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320 Mallard Lane
Mankato, MN 56001



Associated Finishing Inc.

NEWSLETTER

CONTACT US

320 Mallard Lane
Mankato, MN 56001
TF: (866)345-5861
P: (507)345-5861
F: (507)345-5828

ABOUT US

Serving Minneapolis and
Greater Minnesota for
over 60 years

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Merry Christmas from AFI

All of us at AFI would like to wish each of you a Merry Christmas as we take this time to reflect on the year and celebrate the birth of our Savior.



It's been quite a year and we have all of you to thank for it. One of our core values that we promote the most is "Flexibility" and this year we certainly put that to the test.

We just completed the first year with our additional owners in place and the team worked together very well. The synergy of this group with Jammey in operations, Matt in sales, Mick in facility management, and Ryan in finance was phenomenal. Ted's years of experience in leading the group helped as well.

This year was all about adjusting to meet the needs of customers. We added a small paint line for a special project, we perfected the use of our powder robots, we added a facility in North Carolina, and we purchased Extreme Powder Coating in Blooming Prairie to help add capacity and consumer painting services to our mix. In addition to this, we accomplished a goal we've been working on for years – becoming ISO 9001:2015 certified!

All of this would not have been possible without our wonderful customers. We thank you for working with us and providing the feedback to help us serve your needs and make us a better company. We look forward to continuing to improve and being a special provider for you.

Merry Christmas and have a great 2022!



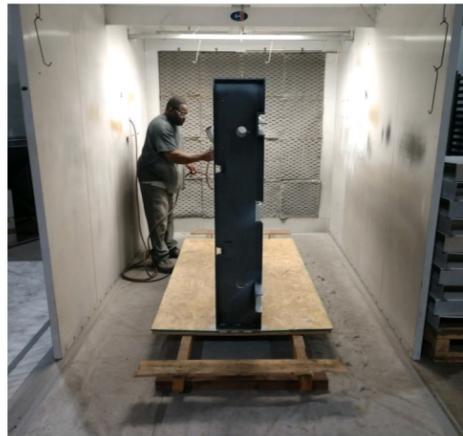
Generations of Family, Opportunities, and Relationships

A New Venture in North Carolina

Associated Finishing has officially expanded beyond the borders of Minnesota for the first time in our history. AFI Carolina, is located in Statesville, NC about forty-five minutes north of Charlotte. The opportunity to start a production facility popped up in North Carolina and it was attractive because of its growing industrial market, existing customer base, and close support of some business partners. Starting a facility outside of a day's drive from Mankato is new to us and comes with its challenges, but it is a step in the future of our growth. AFIC was officially started January 1st of this year. The original jobs in the door were painting screw heads, off-road truck equipment, and miscellaneous parts for a local OEM. The current equipment is set up best to cater to metal fabricators and OEM's needing a durable industrial finish that flashes at their customers. The knowledge of over 60 years in the finishing industry in the Midwest will ensure that the Statesville area will have proven system for high performance coatings for years to come. Housed in a 10,000 sq ft building in the Statesville's industrial park, the facility is outfitted with two paint booths, a 20' blast room, two 12' ovens, and a 16' spray-bay. The building is set up to both powder coat and liquid paint staying



consistent the company's vision to always remain as flexible as possible in our production capabilities. Starting small, the production team had three employees that were working parts through the process. The production throughput has been ramping up all year and AFIC has now grown to six full time production employees. AFI's QC manager Collin Schreyer relocated to the area to lead the team while maintaining Quality Coordinator responsibilities for all plants. The plan is to keep growing steadily, adding capacity in both equipment and employees, as stronger relationships are built within the area.



ISO 9001:2015 Certified

AFI is officially ISO 9001:2015 certified! Getting certified has been in the discussion for many years for us. The plan was set in place back in 2020 with the goal of being certified by the end of 2021.



To help us understand the standards and make an initial plan on the path to certification, we enlisted the help of Yulia Khayde of Alma, LLC. Yulia did a wonderful job of helping take AFI's existing system and translating it into the standard's requirements. Her experience in the standards and seeing it implemented in so many ways brought new ideas and growth to our organization.

AFI's existing quality management system already had much of the framework needed to meet the ISO standard because it was necessary to keep up with

our day to day business over the years. Of course there were a few tweaks and additions that we needed to implement in order to abide by the standard, but overall the transition went smoothly. Also, the implementation of the EOS operating system over the past few years helped us tremendously with the organization and flow of information needed. We feel that we have meshed the two systems cohesively and strengthened both our business and quality management systems along the way.

Continuing the Legacy — Extreme Custom Powder

Extreme Powder Coating has been servicing the industry since December 2000. Located in Blooming Prairie, MN, the original owner, Greg Peterson (and wife Linda Peterson), had a vision to serve southern Minnesota with quality affordable and dependable coatings. Greg, being a national go-kart racing champion, had enthusiasm and drive for everything he did. In the mid '80s Greg traveled to California to purchase a new kart motor. During that trip, he was introduced to powder coating firsthand. Greg thought the concept and durability of the coating was extraordinary. It was something that stuck with him and later developed into his entrepreneurial dream.

For many years Greg worked factory positions and although he was fulfilled, he desired to do more. It was then that he and childhood best friend and kart racing companion Jim, designed a business plan for Greg to achieve his powder coating dream. Greg's plan was to primarily service the dirt track racing community and area fabricators. The dream soon took off, like high octane racing fuel. He was coating for Shryock Racing Components out of Joice, IA. His relationships paved a foundation to network and promote the capabilities of his ever-growing business. Greg owned a dirt modified car, driven by the legend and best friend Mark Noble of Blooming Prairie. Soon after, he got into Elko Speedway, owning a thunder car for champion Conrad Jorgenson. All the while he was mixing business with pleasure at the racetrack and area fabrication companies were taking notice as well. With spending more time in the office, he found himself running much more than race car chassis. His mother, Barbara Peterson, stepped in as his secretary which became an integral role in



the business. With all this activity, Greg was quickly outgrowing his small beginner shop. This led him to building a new facility on the north end of town in 2007. With stable ground to stand on industrially, Greg was drawn into custom coatings and building hot rods. He had a vision, the shop, and resources to promote powder coating to high-end consumer in the street rod world. Greg was a part of the Minnesota Street Rod Association, Gopher State Timing Association, and Goodguy's Rod and Custom Association. His builds were featured in Hot Rod Magazine, Car Craft Magazine, Super Rod Magazine, Street Trucks Magazine and Gauge Magazine. His work and creativity were recognized and awarded Builder's Choice through Goodguy's and he eventually became a judge at their events. Greg was right where he wanted



to be personally and professionally. It was early summer 2013 when Greg was suddenly diagnosed with Leukemia. He pressed on determined to beat the disease. Ultimately, Greg passed away 6 months and many treatments later. He had been in remission from Leukemia, but side effects of the treatment caused trouble. Greg left behind his family, friends, and his business.

The Peterson family had no choice but to step up and carry on Greg's legacy. They knew they still had a great staff to employ, and many customers to service. With immeasurable strength, Barbara, Greg's mother took control of the finances. Tiffany, Greg's daughter, was dedicated and had worked side by side with her dad for six years prior to his passing. She learned quoting techniques bed side in LaCrosse where Greg was treated for cancer. Greg's wife Linda stepped in as President and CEO sup-



porting Greg's vision. The staff of 8, were incredible, and forged ahead without their leader.

Eight years as well as a 20-year anniversary milestone had passed and the team decided it was time for change. Linda and Barbara desired retirement and Tiffany desired more for the company, but after eight years, did not want to pursue that alone. At this time, Tiffany met Ted and John at AFI through mutual contacts. After many meetings and keeping in touch with Ted, the Peterson family felt that the culture of AFI really matched the core values of Extreme. Extreme wanted their employees to be in good hands and to continue to grow through AFI's support and resources. It was a sign from heaven, on October 1st, Greg's Birthday, that the owner of Extreme Custom Powder Coating Inc. and Associated Finishing Inc. came together to close on the sale of the business. The Peterson family celebrated looking forward to retirement and a fresh start on career opportunities for the whole team.

Extreme Powder Coating is situated in a 12,500 square foot facility. They host a manual trolley system that glides parts through a two-stage iron phosphate wash system. With an IonTech spray booth and batch oven up to 42' in length, they can handle a wide variety of products. The site also offers a 35' self-reclaiming blast system installed in 2016. Extreme handles large jobs, custom high end jobs, and small projects for anyone off the street.

AFI and Extreme Powder Coating plan to keep Greg's legacy alive and well for many years to come!