

RESOLUTION NO. 2021- 530

A RESOLUTION APPROVING A UDAG/SMALL BUSINESS  
LOAN TO UNLEASHED COATING, LLC (OR ASSIGNS).

WHEREAS, the City of Vineland Revolving Loan Fund Second Generation Loan Committee has submitted a proposal dated October 26, 2021, for a UDAG/Small Business Loan to Unleashed Coating, LLC (or assigns); and

WHEREAS, it is considered to be in the best interest of the City of Vineland and the community in particular that UDAG/Small Business Loan Funds be utilized for the above-mentioned project; now, therefore,

BE IT RESOLVED by the City Council of the City of Vineland that said Council does hereby approve the use of Funds for the following project, in accordance with the proposal submitted by the City of Vineland Revolving Loan Fund Second Generation Loan Committee:

UDAG/Small Business Loan to:	
Unleashed Coating, LLC (or assigns)	\$25,000.00

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all documents associated with this loan.

Adopted:

\_\_\_\_\_  
President of Council

ATTEST:

\_\_\_\_\_  
City Clerk



ECONOMIC DEVELOPMENT  
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MEMORANDUM



TO: City Council President and Members

FROM: Vineland Revolving Loan Fund Loan Committee

SUBJECT: **Applicant:** Unleashed Coating, LLC  
**Loan Amount:** \$25,000.00 via the Vineland UDAG/Small Business Loan Program

DATE: October 26, 2021

Dear Council President Arthur, Councilmen Acosta, Franceschini, Spinelli, and Vargas:

On behalf of the Vineland Revolving Loan Fund, LLC Loan Committee, please accept this letter recommending a commitment be given to the above applicant for a Vineland UDAG/Small Business Loan Program loan in the amount as stated herein above.

The committee finds that the loan will promote economic development, creation/retention of jobs, and/or tax ratable(s), as well as assisting a small business that will benefit the City of Vineland.

Further, please note that based on the information provided, the applicant has the present ability to repay said loan and the loan would be properly protected in that the pledged collateral has a net value which equals or exceeds the amount of the requested funding.

Respectfully submitted,

Sandra Forosisky  
Director of Economic Development

SF/fd

cc: Frank DiGiorgio  
file



**VINELAND REVOLVING LOAN FUND, LLC  
LOAN PROPOSAL**

**Date:** September 29, 2021

**Borrower Name and Address (s):** Unleashed Coatings, LLC  
861 Anthony Drive  
Atco, NJ 08004

**Request:** \$25,000 commercial term loan under the City of Vineland's UDAG/Small Business Loan Program.

**Interest Rate:** 5.50%

**Term of Loan:** 7 Years.

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**1. BACKGROUND:** Unleashed Coatings LLC ("UC") is a relatively new company specializing in the application of powder coating and Cerakote. These coatings as well as proper preparation, offer a durable custom finish for a wide assortment customer items such as automotive parts, bicycles, furniture, and sporting goods. UC was formed in the State of NJ on December 19, 2020 by Gregory Whittaker. In February of 2021, Gregory Whittaker, 100% owner, moved into a 3,000 sq. ft. leased space in the Vineland Industrial Park – South (address: 2800 Industrial Way, Vineland, NJ) to operate UC. Gregory Whittaker graduated from Stockton University with a Business Administration degree in 2020 and set out to own and operate his own business shortly thereafter.

Powder coat is thermoset polymer coating available from many brands in a variety of colors and finishes. Powder coat is commonly seen on automotive wheels and industrial applications because of its customization and durability. The parts must be stripped of any old coatings, media blasted, and cured in an industrial oven after being coated.

Cerakote is a thin film ceramic coating applied much like a spray on paint but is much thinner allowing for application on surfaces with high tolerances. Cerakote can be applied to multiple substrates including ferrous and non-ferrous metals, alloys, polymers, composites and more. Is a single layer thin film ceramic coating that applies at only 0.25 – 2.0 mils, allowing for ultra-light weight coverage and protection when compared to traditional paint and powder coating. It also has chemical, abrasion, and UV resistance compared to other coatings. Cerakote also offers high temperature coatings that withstand up to 1,800°F and provide thermal barrier and heat dissipation. Cerakote offers nine different types of coatings depending on the application. The main product the "H Series" is available in over 100 different colors allowing for endless customization with stencils and airbrush techniques. The H series is highly corrosion resistant, chemical resistant, and cures to a hard yet flexible surface. Cerakote product meets many standards in the Aerospace industry. Cerakote passes FAA flammability and toxicity testing and SAE International recommends the current epoxy seal coat on the Airbus Helicopters engine cowl be removed and replaced with Cerakote's C7700.

Application of both coatings requires many pieces of equipment and skill and as such is not a Do-It-Yourself "DIY" friendly process. Customer demand for a quality product has created a competitive market with varying prices and quality from applicator to applicator. UC works with customers on a case-by-case basis to select the proper coating for their application and is relatively unique for offering both coatings with the quality an individual customer requires (as opposed to large batch applicators). The primary target market for powder coating is automotive enthusiasts who wish to customize their vehicles and have greater durability than DIY coatings such as paint. There are many applicators in South Jersey and across the nation. UC differentiates Unleashed Coatings LLC Page 1 of 3

**1. BACKGROUND (Continued):**

itself in taking on small custom jobs and offering a fast turnaround. This is opposed to other applicators who specialize in large industrial batch jobs. For Cerakote, the target market is primarily the world of custom firearms. Much like cars and other expensive possessions, people like to customize firearms as an extension of themselves. There is an extremely limited number of certified applicators in New Jersey (only one). Yet the high number of gun owners in the state leads us to believe there's an untapped market. Specifically, while you can ship firearms out of state for coating, many New Jersey residents may be weary as New Jersey is a state where firearms are very difficult to obtain but very easy to lose to the government. As mentioned, Cerakote is very popular for restoring and customizing firearms. To perform work on a firearm, Unleashed Coatings LLC is in the processing of obtaining a type 1 federal firearms dealer license. Current zoning allows this at the current business location but prohibits retail sale of firearms. Firearms may be brought in by customers or online purchases (which must go through a type 1 FFL) to be coated and returned to their owner. Being able to offer this service will provide access to a market which most other applicators in the area have no legal access to. The company is nearing the end of the licensing process and will be able to offer firearm services soon.

Mr. Whittaker is desirous of purchasing machinery and equipment which will keep him in compliance with City of Vineland codes and ordinances as well as allowing his business to expand and grow. Recent growth has necessitated adding additional equipment. An existing oven was recently converted to run on natural gas to reduce operating cost and increase efficiency. Security upgrades have been installed in anticipation of receiving the FFL and storing firearms on the premises. Since UC's opening, automotive wheels have become a very common item to have powder coated. UC has been chosen by Cervini's Auto Designs in the Vineland Industrial Park for its custom wheels. Many customers, however, are not able to store their vehicles without wheels or bring them to the business without a vehicle. UC will soon offer both removing the wheels from a vehicle and storing the vehicle while the wheels are coated. To do so safely, the business will need a safe low rise lift to get the vehicle off the ground and to store. A lift such as the Quick Jack 5000SLX will address this aspect at a cost of \$1,500. Additionally, insurance policy will need to be upgraded accordingly, cost of \$1,700.

To get in compliance with the New Jersey Fire code, the powder spray booth must be replaced with a NFPA 33 Certified booth and fitted with a fire suppression system. This booth will reduce the risk of fire and quickly put it out in an emergency. It will also eliminate contamination of different powders between jobs but cleaning the air with a multistage filter. Booths of a suitable size are custom built and cost an average of \$17,000 with a fire suppression system installed. Getting a booth installed as quickly as possible will ensure safety and avoid fines on the business.

**1a. PROJECT:** \$25,000 commercial term loan to be used for equipment acquisition and business expansion.

<u>USES</u>		<u>SOURCES</u>	
Spray Booth	\$18,000	VRLF	\$25,000*
Quick Jack	1,500		
Increased insurance	1,700		
Closing/other/misc.	<u>3,800</u>		
Total	\$25,000		

\*VRLF is funding this portion of project. As UC commenced operations earlier this year, the owner, Mr. Whittaker, has invested \$8,000 of personal resources into existing equipment and startup costs which are not included above. This would equate to over 20% of the costs when included above.

**2. COLLATERAL:**

- a.) UCC-1 filing and Security Agreement (general filing - State of NJ) on all business assets now owned and hereafter acquired of Unleashed Coatings LLC,
- b.) UCC-1 filing and Security Agreement (specific filing – State of NJ) on specific equipment and machinery being purchased by Unleashed Coatings, LLC,
- c.) Landlord Waiver,
- d.) Subordination of any and all current and/or future owner/member debt.

**3. GUARANTORS:**

- a.) Gregory Whittaker,
- b.) Guaranty of Gregory Whittaker's parents: George S. Whittaker, III, and Carol A. Whittaker.

**4. LIEN POSITION:** First on all equipment, machinery, business assets.

**5. DOLLAR AMOUNT AND HOLDER OF PRIOR LIENS:** N/A.

**6. SIZE OF PARCEL:** N/A.

**7. IMPROVEMENTS THEREON:** N/A.

**8. LOCATION OF PROPERTY / COLLATERAL:** Unleashed Coatings, LLC leases 3,000 sq. ft. at 2800 Industrial Way, Vineland, Cumberland County, New Jersey a/k/a Block 1003, Lot 1. Equipment and machinery located here.

**9. APPRAISAL INFORMATION:**

Loan-to-value  $\$25,000 / \$25,000 = 100\%$

**10. FINANCIAL:**

**11. SUBSTANTIATION:** DSCR = 6.03x (Projection), LTV = 100%

- Assist small business with ramp up and growth of operations in the Vineland Industrial Park - South.
- Guarantor on a secondary basis provides a strong repayment source.

**12. RECOMMENDATION:**