozzolino then moves explaining that Seco Silk Screen (who will be located in New Windsor) is a screen printing company, and that Ziel is in Newburgh. They are located in the 605 Broadway building. Mr. Cozzolino states that Ziel currently has six employees, but this will double to twelve by the end of the month. He explains that The Accelerators contribution to this growth seen by Ziel is the labor. The Accelerator is attracting people off the streets of Newburgh to get their sewing training and then providing the newly qualified labor forces to Ziel, as well as

other companies in The Accelerator. Mr. Cozzolino explains that there are six to eight people in each training program, but after the holidays they will have to put work into getting people back into the new training programs.

Training Programs

Mr. Cozzolino explains that The Accelerator has gone to BOCES for their adult education program and has gone to SUNY Orange asking them to start orchestrating these training programs. These organizations declined, however. Mr. Cozzolino warns that every time Orange County fails to provide a person for Ziel, they hire someone new in Newark instead.

Mr. Diana asks why the community college and BOCES did not want to get involved. He explains that they are putting lots of money into trying things along these lines, but when The Accelerator offers them something automatic, they decline.

Ms. Rogulski responds that these organizations are impossible to work with.

Mr. Cozzolino provides the explanation given by the organizations. They argue that this is not an academic program.

Ms. Rogulski asks if it because they are teaching a trade that makes it not an academic program.

Mr. Cozzolino confirms this is why.

Ms. Villasuso projects that she believes these organizations just want to avoid putting in the work. She believes they do not want to make a curriculum, even though The Accelerator has already made a curriculum for them. She explains that The Accelerator has also offered to recruit the people to go through the training and find any grant to cover the staff doing the training. Ms. Villasuso says that SUNY Orange had led them on for a few weeks but then decided against it.

Mr. Cozzolino states that the BOCES people mean well.

Ms. Rogulski adds on stating that they may not have the resources needed. She also mentions that The Accelerator may not be reaching the decision makers.

Mr. Cozzolino expresses that he believes they have reached the top guy. He then explains that through WDI, they will pay for the training and BOCES would not have to. They also have the equipment and location, so BOCES does not have to provide any of that. Because of this, Mr. Cozzolino believes this would be a money maker for BOCES.

Ms. Rogulski asks if there are still problems with recruiting people for the sewing class.

Mr. Cozzolino explains that they did alright; they lost momentum because of the holiday.

Newburgh Area con.

Referring back to Ziel, Mr. Cozzolino explains that the company has an executive person in Denmark, and they might open a factory in Europe as well. The person wants to get forty employees into the Ziel factory here. Ziel has been more efficient than expected and do not need all the equipment anticipated. Mr. Cozzolino foresees three more PODS made out of the excess Ziel space, and there are more companies interested. Therefore, there may be more use of the building.

Middletown Security

Mr. Cozzolino explains that a company in Middletown, Alternate Esource, has sold The Accelerator some of their security equipment. There is now a keypad in which each client has a unique and a picture is taken of the client. After a certain time, an email can be sent out with those pictures, so The Accelerator knows that someone is using the facility at that time. There are also four cameras within the space, and one camera is a 360 camera, meaning it can record from all directions at once.

Middletown Clients

Mr. Cozzolino continues down the chart to the Middletown section. When he gets to Alternate Esource, he explains that they have a partner in Florida who has an innovative battery that interests Tesla. The theory is that the battery could store energy from when trains hit their breaks, and Alternate Esource is the primary candidate.

Asterism has had a slow starting moving in, but they are coming from Japan.

Mr. Cozzolino explains that the past month they have been active the entire month. They have been adjusting to moving the market to the United States. Asterism is the most prolific when it comes to their products and part of their POD will be used for the food and medical grade clean room.

The Pharmaceutical and Food Grade Clean Room

This clean room will cost about \$150 thousand. One hundred thousand is coming from The IDA and The Accelerator is still waiting for WDI for an answer. TSEC will be the backup if WDI money falls through.

Mr. Diana asks if Mr. Danza will be putting in any money.

Mr. Cozzolino explains that they did not want to use him for this. They will use Mr. Danza for the expansion. The clean room will be available to everyone and will be used by Touro College so they can become the Center of Excellence of research for the hemp project.

Middletown Con.

Mr. Cozzolino states that CERES Technology is located in Saugerties but could not find enough engineers in the area. They have been received a POD in Middletown. They have six employees that are all local and making \$80,000 - \$120,000 a year. CERES is paying rent. Everyone else has free rent until September.

Mr. Cozzolino continues moving down the list. Eczesoothe is a new company, owned by a former captain in the national guard. She is an African American woman who is also a nurse practitioner. Her daughter has severe eczema, that with her medical background, she was able to make a cream that was the only thing that could help her daughter. She started selling it, and people believe it works. She is ready to expand and has landed in The Accelerator.

Mr. Cozzolino points out that many companies incorporate CBD in their products. This may be a cream that could use Touro college to research if CBD makes it better or worse.

Mr. Cozzolino continues down the list until he gets to Mystique Natural and notes that they have been a problem. This is a company making hair care products for African American people and they are not making use of the POD. They will likely have to be thrown out of The Accelerator.

Ms. Rogulski asks where she is making her product if the place is used as storage.

Ms. Villasuso answers that she is most likely using her house. The last time they had spoken with the owner she was working on tradeshows and getting stuff done. She just is not a good fit with what The Accelerator provides.

Mr. Cozzolino continues to New York Hemp Alliance, which is a sub company of Oregon Fusion. This company has been making CBD infused products for several years and has farms in Oregon. They have started a small pilot farm in New Windsor, and want to move some manufacturing locally as well. They are also helping The Accelerator with the Hemp project.

Workplace for Emerging Businesses

Mr. Cozzolino explains that The WEB is in The Middletown Accelerator and is for businesses owned by Generation Z people. He starts by explaining one of these companies, Hudson Valley Digital Solutions, and explains that they are three college students who do digital and social media with a modern style. He explains that Mr. Brescia is trying to get them a contract with the county to do their social media. There is a little pushback from their PR.

Ms. Villasuso explains that they are concerned with messaging, but this company is not going to do any messages or press releases.

Mr. Cozzolino explains that The WEB has not been advertised yet because it is still in the pilot phase. There are some next steps The Accelerator has to make for this group. These young business owners do not know many of the basics in operating a business and Mr. Cozzolino explains that they have called important people that they give money towards to volunteer time to coach them. They all say no because of the age gap except a lawyer in Albany who is willing to give the young owners advice. There was a person from DC willing to help but with the government shutdown that did not take place.

Hemp

Mr. Cozzolino explains a chart and the differences between THC and CBD on the human body. He also explains that the Farm Bill has made hemp legal to grow but now the FDA needs to improve the product. He explains that you can use the fiber without regulation, but the CBD from the flower needs to meet regulation. Touro will be the center of excellence. The dean agreed to do the research for CBD.

Mr. Cozzolino refers to a project plan that explains the market for CBD. He then went over a flowchart of beginning to end product. He explains that they are hoping to convert local farms into hemp farms. There has been a lot of resistance to converting over. He mentions that it can be grown virtually anywhere if they use a greenhouse.

Ms. Villasuso explains that a greenhouse is needed only if it is a dairy farm because of the risk of e coli.

Mr. Cozzolino explains that some of the oil will be owned by New York Hemp Source, and some by The Accelerator. He also said there will be a markup on oil sold to companies located outside of Hudson Valley, but it was unclear of where the money goes to.

Ms. Rogulski asks for The Accelerator to make a cash flow - fund flow chart to better clarify this process. She wants clarity on what the ownership is because The Accelerator is the one who purchased and owns the machines.

Mr. Cozzolino agrees that the process needs further planning. He then explains the manufacturers that will buy the CBD oil will get a preferred rate if they are located in Orange County.

Mr. Cozzolino introduces a supply chain chart. He talks about Pharmacan, a company willing to work with The Accelerator.

Ms. Villasuso mentions that Pharmacan has a current focus on marijuana and would like to diversify into hemp. They would like to use other growers so they don't have to give up their greenhouses.

Mr. Cozzolino mentions that no one else in the area is doing a CBD project like this. There are some small companies testing it out and are attracted to Orange County from the lab.

Mr. Cozzolino asks if he can appropriate 63k from the 550k toward this new accelerator project.

The committee agrees.

Mr. Cozzolino mentions a new category of AWOW that includes Melo, Ziel, and Asterism. He says they are growing beyond The Accelerator but still in startup stages.

Ms. Villasuso explains that this new titling will be for billing.

The committee agrees.

Mr. Cozzolino mentions the new laser cutter and wants to put up a new Tukatech center nearby because the cutter has been so successful. He then mentions the Melville from Melo is a mechanic engineer and was able to tweak the machine so it would work better.

Ms. Villasuso mentions that Lisa Anderson will be trained more on the machinery so she can certify people to use it. She is already partnered with Tukatech, and she will get the training for the whole suite.

Mr. Cozzolino mentions the Magic Fashion Show and states that he wants The Accelerator to be featured at this event.