



The GemSeal Journal

“Solid content for sealcoating and paving professionals.”

Coverage You Can Count On!



A Message from the President & CEO

In case you hadn't noticed despite the 24/7 news coverage, the election is drawing near and a change in our country's leadership is imminent. I, for one, will be glad when the campaign season is behind us so we can get back to business. This election campaign – with all of its inherent uncertainty -- has caused frequent fluctuations in the stock market and, in some cases, has forced corporations to postpone hiring or investment decisions until after November.



No one likes uncertainty, and that's where we can help. You can rest assured that, no matter who ends up occupying the Oval Office or other Congressional offices, our commitment to you and your business is unwavering. You can continue to count on Gem-Seal for reliable pavement maintenance products and equipment,

unmatched customer service, and unbeatable support to help you grow your business.

In that spirit, I invite you to unwind with our latest newsletter. In this issue, you'll see industry and product updates, technical and maintenance tips, and other company improvements designed to provide greater service and support.

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Pavement is Our Passion!®

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Please let us know your feedback about this newsletter and our company. We are always available and happy to listen to your input, good or “constructive.” Our goal is to continue to improve GemSeal, but we can’t improve if we don’t know where you think we’re falling short. Together, we will get better and move the pavement maintenance industry forward.

Speaking of moving forward, as many of you know, we have transitioned from ownership by Oldcastle to becoming an independent company in 2016. Members of management teamed up with Luther King Capital Headwater Investments to purchase

the company in January. We’re excited about the opportunities that lie ahead of us with a partner who cares as deeply as we do about investing in our business so we can grow and better support our customers. Every transition comes with hiccups, and ours had its share of them. Thanks to everyone for your patience during the transition.

Finally, we wouldn’t be here without your loyalty to our products and people. I sincerely appreciate your business in 2016.

With best regards,
Jeff Lax

INDUSTRY NEWS

Get the Facts: Refined Coal Tar and PAH Regulations for Pavement Sealers

Starting with the City of Austin in 2006, several locations in the United States have banned the use of pavement sealers made with refined coal tar. The bans stem from a study conducted by the United States Geological Survey (USGS), which claims that elevated concentrations of polycyclic aromatic hydrocarbons (PAH) in the environment are attributed mainly to refined tar pavement sealers. Subsequent reviews of the USGS study found flaws in this claim.

The [Pavement Coatings Technology Council](#) (PCTC), an industry organization representing manufacturers and raw material suppliers who service the pavement sealer industry, has conducted due diligence and research which challenges the findings of the USGS study. Nevertheless, despite the PCTC’s results, a negative perception of refined tar sealers has persisted and led to bans in two states, and a few counties and cities in the country. These bans have occurred despite the fact that neither OSHA nor the EPA classify refined tar sealers as hazardous, and the International Agency for Research on Cancer (IARC) has not classified refined tar sealers as human carcinogens.

PAHs are a large group of compounds, of which more than 100 are known. These materials generally have low volatility and a high boiling point. PAHs occur naturally in organic materials and are produced when organic substances are burned. In other words, PAHs are a by-product of combustion. PAHs are present all around us in our environment. For example, they are found in plastics, tires, cooked food, auto exhaust, charcoal and wood-burning stoves, fireplaces, asphalt pavement, and power plants.

Refined tar sealers generally have higher PAH levels compared to other sealers. Asphalt-emulsion sealers also contain PAHs but at a

reduced level versus refined tar. In light of the current environment, the presence of bans, and resulting need for alternatives, GemSeal recognized the need for a non-coal tar product with lower PAHs that outperformed asphalt-emulsion sealers. We developed [Black Diamond™](#) and introduced this new sealer to the market in 2014. We also sought and obtained approval for use of Black Diamond in coal-tar restricted areas.

Since we introduced Black Diamond, however, new regulations have been imposed in certain townships within Michigan and Illinois which focused on PAH levels instead of the presence of coal tar in the sealer. In these new bans, the maximum PAH content must be at or below 0.1%. Although Black Diamond has approximately 80% less PAHs than refined coal tar sealers, it does not meet this lower threshold requirement.

We have reached out to governing bodies in Michigan to better understand the PAH-based restriction and to create a path forward that would enable the use of Black Diamond in those areas. Our outreach has been well-received and demonstrates that GemSeal is trying to be environmentally-responsible while still providing customers with a better-performing product.

In the meantime, our R&D team continues to develop even lower-PAH products with improved durability. GemSeal distributors are also prepared to help customers make the transition, if necessary, to using different products. In the San Antonio area, for example, Nancy Navarrete of Sealcoating Supplies, Inc. was involved in the efforts to defend refined tar sealers prior to the recent ban, and she now stands ready to educate and assist customers on alternative solutions.



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Earn points on every purchase toward travel, entertainment, home goods, and more. Ask your GemSeal representative for details and login credentials.

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PRODUCT SPOTLIGHT

Introducing Black Diamond™ XL

If you're a sealcoat contractor or property manager, you know about PolyTar®, our premium refined tar sealer which has been manufactured with polymers to add longer life and durability. GemSeal has taken our proprietary processes used to make PolyTar and applied it to Black Diamond™. The result is **Black Diamond™ XL**, a polymer-modified sealer offering "Xtra Long" durability, superior adhesion to pavement, impressive cohesive strength, unsurpassed elasticity, and improved gas/oil resistance. These benefits translate into even better protection and longer life on asphalt pavement surfaces.

The Process:

There are three methods to polymer-modify sealer: post-adding, in-process, and cross-linking. We use the cross-linking method to produce Black Diamond XL.

- 1. Post-Adding:** Add latex polymer into finished sealer, which yields modest improvement.
- 2. In-Process:** Add latex polymer into the liquid slurry prior to milling which, like post-adding, yields only modest improvement.

3. Cross-Linking: Bonding polymer directly to the sealer base binder using special processes, heat, and chemistry *provides SUPERIOR improvement in performance.* Our proprietary manufacturing process has been proven in the field for more than 25 years in making PolyTar, the best performing refined tar sealer on the market.

The Benefit of Cross-Linking vs Other Methods:

- 1. Improved cohesive strength**
 - Measure of sealer film's ability to hold together under stress
 - Higher resistance to tracking
 - Higher resistance to wheel scarring
- 2. Improved adhesive strength**
 - Stronger film bond to the pavement surface for longer durability

Black Diamond XL will be available at all GemSeal locations in 2017.

GemSeal Black Diamond™ is Comparable to Refined Tar Products with Far Less Burn

In 2014 GemSeal developed a better asphalt emulsion sealer for contractors and property owners who prefer an alternative to refined tar (RT), yet desire a product comparable in performance and price.

Black Diamond™ is a high-performance sealer that combines the positive aspects of asphalt emulsion (AE) sealer with many of the better performance attributes of RT sealers. This product exceeds AE performance with better coverage, greater durability, and superior color stability.

After nearly three full years on the market, Black Diamond pavement sealer is gaining popularity among contractors for its unique advantages and proven results. A few recent applications include the Route 66 Museum in Clinton, OK; WinStar World Casino

in Thackerville, OK; and an apartment complex in Kennesaw, GA.

Features & Benefits:

- Zero coal tar - enabling use in areas restricting RT products
- No burn - crews who use RT sealers will love applying it
- Less odor - far less "sealer smell" than RT products
- Temperature tolerant - can be applied at lower temps than AE sealers, which can be finicky in low 50-degree temps
- More water - higher dilution rate than AE sealers, which means more money in your pocket
- Color stable - goes down and stays black

Black Diamond is available at all GemSeal locations.



PROJECT PROFILES IN SUCCESS

Sure-Seal Pavement Achieves Praise-Worthy Result with Black Diamond™ XL

A printing and literature distribution facility for a worldwide religious group in Georgetown, Ontario, Canada needed a solution for its oxidized and poorly patched-over parking lot. Sure-Seal Pavement went on site to evaluate the pavement and devised a plan to properly repair patched areas, crack seal, and sealcoat the 650,000 sq ft parking lot. Completed together, these procedures would prolong pavement lifespan and enhance curb appeal. But, the daunting challenge was to execute the work without disrupting operations.

This was no easy task since the facility receives thousands of visitors on a weekly basis for tours of the complex. In addition to the print shop, there are distribution and office buildings, a vehicle maintenance center, maintenance shops, a waste management center, and a residence on-site that provides accommodations for over 400 volunteer workers that operate the facility.

Procedures had to be scheduled around deliveries, shipments, and staff shifts, which meant completing work in phases during and after normal work hours as well as on the weekends. Because of the challenges with site access and a desire for an extended maintenance cycle, Sure-Seal had to carefully select and recommend the right materials for the job.

For the sealcoat portion of the project, Sure-Seal first considered GemSeal PolyTar® because of their long history of using the product and its highly durable properties. However, after becoming aware of GemSeal Black Diamond™ XL, an enhanced, polymer-modified version of the conventional Black Diamond sealer, Sure-Seal recommended it instead. The site's facility managers readily accepted the product because of its extended wear, low odor, low VOCs, and low PAH content.

When all of the work had been completed on the parking lot and surrounding drive lanes, the repairs added up to 4,000 sq ft of asphalt repair, over 35,000 linear feet of routing and crack sealing, and a two-coat application of Black Diamond XL.

The result has received praise from the customer. Tire scuffing on parking lots and especially in the shipping/receiving areas has been minimal to none.

As an applicator, Sure-Seal immediately noticed how nicely the product sprayed with hand wands and self-propelled, ride-on applicators. Coverage was even and the consistent, deep-black color was immediately appealing to the eye. Additionally, there was no odor—commonly experienced with some refined tar products—and little to no burn (or skin sensitivity during application).

Lance Bradshaw, President of Sure-Seal Pavement, further commented, **“After experiencing the benefits of the premium Black Diamond XL, we feel the product is a truly viable alternative to refined-tar based sealers in every market in North America. Given the choice, and due to increasing regulatory factors, we are confident that most customers will select this product over all other options.”**

He continued, **“The key is to educate your customer and make them aware of alternative products and the long-term benefits. Our customer is extremely happy with the results. We believe your customer will be, too.”**





Tip the scales in your favor!

At GemSeal®, our striping paints have higher solids, which produces a heavier product that provides greater coverage per gallon.

You'll have less to buy and your clients will have markedly brighter and longer-lasting striping.

Put us to the challenge and see for yourself.



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*New Retail Stores: North Atlanta | North Baltimore | Oklahoma City | Worcester, MA

A Home-Run Project with GemSeal FedSpec

A beloved, south-side Chicago baseball franchise doesn't give up runs easily nor does its ballpark sacrifice quality.

That is why [M&J Asphalt Paving](#) out of Cicero, IL, recommended GemSeal [FedSpec](#) refined tar emulsion sealer mixed with GemSeal [Rapid Set](#) polymer-modified additive to the facility team at Guaranteed Rate Field (formerly U.S. Cellular Field).

These two products were applied on approximately 1.2 million sq ft of asphalt on various lots surrounding the field; used together, they will help protect the surface and extend pavement durability for many baseball seasons to come. The jet-black color also complements the home team's logo!



A Winning Solution with a Trio of Products

WinStar World Casino, the largest casino resort in Oklahoma, isn't gambling with their pavement asset.

At the recommendation of their paving contractor, City Pavement, they selected GemSeal [Crack-Flex Pro](#), GemSeal [Black Diamond™](#) sealer, and GemSeal [Fast Dry Latex Supreme Paint](#) for application on over two million sq ft of their parking lot pavement.

The work was completed in phases to provide access to parking as well as entrances and exits, and to enable business-as-usual for the busy complex, which operates 24/7.



QUALITY CONTROL

What Does it Really Mean to You?

Have you ever experienced premature wear or failure of a product in the field? What about poor curing, poor adhesion to the surface, cracking, or abrasion? GemSeal has a rigorous [quality-control process](#) to help reduce those problems from occurring when using our products. This is because every plant has a lab where specific tests are performed on raw materials before production, during manufacturing, and on finished products before delivery to you.

Tests for raw materials (to make sure good stuff goes in):

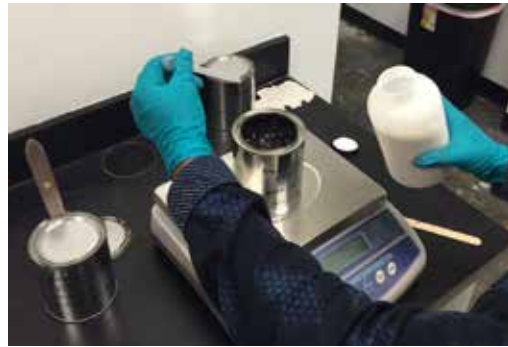
- Solids Content
- Float Test or Softening Test

Tests for sealers (to make sure you get what you pay for):

- Solids Content
- Ash Content
- Viscosity

In addition to tests at our plants, the GemSeal R&D lab also conducts performance tests (to ensure expected performance):

- Scrub Test
- Wet Track Abrasion
- Mandrel Test



GemSeal products are sold only if they pass these tests, along with other strict specifications. Plus, all of our plants keep a log with product information corresponding to each production run. We analyze the data, review weekly statistical reports, and analyze outliers to find possible deviations in production or equipment performance. That's why GemSeal's products stand out in a crowded industry as the most consistent.

TECHNICAL TIPS

Getting Prepared in the Off Season

By late summer, excess sealer at the top of your tank may become dry from sunlight and heat. Loose chunks of dried sealer can wreak havoc on motors and pumps. If you are seeing unusual build-up in your filter baskets, check the inside top of your sealing rig for buildup. Hold a mirror inside your tank and shine a flashlight aimed at the top. If you notice dried sealer hanging down, it can be removed with a long-handled scraper and then you can fish the material off the bottom of your empty tank.

Build-up in your tank not only adds weight to your load, but it also takes up space and reduces the volume of sealer you can haul. Repeat trips to your local supplier can be time consuming; but, extra travel can be avoided by thoroughly cleaning your tank during the winter months. (And, if you have been rinsing your equipment on a regular basis during the season to reduce build-up, performing a thorough cleaning in the off season will be much easier.)

GemSeal uses air chisels to strip the inside of our tankers down to bare metal and you can do the same. On smaller tanks, place a two-by-four against the side of your tank and pound with a large hammer (this technique is especially effective if your rig has been sitting outside in freezing weather for more than one day). The solid sealer will fall to the bottom of your tank.

For those in a warm climate, a worker will need to climb inside the tank and start scraping. However, before beginning, take the following precautions. Make sure your tanks have had time to air out. Appoint someone to stand by as a monitor before a worker enters the tank. The person going inside must use proper safety

equipment and dress. Confined space permits may be required to be OSHA compliant; lockout-tagout and confined-space procedures should be followed.

If you intend on housing sealer through the winter, your tank should be located in an insulated and heated building. If your tank remains outside and there is the possibility of freezing, insulation or a heating source can help prevent cold weather from affecting the sealer. However, once product has frozen, its integrity has been compromised and you should not use it the following spring.

Winter 'To-Do' List

- Clean/flush stripping equipment
- Clean melters
- Grease or lube agitator chain
- Drain air compressor tanks and lines of water that may have built up over the season
- Check rig connections, pillow blocks, gaskets, hoses, valves, and tips; if anything needs repairing or replacing, now is the time to do it
- Assess your records - how did your estimates compare to actual yields or time for each project?
- Procure up-to-date SDS sheets on all material you haul*

*Documentation storage tip: cut a three-inch diameter piece of PVC pipe two inches longer than the width of your paperwork; slide in your data sheets and secure both ends with a cap.

PROFIT POINTERS

2016 Tax Saving Tip

Most business owners are always looking for strategies that can help them reduce their income taxes. One tax-saving opportunity is something called the Section 179 tax deduction.

Normally, when a business purchases equipment to be used in their trade or business, the deduction for this equipment is spread out over a number of years. This yearly amount is referred to as depreciation. So the business owner is allowed to reduce his income for the cost of the equipment, but the deduction occurs over the useful life of the equipment.

However, Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment purchased or financed during the tax year. That means that if you buy (or lease) a piece of qualifying equipment, you can deduct the FULL PURCHASE PRICE from your gross income. It's an incentive created by the U.S. government to encourage businesses to buy equipment and invest in themselves.

Today, Section 179 is one of the few incentives included in any of the recent Stimulus Bills that actually helps small businesses - and millions of small businesses take advantage of this deduction to save BIG money on their taxes.

An average size contractor might be paying 25% federal income tax, 5% or more state tax, and 15% Self Employment Tax. That's

a total tax rate of 45%. Deducting the full cost of a piece of equipment in 2016 could result in significant savings.

For example, let's say a sealcoating contractor is preparing to buy a 550-gallon spray rig for \$25,000. If they purchase the equipment (either cash or finance) prior to December 31, 2016, they will be able to deduct the full \$25,000 in 2016 by taking advantage of the Section 179 deduction. Based on a 45% total tax rate, that results in a tax reduction of \$11,250 in 2016.

You should contact your tax advisor to see if the Section 179 deduction may be a good way for you to reduce your tax bill this year.

GemSeal offers a full line of [application equipment](#) as well as blowers, strippers, and melters. If you are considering purchasing equipment before next season, you should seriously consider making the purchase prior to December 31, 2016, to take advantage of the Section 179 deduction.

Finally, we at GemSeal are not tax advisors. You should always consult your accountant or tax advisor to better understand your particular situation.

Feeling blue that it didn't stay black?

Next time, choose GemSeal®. We make our sealers using a precision colloid mill with a higher solids content to deliver greater coverage and pavement protection per gallon as well as non-fading black color. Combine this with regular application of our crack sealants and striping paints to extend the safe usability of your parking lots.

Trust GemSeal to help you get the results you paid for!

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NEW FACES

GemSeal Welcomes New Employees and Distributors

Employee Update

- Hernan Gamez has been promoted to full-time Mill Operator at the Dallas Plant
- Brett Burdis has joined the sales team in Dallas from Crafcro TX; he will work with contractors, distributors, and municipalities to grow our business

New Distributors

- [Aldrich Tool Rental, Inc.](#), West Pam Beach, FL; contact Dorsey Tennant at 561-683-8511
- [Cajun Paving & Construction](#), Scott, LA; call 337-991-9719
- [Hy-Tech Property Services](#), Richmond, VA; call 804-744-5501

REGIONAL NEWS

Atlanta – Congratulations to [Harry Carter](#), Regional GM, for celebrating his 35th year with GemSeal on October 3, 2016.

Atlanta has expanded our fleet this year to keep up with the growing demand for [Black Diamond™](#) and Black Diamond XL. The additions included a third delivery tanker and two additional drop tankers. Greensboro, NC, also received a new delivery tanker.

Please keep Barbara Wallis, wife of GemSeal employee Bill Wallis, in your prayers; she suffered a stroke in January.

Prayers for our longtime customer Jim Newman, of [Newman Pavement Maintenance](#) in Decatur, AL. Jim is slowly recovering from a blood infection.

Mark Alexander of [Alexander Sealcoating & Striping Inc.](#) in Montgomery, AL, is recovering from a successful lung transplant at Duke University. During his hospital stay, his wife, Brenda, was at his side.

Auburn Hills – With the demand of weekly and monthly rentals, we have added units, including more melters, to better accommodate our customers. These units are available for daily, weekly, monthly and even seasonal rental.

Auburn Hills has also expanded our equipment sales business; we are now offering a full line of [sealcoating equipment](#) in addition to our line of strippers, blowers, and melters.

Baltimore/Boston – Recently, our products were specified and applied on a “high-stakes” project for the Twin River Casino in Lincoln, RI. The job was contracted to [Frank E. Clines, Inc.](#)

Next month, Black Diamond™ will be applied on 1.2 million sq ft of pavement at the Peninsula Town Center in Hampton, VA. [Hy-Tech Property Services](#), based in Richmond, will perform the work.

Building improvements are nearly complete on our retail store in Worcester; we are open for business through the construction, so please come out and see us!

Dallas – We are in the final stages of completing the expansion of our existing showroom. The new area will add more than 100 sq ft in which to display products and equipment.

The Dallas plant is pleased to introduce our newest contractor-reseller based in Scott, LA, about 10 minutes west of Lafayette. [Cajun Paving](#), founded in 2002 by three brothers Eli, Josh, and Aaron Valentin, has experienced steady growth over 14 years by providing a full array of quality services ranging from sealcoating and complete asphalt installation and repair to concrete and asphalt recycling/crushing services. Cajun Paving is excited to distribute a full range of GemSeal brand products and supplies to customers throughout Mid-Louisiana.

Oklahoma City – We are thrilled to announce that GemSeal products have been specified by two of the largest highway contractors in Oklahoma.

In May we opened a Retail Store located at 1628 S. Kelham in Oklahoma City. Since its opening, the store has been well received by existing and new customers alike. If you're in the area, stop by to speak with our friendly staff, tour the showroom, and preview/purchase equipment.



Tampa – In July, GemSeal introduced [Aldrich Tool Rental, Inc.](#) as a distributor in Florida. Aldrich carries the GemSeal line of products and related supplies. Aldrich also rents strippers and blowers and performs small engine and pump repairs. They are located at 1601 Congress Avenue in West Palm Beach.



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