

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY and
ULSTER COUNTY CAPITAL RESOURCE CORPORATION
CONTRACT FOR SERVICES APPLICATION

1. NAME:

HV Startup Capital LLC

2. MISSION STATEMENT:

Hudson Valley Startup Capital is the Manager of the Hudson Valley Startup Fund. This member managed "Angel" fund is looking to make a local impact in the Hudson Valley through funding and nurturing early stage companies.

3. LIST THE OFFICERS AND BOARD MEMBERS:

Hudson Valley Startup Capital is the managing entity of the Fund
The members of this entity are
Paul Hakim
Johnny LeHane
Chad Gomes

4. PURPOSE OF CONTRACT:

To provide services related to aiding Startup and Early stage companies through direct equity investment and mentorship. We are promoting, nurturing and funding entrepreneurs in the area. Our contract for services will allow us to further provide internships, academic programs and partnerships within the county. We have raised the "Fund" but that money is programmed to make a direct impact within the startups. We need the funds to direct toward promotion of the area to early stage companies as well as the capital they need to succeed.

5. WHAT IS THE EXPECTED BUDGET FOR THIS PROJECT, INCLUDING A COMPLETE LIST OF ALL FUNDING SOURCES?

Total startup funds expended to date exceed \$25,000. First Year operating budget is approximately \$50,000 depending upon timing of funds and our ability to provide programming and participate in events to promote the area. We are applying to both Dutchess and Orange Counties for similar service contracts.

6. AMOUNT OF FUNDS REQUESTED FROM THE ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY OR THE ULSTER COUNTY CAPITAL RESOURCE CORPORATION TO FULFILL CONTRACT:

\$25,000.00

7. EXPLAIN HOW THIS REQUEST WILL MEET THE GOALS AND OBJECTIVES OF THE ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY, THE ULSTER COUNTY CAPITAL RESOURCE CORPORATION AND/OR THE ULSTER TOMORROW ECONOMIC DEVELOPMENT STRATEGY:

We are funding and nurturing startup companies which can have a great impact on employment in the area. These entities are all within sectors identified by the Ulster Tomorrow as well as The recent Industry Targeting Analysis by Fairweather Consulting.

8. DESCRIBE THE NEED OF YOUR ORGANIZATION FOR THE AMOUNT REQUESTED AND HOW IT WILL ASSIST YOUR ORGANIZATION IN UNDERTAKING AND COMPLETING THE PROJECT:

This group of members actively mentor and advise these companies as well as potentially provide seed or early stage debt or equity. We have raised the "Fund" but that money is programmed to make a direct impact within the startups. We need the funds to direct toward promotion of the area to early stage companies as well as the capital resources they need to succeed. We will also actively participate in and support the growing local tech and startup eco system

9. WILL THIS BE A RECURRING REQUEST: YES: NO:

IF YES, PROVIDE AN EXPLANATION:

This will be an ongoing effort and we will need support and participation from all economic development agencies.

AS PART OF THIS REQUEST FOR A CONTRACT FOR SERVICES WITH THE ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY (UCIDA) OR THE ULSTER COUNTY CAPITAL RESOURCE CORPORATION (UCCRC), I AGREE TO FURNISH AN END OF YEAR REPORT DESCRIBING THE SERVICES PROVIDED WITH UCIDA OR UCCRC FUNDS AND/OR PROGRESS OF THE PROJECT.

Signature:



Name:

Paul Hakim

Title:

Member

Date:

3/3/18

Hudson Valley Startup Fund (HVSF)

Executive Overview

The Hudson Valley Startup Fund (HVSF) is a private investment fund that seeks to invest in start-up and emerging growth companies located in the Hudson Valley of New York State. The fund is organized to assist companies located in the Hudson Valley by providing management skills and early stage funding. The Fund intends to invest in new technology start-ups or early stage companies with disruptive technology, market-defining products and rapid growth. We anticipate that the source of new technology will come from a variety of sources including the region's leading academic institutions as well as individual entrepreneurs.

The Fund will work collaboratively to help entrepreneurs define and shape their ideas into ventures which develop into successful companies seeking to create a realistic return on investment for its Members while attempting to create wealth and jobs in the region generally known as New York State's Hudson Valley. Although it is anticipated that the Fund will work with the local Chambers of Commerce and the various economic development agencies throughout the region, the Fund has been organized as an independent for-profit limited liability company. Unlike a traditional investment partnership, in which a general partner manages the Fund and the members are passive investors, The Fund is founded on the principle that all members will be encouraged to take an active role in investments of the Fund and mentorship of its portfolio companies. Our hope is that the creation of the Fund will help catalyze a corresponding flow of capital and new enterprises entering the region, significantly leveraging both the investment opportunities and the value of the Fund's investments over time.

HV Startup Capital LLC, will serve as manager of the Hudson Valley Startup Fund. Chad Gomes, Paul Hakim and Johnny LeHane are the managers of this entity and will be principally involved in the operations and management of the Fund

HVSF Objectives

- Create new high paying jobs in the Hudson Valley, by commercializing business opportunities and accelerating the growth of early stage companies.
- Create a culture of entrepreneurship through collaboration, mentorship and investment in the HV.
- Achieve a competitive return on investment (ROI) for members. The target ROI is 2-3x over a period of 7-10 years, resulting in an average annual return of 15-17%. Average angel returns, according to David Rose, are 17-25%.
- Create a collegial setting for the members, where the enjoyment and value in meeting monthly is an important reason for being a part of the HVSF.

Member Investors

- Investors in the HVSF must be accredited investors, defined as having annual gross income of \$200,000 (individual), or \$300,000 (joint with spouse), for the past two years, OR, a net worth of \$1,000,000, not including the value of his or her private residence.
- Investors are members of the business community with a wide variety of experience and success that will contribute to the success of the fund.
- The initial investment deadline as prescribed in the offering documents is February 1, 2016.

Legal Structure

The Hudson Valley Startup Fund is formed as two legal entities: HV Startup Capital, LLC (General Partner), and the Hudson Valley Startup Fund, LLC (Limited Partner - LP). The LP is comprised of the individual investors, referred to as members.

Relevant Legal Documents:

- Hudson Valley Startup Fund Private Placement Mem (PPM) – sets forth the terms and conditions under which the Hudson Valley Startup Fund will be created. This is a confidential document that will be made available to accredited investors who have signed the LOI.
- Membership Interests Subscription Agreement – documents the terms and conditions between the investor (member) and the HVSF, and is signed by each investor.
- Investor Questionnaire – completed by each investor (member) to indicate their status as an individual or entity investor, as well as other required tax, legal or regulatory information, such as the self-identification as an accredited investor.

Member Investors

Name	Title	Company	County
Johnny LeHane	Co-owner, CIO, GP HVSF	WAKA Kickball & Social Sports	Dutchess
Chad Gomes	Leadership, Growth, & Change Advisor, GP HVSF	Chad Gomes Consulting	Ulster
Paul Hakim, CCIM SEC	Managing Partner, GP HVSF	Pioneer Capital	Ulster
Peter and Howie Berman	CEO and partner	The Ruby Group Companies	Orange
Richard Chazen	Senior Principal	The Chazen Companies	Dutchess
Alexander Reese	Founder/Chairman	Obercreek / Glynwood	Dutchess
Timothy Dean	President	Marshall & Sterling	Dutchess
Marshall & Sterling	Insurance company		
Wayne Miller	President	Future Tools and Technology	NJ
Edward Sammis	VP, Application Mgmt Services	IBM	Dutchess
Michael North	Professional Engineer	Michael E. North PE	Ulster
Vanacore, DeBenedictus, DiGiovanni & Weddell CPA, LLP	Accounting Firm		Orange
John Cohn	Managing Director	Diamond Capital Advisors	Westchester
Adam Belok	Financial Advisor	National Securities Corp.	Dutchess
Thomas M. Cervone	Principal Broker / Owner	CR Properties Group, LLC	Dutchess
Doug Berlin	Managing Member	Dutchess Development Co., LLC	Dutchess
Charles Petersheim	Founder	Catskill Farms, LLC - Builders	Sullivan
Martin Babinec	Founder	UpVentures, LLC	Herkimer
Lou Vigliotti	Attorney		Dutchess
David Schwartz	Owner	Beacon Court Associates	Dutchess
Michael North	Professional Engineer	Michael E. North PE	Ulster
Richard Mignault	VP Admin and Shared Svcs	The Culinary Institute of America	Dutchess
Stephen Ackerman	Intellectual Property Law	Saile Ackerman LLC	Dutchess
Mark Jacobs	President	K&M Newspaper Services, Inc	Orange
E. Matthew LaRussa	Owner	LaRussa Realty	Ulster

Additional committed Investors (in order of their commitment):

Title	Company	County
CEO	RLM Finsbury	Westchester
CEO	Hudson River Ventures	Ulster
Owner	Andigo New Media	Dutchess
NP-Psychiatry / Real Estate Management		Dutchess
Owner	LaRussa Realty	Ulster
Principal, Co-Founder	The FleetWeather Group	Dutchess

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ENYA Model and Role with HVSF

- ENYA is an ongoing and mature member managed fund, whose management has agreed to consult with HV Startup Fund through launch and initial investments.
- Dick Frederick and Joe Richardson of ENYA consult with and advise HV Startup managing members regularly and through the first two initial due diligence rounds and first deal.

ENYA History

- ENYA was founded in 2010 and raised \$1.4M in their first fund (ENYA Fund I) which included 33 angel investors (members). Members meet monthly except for August and December.
- ENYA Fund I has been successful with seven startups funded, and all seven companies are growing and meeting growth milestones. None have exited to date. The typical investment in a company is \$250,000, made in two tranches of \$125,000, with the second tranche made upon milestones being met.
- ENYA I reviewed over 500 business plans, which resulted in 20 due diligence efforts, ultimately resulting in 7 funded companies. The due diligence effort is performed by a committee comprised of members, each taking approximately 60 days and resulting in a comprehensive report. The decision to proceed to due diligence, and the decision to invest after the due diligence is completed, is through the consensus of members.
- As a result of the success of their first Fund, ENYA has now created its second fund (ENYA Fund II) and has raised \$2,325,000 to date, with a goal of \$2.5M. There are 41 investors in Fund II, with the majority of investors returning from Fund I. This is a clear signal from these investors that the ENYA model is working. And we believe there is no need to reinvent the wheel, if we can leverage the successful ENYA model in the creation of the HVSF.

Next Steps:

1. February -- Continued accepting members, screening ventures and monthly pitch sessions.
2. Q1 2016 - Complete capital raise, close membership.
3. Continue Due Diligence on existing opportunities - currently 2.
4. 2016 & 2017 - identify appropriate ventures for due diligence and investment.