



Buffalo and Erie County Regional Development Corporation Loan Committee

February 18, 2016  
at  
8:30 a.m.

ECIDA Offices  
95 Perry Street  
4th Floor - Perry Room  
Buffalo, New York 14203

1. Roll Call
2. Reading and approval of the Minutes of the October 28, 2015 Loan Committee meeting.
3. Review and approval of the following case(s):
  - a) 492 Elmwood Ave., LLC
  - b) Robinson Home Products
4. Adjournment

**MINUTES OF THE MEETING OF THE  
LOAN COMMITTEE OF THE  
BUFFALO AND ERIE COUNTY REGIONAL DEVELOPMENT CORPORATION  
(RDC)**

- DATE AND PLACE:** October 28, 2015, at the Erie County Industrial Development Agency, 95 Perry Street, Suite 403, Buffalo, New York 14203
- MEMBERS PRESENT:** Hon. Anthony F. Caruana, Thomas Grys, Nancy LaTulip, David McKinley, John J. Mudie and Michael A. Taylor
- MEMBERS ABSENT:** None
- OTHERS PRESENT:** Andrew Schoeppich, Treasurer; Mollie Profic, Assistant Treasurer; Beth O'Keefe, Business Development Officer; Gerald Manhard, RDC Loan Manager; Michael Alexander, Assistant Loan Manager; and Robert G. Murray, Secretary
- GUESTS:** Glen Thomas, Adiabatic Solutions, LLC

At 11:05 a.m. the RDC Loan Committee was called to order by Mr. Caruana.

Upon motion made by Ms. LaTulip, and seconded by Mr. Taylor, and unanimously carried, it was

**RESOLVED**, that the minutes of the RDC Loan Committee meeting of July 14, 2015 are hereby approved.

**PROJECTS**

Adiabatic Solutions, LLC, 171 Cooper Avenue, Tonawanda, New York, \$250,000 63-Month term loan, secured and guaranteed. Mr. Manhard provided a general review of the loan application and confirmed that loan proceeds will be used for equipment purchases and working capital expenses.

At this point in time, Mr. Grys joined the meeting.

Mr. Alexander and Mr. Manhard then confirmed that the applicant is an subsidiary of Pacer BioScience Inc. and numerous other investors. The company was formed to utilize adiabatic high velocity impact technology to produce high strength metal component parts for a variety of industries. It was confirmed that the company is attempting to raise \$500,000 in financing to complete funding of proposed year one operations, including the final advancement

on their 43North Venture Fund Award and proposed RDC loan. The company was the winner of the 43North Venture Fund competition with funds being advanced periodically throughout 2015. The company applied for funding from First Niagara Bank and was declined due to risk associated with being a start-up. As a result, the company has applied for a \$250,000 loan with the RDC wherein approximately \$112,000 will be utilized for equipment purchases, \$18,000 for moving expenses, and \$120,000 to be dedicated for working capital expenses. The \$18,000 proposed moving expenses will be allocated to cover costs for the company to move its operations to a University of Buffalo designated space associated with the 43North award. The loan term will be for approximately 63 months, with the first three months requiring interest only. The interest rate will be 4%, the loan will be amortized over 60 months, it will be secured and guaranteed, and the company has proposed to create 15 full-time positions and retain 5 already existing full-time positions.

Mr. McKinley and Mr. Grys expressed concern that the loan mimics more of an early stage injection of equity due to the large number of risks, however, unlike early stage equity, there is no contemplated larger reward related to such risk. Mr. Alexander and Mr. Manhard confirmed that the RDC will not make any cash advances until the company secures customers and generally discussed the rules regulating the RDC loan administration plan and federal regulations that prohibit the RDC from taking typical "reward" positions.

Mr. Grys commented that, in light of the risks associated with a start-up venture, then the RDC should establish a policy to identify a certain size investment that the RDC may want to consider for these types of risky investments. Mr. Alexander and Mr. Manhard confirmed that the RDC will be undertaking a review of its loan administration plan next year and this is a good time for such a suggestion to be considered.

General discussion ensued, and at this point in time, Mr. Glen Thomas was introduced to the members of the Committee and he provided a PowerPoint presentation and video highlighting the company and its technology and future proposed operations.

Ms. LaTulip moved and Mr. McKinley seconded to approve of the loan and project as presented. Mr. Caruana called for the vote and the motion was then unanimously approved.

There being no further business to discuss, upon motion made by Ms. LaTulip and seconded by Mr. McKinley, the meeting was adjourned at 12:41 p.m.

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Robert G. Murray, Secretary