

**APPLICATION FOR CERTIFICATE OF PUBLIC  
 CONVENIENCE TO OPERATE AS A SOLID WASTE  
 COLLECTION COMPANY UNDER CHAPTER 81.77 RCW**

1300 South Evergreen Park Drive SW  
 P.O. Box 47250  
 Olympia, WA 98504-7250

PHONE 360-664-1222

FAX 360-586-1181

TTY 360-586-8203

TTY TOLL FREE 1-887-210-5963

WEBSITE: [www.wutc.wa.gov](http://www.wutc.wa.gov)

The UTC has a policy of providing equal access to its services. If you need special accommodations, please call 360-664-1133.

16-101354-AT

Type of Solid Waste Authority Requested	Fee Required
<input type="checkbox"/> <u>Expedited Temporary Authority</u> (to meet an urgent need for up to thirty days) - Complete entire application and Attachment A (WAC 480-70-136)	\$ 25
<input type="checkbox"/> <u>Temporary Authority</u> (to meet an immediate or urgent need) - Complete entire application and Attachment A (Attachment A is not required to be filed for an application for temporary certificate to operate an existing certificate pending the outcome of an application to transfer permanent authority.)	\$ 25
<u>New Permanent Authority</u> (including extension of authority)- (check appropriate box below) Complete entire application and submit a proposed tariff as outlined in the standard tariff form <input type="checkbox"/> New Certificate <input type="checkbox"/> Extension of Existing Certificate _____	\$200
<u>Permanent Authority to Transfer</u> (WAC 480-70-090) (check appropriate box below) - Complete entire application and Attachments B <input checked="" type="checkbox"/> All of Certificate No. G-145 _____ <input type="checkbox"/> Portion of Certificate No. G- _____	
<input type="checkbox"/> <u>Reinstatement of Cancelled Certificate</u> (must be filed within 30 days of cancellation) -Include a statement justifying the reinstatement and complete sections 1, 2 and 8	\$200
<input type="checkbox"/> <u>Name Change</u> - does not include changes resulting in change in ownership - Complete section 1 and Attachment C	\$ 35
<input type="checkbox"/> <u>Mortgage of Certificate</u> - Complete section 1 and Attachment D	\$ 35
<u>Lease of Authority</u> - Complete entire application and Attachment B <input type="checkbox"/> All of Certificate <input type="checkbox"/> Portion of Certificate No. G - _____	\$200

**SECTION 1 - APPLICATION INFORMATION**

Name of Applicant: Sanitary Service Company, Inc.		
Trade Name(s) (if applicable):		
Phone Number: (360) 734-3490	Fax Number: (360) 671-0239	E-Mail: Ed@ssc-inc.com
Business Address Street: 1001 Roeder Avenue		Mailing address (if different from Business Address) Street: P.O. Box 1702
City: Bellingham		City: Bellingham
State/Zip: Washington 98225		State/Zip: Washington 98227

FOR OFFICIAL USE ONLY			
Date Filed: 8/9/10	Staff Assigned: [Signature]	Motcar: MT11	Permit Issued G-
Tariff: Adopt	Insurance: on file	Contract:	DOL/SOS:
Application: GA-	RMS Docket #: 0025581	Related App ID:	Map:
Text approved for docket	Reception #:	227-02: 200.00	032-05:

**SECTION 2 – BUSINESS INFORMATION**

**Type of business structure:**

Individual  Partnership  Corporation  Other (LP, LLP, LLC) \_\_\_\_\_ UBI No. 600-172-770 *dk*

List the name, title, and percentage of partner's share or stock distribution for major stockholders:

<u>Name</u>	<u>Title</u>	<u>Stock Distribution or Percentage of Shares</u>
Cora Razore		25%
Paul Razore	President	25%
Sepic Trust		33%
Michael and Sara Torre	Director	9%
Mark Torre		4%
Adreienne Torre Choate		4%

Indicate below the commodity to be hauled and the territory in which you wish to operate. **PLEASE NOTE** Territory must be described using boundaries such as streets, avenues, roads, highways, townships, ranges, city limits, county boundaries or other geographic descriptions. In addition to describing the territory, you must file a map that meets the requirements of WAC 480-70-056 and clearly shows the described territory.

Please see attached Exhibit 1 (Description and Map of Authority Sought)

State below the conditions that justify the granting of this application. If you are applying for temporary certificate authority, be sure your statement addresses and supports the question of "immediate and urgent need."

This application seeks Commission approval to transfer the authority presently contained in Certificate No G-145, held by Blaine Bay Refuse, Inc. (BBR), to Certificate No. G-14, held by Sanitary Service Company, Inc. (SSC). In August 2008, SSC acquired control of BBR, and properly notified the Commission of the acquisition. See attached correspondence (Letter dated August 26, 2008 from Polly McNeill to Secretary Danner, and Letter dated September 16, 2008 from Secretary Danner to Polly McNeill). SSC now desires to combine the two companies' operations so that one entity is providing solid waste collection services in the consolidated territories in Whatcom County, including the City of Blaine, under authority of its Certificate No. G-14.

Do you currently hold, or have you ever held, a solid waste certificate?

No  Yes If yes, please indicate your certificate number: G-14

Have you ever applied for and been denied a certificate to transport solid waste?

No  Yes If yes, please explain: \_\_\_\_\_

Please tell us about your experience and knowledge of transportation or solid waste, including motor carrier driver and equipment safety requirements. SSC operates under authority of Certificate No. G-14 and currently provides solid waste collection services in most of Whatcom County, including commercial services in the City of Bellingham. SSC is qualified to provide service and is ready, willing and able to do so. SSC owns and operates suitable motor vehicular and employs personnel and drivers who are trained and capable of providing the requested services. SSC has immediate access to equipment, financial resources, personnel, customer services, and operations infrastructure to provide collection services to customers in the territory currently served by BBR.

Have you been cited for violation of state laws or Commission rules?

No  If yes, please explain: \_\_\_\_\_



**SECTION 6 – SAFETY AND OPERATIONS**

In each of the categories show below, list the person and position responsible for understanding and complying with the Federal Motor Carrier Safety Regulations (FMCSR) and Washington State laws and rules. Please refer to the WAC rules, Fact Sheets, and publication "Your Guide to Achieving a Satisfactory Safety Rating" for assistance with requirements that may apply to your specific operations.

**SAFETY RESPONSIBILITIES**

**COMMERCIAL DRIVERS LICENSE (CDL) REQUIREMENTS (Title 49, Code of Federal Regulations Part 383)** Any driver who operates a vehicle that meets the definition of a commercial motor vehicle must have a valid CDL.

Name: Rodd Pemble	Position: Safety Manager
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**DRIVER QUALIFICATION REQUIREMENTS (Title 49, Code of Federal Regulations Part 391)** Driver's must meet minimum qualification requirements and each company must maintain driver qualification files for each driver.

Name: Rodd Pemble	Position: Safety Manager
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**DRIVERS HOURS OF SERVICE (Title 49, Code of Federal Regulations Part 395)** Drivers must maintain logs and each company must maintain true and accurate hours of service records for each driver.

Name: Rodd Pemble	Position: Safety Manager
-------------------	--------------------------

**CONTROLLED SUBSTANCES AND ALCOHOL TESTING (Part 382)** All persons who drive commercial vehicles requiring a CDL must be in a Controlled Substance and Alcohol Testing program that complies with the FMCSR in 49 CFR Part 382 and 49 CFR Part 40.

Each company will have in place a system for complying with FMCSR governing alcohol and controlled substances testing requirements (49 CFR Part 382 and 49 CFR Part 40).

Name: Rodd Pemble	Position: Safety Manager
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**INSPECTION, REPAIR AND MAINTENANCE (Title 49, Code of Federal Regulations Part 396)** Every motor carrier shall systematically inspect, repair, and maintain all motor vehicles subject to its control.

Name: Garrett Lemley	Position: Shop Manager
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**OPERATIONAL RESPONSIBILITIES**

List the person and/or position responsible for understanding and complying with the requirements of each category shown below.

**TARIFF RATES AND CHARGES (WAC 480-70-226 through WAC 480-70-351)** Companies must file with the Commission a tariff showing all rates and charges it will charge its customers, together with rules that govern how rates and charges will be assessed.

Name: Ed Nikula	Position: CFO/VP
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**ANNUAL REPORTS and REGULATORY FEES (WAC 480-70-071 & 076)** Companies must annually file a report of their financial operations and pay regulatory fees.

Name: Ed Nikula	Position: CFO/VP
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**BIOMEDICAL WASTE (WAC 480-70-426 through 476)** Companies that transport biomedical waste must handle and transport that waste according to the appropriate requirements of the federal hazardous materials regulations (49 CFR Parts 170-189) and the additional requirements in these rules.

Name: Ed Nikula	Position: CFO/VP
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**CUSTOMER SERVICE** –Person responsible for customer service complaints, customer notice requirements, and compliance with county solid waste plans.

Name: Jackie Finn	Position: Office Manager
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**STATE OF WASHINGTON – general laws, rules and regulations:** Individuals and companies doing business in the state of Washington must comply with the regulations of local, state, and federal agencies. Please state the name and position of the person in your organization who will be responsible for ensuring compliance with the laws of the state of Washington, such as, but not limited to: Department of Labor and Industries (industrial insurance, safety, prevailing wage); Department of Licensing (vehicle and drivers licenses, business licensing, Unified Business Identifier (UBI number), fuel permits, fuel tax); Secretary of State (corporate registrations); Department of Transportation (over-size or over-weight permits); Department of Revenue and Internal Revenue Service (taxes); and Employment Security.

Name: Ed Nikula	Position: CFO/VP
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**SECTION 7 – HEARING INFORMATION**

If the Commission assigns this application for formal hearing, estimate the number of witnesses you will present and the amount of time you will need for your presentation.

Number of witnesses: 4	Amount of time: 2 hours
Will an attorney be representing you? If yes, complete the following:	
Attorney's name: Polly L. McNeill	Attorney's phone number: (206) 676-7040
Attorney's address: Summit Law Group 315 Fifth Avenue S., Suite 1000	Fax Number: (206) 676-7041 E-mail: <a href="mailto:pollym@summitlaw.com">pollym@summitlaw.com</a>
City, State, Zip: Seattle, WA 98104	

**TYPE OF PAYMENT:**

<input checked="" type="checkbox"/> Check	<input type="checkbox"/> Money Order	<input type="checkbox"/> AMEX	<input type="checkbox"/> Discover	<input type="checkbox"/> MasterCard	<input type="checkbox"/> Visa
<b>Credit Card Information:</b>					
Expiration Date: _____			Amount: _____		

**SECTION 8 – DECLARATION OF APPLICANT:**

I understand that filing this application **does not** in itself constitute authority to operate as a solid waste collection company.

As the applicant for a solid waste collection company certificate, I understand the responsibilities of a solid waste collection company, and I am in compliance with all local, state, and federal regulations governing business in the state of Washington.

I certify under penalty of perjury under the laws of the State of Washington that the information contained in this application is true and correct.

I certify that I am authorized to execute and file this document.

Printed name of applicant: Paul A. Razore, President

Signature of Applicant: *Paul A. Razore*

Date, County, State: 07-22-10 WHATCOM WASHINGTON

**EXHIBITS 1a AND 1b**

**MAP AND DESCRIPTION  
OF AUTHORITY TO BE TRANSFERRED  
(CERTIFICATE NO. G-145)**

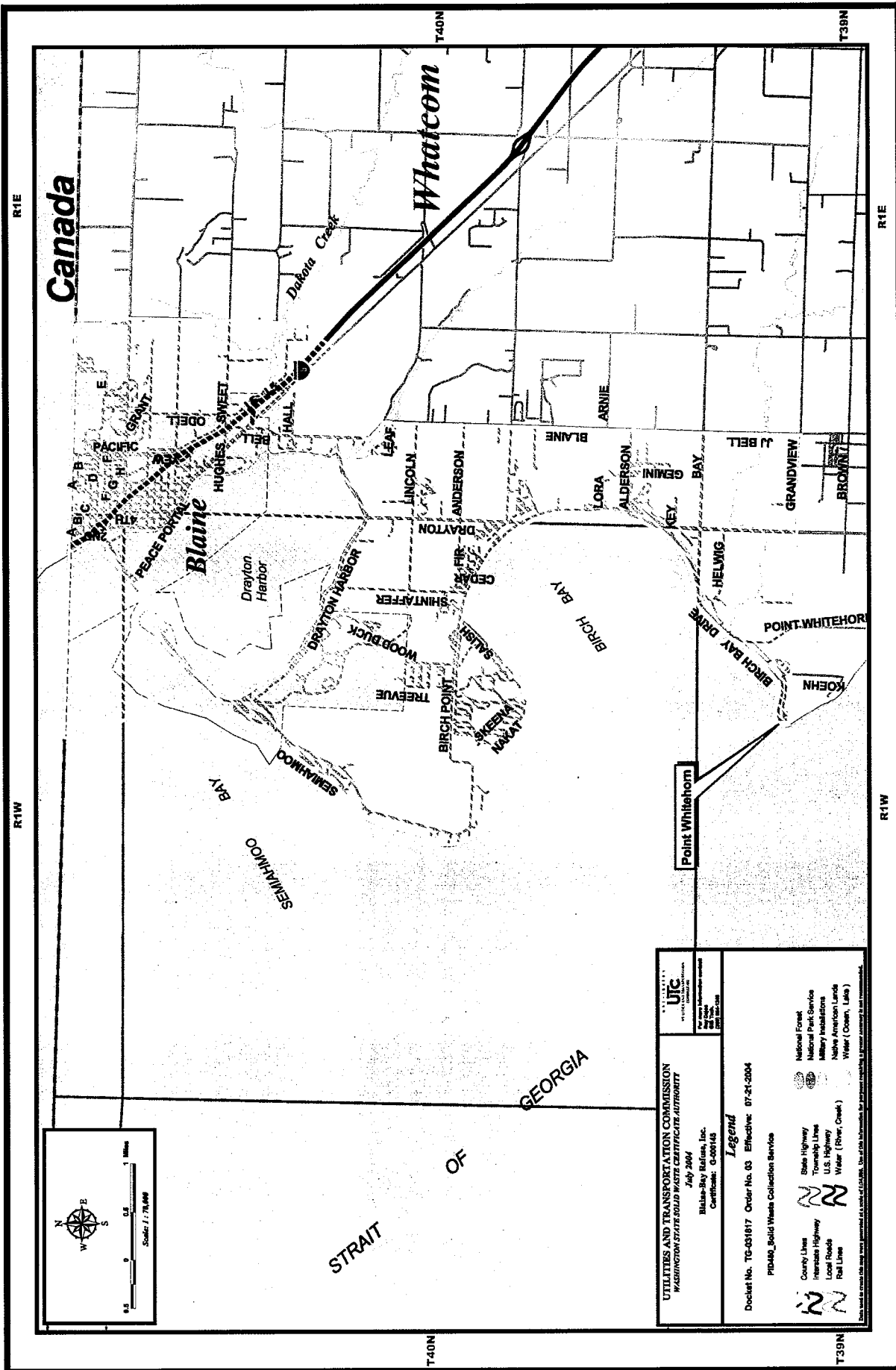


Exhibit 1a

# For the Operation of Motor Propelled Vehicles

pursuant to the provisions of Chapter 81 RCW

THIS IS TO CERTIFY that authority is granted to operate as a MOTOR CARRIER in the transportation of the commodities and in the territory described herein to

Blaine-Bay Refuse, Inc.  
Box 66  
Blaine, WA 98230

CERT. NO.  
G-145

D-1

GARBAGE AND REFUSE COLLECTION SERVICE In the City of Blaine, Washington, and within a radius of one mile of said city limits in Whatcom County. In that portion of Whatcom County described as follows: Starting at the intersection of the Blaine Road and Hall Road; thence south on the Blaine Road to the Grandview Road; thence west on the Grandview Road extended to Point Whitehorn; thence north on Birch Bay Drive to Birch Point Road; thence west on Birch Point Road to Semiahmoo Drive; thence north on Semiahmoo Drive to Drayton Harbor Road; thence east on Drayton Harbor Road to Blaine Road; thence north along Blaine Road to the point of beginning.

M. V. G. No. 1208

9-26-85

WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

By

*Thomas Fischer*



Exhibit 1b



**EXHIBIT 1c**

**ACQUISITION OF CONTROL CORRESPONDENCE**



**SERVICE DATE**

**SEP 19 2008**

STATE OF WASHINGTON  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250  
(360) 664-1160 • TTY (360) 586-8203

September 16, 2008

Polly L. McNeill  
Summit Law Group  
315 Fifth Ave. S Suite 1000  
Seattle, WA 98104

Dear Ms. McNeill:

We have received your recent notice of acquisition of control by Sanitary Service Company, Inc., of Blaine Bay Refuse, Inc. solid waste certificate G-145, and corresponding changes to the company's tariff. Because this is an acquisition of control, the existing certificate will not change. Enclosed is a copy of the certificate for your information.

If you have any questions regarding this transaction, please contact Tina Leipski of our Licensing Service staff at (360) 664-1170 or by e-mail at [tleipski@wutc.wa.gov](mailto:tleipski@wutc.wa.gov).

Sincerely,

DAVID W. DANNER  
Executive Director and Secretary

Enclosure





# SUMMIT LAW GROUP®

*a professional limited liability company*

POLLY L. MCNEILL

DID: (206) 676-7040

EMAIL: [pollym@summitlaw.com](mailto:pollym@summitlaw.com)

August 26, 2008

Dave Danner  
Executive Secretary  
P.O. Box 47250  
1300 S. Evergreen Park Dr. SW  
Olympia, WA 98504-7250

**Re: Acquisition of Control Notification**

Dear Secretary Danner:

This letter is to provide written notification to the Commission of the recent acquisition of control by Sanitary Service Company, Inc. (SSC) of Blaine Bay Refuse, Inc. (BBR). On behalf of both companies, we submit the following information and attachments regarding the stock acquisition.

WAC 480-70-096 Information:

The name, registered trade names, and certificate number of the acquired company:

*Blaine Bay Refuse, Inc.,  
Certificate of Convenience and Necessity No. G-145  
(no registered trade names)*

The date of acquisition:

*August 1, 2008*

The names of majority shareholders and percent of stock each holds:

*Sanitary Service Company, Inc.  
100%*

The name, address, telephone number, telefacsimile number, and email address of a contact person within the company to whom questions may be directed:

315 FIFTH AVE S SUITE 1000  
SEATTLE, WASHINGTON 98104  
telephone 206 676-7000  
facsimile 206 676-7001  
[www.summitlaw.com](http://www.summitlaw.com)

Dave Danner  
August 26, 2008  
Page 2

*Ed Nikula*  
*mailing: P.O. Box 1702, Bellingham, WA 98227*  
*physical: 1001 Roeder, Bellingham, WA 98225*  
*tel: 360-734-3490*  
*fax: (360) 671-0239*  
*email: ed@ssc-inc.com*

The location (mailing address and physical address) where books and records of the acquired company will be retained:

*c/o Sanitary Service Company, Inc.*  
*mailing: P.O. Box 1702, Bellingham, WA 98227*  
*physical: 1001 Roeder, Bellingham, WA 98225*

Enclosed please find a revised Tariff Page No. 1 for Tariff No. 3 of Blaine Bay Refuse, Inc., with the appropriate contact information provided.

Service and Tariff Matters:

Blaine Bay Refuse, Inc. holds exclusive rights to perform solid waste collection within the municipal limits of the City of Blaine. Otherwise, the territory authorized for service by Certificate No. G-145 overlaps with SSC's territory under Certificate No. G-14. (See attached maps.) The overlap encompasses land above the ordinary high water mark on Point Whitehorn north of Grandview Road; following Birch Bay Drive around Birch Bay; within the area known as Birch Bay Village and along the coast of the Georgia Strait and Semiahmoo Bay (including the Semiahmoo Spit); and then along the southern coast of Drayton Harbor. It is commonly referred to as the "Birch Bay Peninsula."

Both BBR and SSC will continue to operate in the Birch Bay Peninsula overlap territory. New customers will be served by SSC. SSC will work with existing customers of BBR by providing written notice and customer service coordination to transition them gradually over a several month period to SSC. It is the intention of SSC to eventually apply for authority to transfer the authority contained in Certificate No. G-145 to Certificate No. G-14, but for now the two companies will continue separate operations.

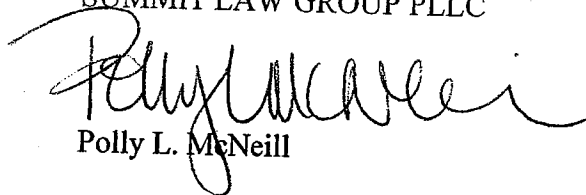
Also, we will shortly be filing revisions to BBR's tariff to update the recycling commodity tracker and fuel surcharge, and perhaps to address other tariff matters.

Dave Danner  
August 26, 2008  
Page 3

If you have any questions, please do not hesitate to call either me or the contact person identified above.

Sincerely,

SUMMIT LAW GROUP PLLC

A handwritten signature in black ink, appearing to read "Polly L. McNeill", written in a cursive style.

Polly L. McNeill

Enclosures

cc: Paul Razore  
Ed Nikula  
Pat Dunn  
Penny Ingram

**EXHIBIT 2**

**TRANSFeree'S PROFIT AND LOSS STATEMENT  
(BBR'S 2009 ANNUAL REPORT)**

## Schedule 2A Comparative Balance Sheet – Total Company

**Instructions:** Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in company books of account.

Line No.	Account Names (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
<b>Current Assets:</b>			
1	Cash and Working Funds	140,593	683,627
2	Special Deposits		
3	Temporary Cash Investments		
4	Notes Receivable		
5	Receivables from Affiliated Companies		
6	Accounts Receivable	122,998	125,063
7	Less: Allowance for Uncollectables	(16,000)	(16,000)
8	Net Accounts Receivable	106,998	109,063
9	Prepayments		
10	Materials and Supplies		
11	Other Current Assets		
12	Total Current Assets	247,591	792,690
<b>Tangible Property:</b>			
13	Solid Waste Operating Property (Sched. 2C, Line 12)	1,302,133	1,278,186
14	Less: Accumulated Depreciation (Sched. 2C, Line 22)	(528,741)	(609,196)
15	Net Solid Waste Operating Property	773,392	668,990
16	Non-Operating Property		
17	Less: Accumulated Depreciation		
18	Net Non-operating Property		
19	Total Net Tangible Property	773,392	668,990
<b>Intangible Property:</b>			
20	Organization, Franchises, and Permits		
21	Accumulated Amortization – Credit		
22	Other Intangible Property		
23	Accumulated Amortization – Credit		
24	Total Net Intangible Property		
<b>Other Assets and Deferred Items:</b>			
25	Investment and Advances		
26	Undistributed Earnings from Subsidiaries		
27	Deferred Debits	5,400	5,400
28	Other Assets	30,000	30,000
29	Total Other Assets and Deferred Items	35,400	35,400
30	<b>Total Assets (Add Lines 12, 19, 24 and 29)</b>	<b>1,056,383</b>	<b>1,497,080</b>



**Schedule 2B**  
**Comparative Balance Sheet – Total Company**

**Instructions:** Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in company books of account.

Line No.	Account Name (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
<b>Current Liabilities:</b>			
1	Notes Payable		
2	Payables to Affiliated Companies		
3	Accounts Payable	41,482	40,658
4	Salaries and Wages Payable		
5	Accrued Taxes	41,644	87,022
6	Current Portion of Long Term Debt (Equip. and Other)	101,172	72,154
7	Other Current Liabilities	76,522	477,867
8	<b>Total Current Liabilities</b>	<b>260,820</b>	<b>677,701</b>
<b>Long Term Debt After 1 Year:</b>			
9	Equipment Obligations	350,830	209,110
10	Other Long Term Debt		
11	Unamortized Premium/Discount on Debt – (net)		
12	<b>Total Long Term Debt Due After 1 year</b>	<b>350,830</b>	<b>209,110</b>
<b>Deferred Credits and Other Items:</b>			
13	Deferred Credits	153,700	161,900
14	Other Credits		
15	<b>Total Deferred and Other Credits</b>	<b>153,700</b>	<b>161,900</b>
16	<b>Total Liabilities (Add Lines 8, 12, and 15)</b>	<b>765,350</b>	<b>1,048,711</b>
<b>Shareholder's and Proprietor's Equity:</b>			
17	Capital Stock		
18	Capital Stock	500	500
19	Paid in Capital in Excess of Par	79,401	79,401
20	Other Capital		
21	<b>Total Capital Stock</b>	<b>79,901</b>	<b>79,901</b>
22	Proprietor's Capital		
23	Sole Proprietor's Capital		
24	Partnership Capital		
25	<b>Total Proprietor's Capital</b>		
26	Retained Earnings	211,132	368,468
27	<b>Total Equity (Add Lines 21 and 26, or 25)</b>	<b>291,033</b>	<b>448,369</b>
28	<b>Total Liabilities and Equity (Line 16 plus Line 27)</b>	<b>1,056,383</b>	<b>1,497,080</b>

## Schedule 3 Income Statement

**Instructions:** Complete this Total Company Income Statement in accordance with the end-of-year accumulated figures as reflected in company books of account.

Line No.	Account (a)	Total Company (b)
<b>Revenues</b>		
1	Solid Waste Operating Revenues (Line 12d, Schedule 4A)	1,442,239
2	Other	120,283
3	Total Revenues	(Line 1 plus Line 2) <u>1,562,522</u>
<b>Expenses</b>		
4	Driver Wages and Benefits	318,576
5	Truck Operating Costs	56,150
6	Repair and Maintenance	70,291
7	Insurance and Safety	17,023
8	Disposal and Processing	568,394
9	Depreciation	104,402
10	Selling and Advertising	5,403
11	Office and Administration	35,936
12	Management Fees	72,000
13	Taxes and Licenses	68,718
14	Rents	
15	Other Expenses	
16	Total Expenses before Other Items	(add Lines 4 thru 15) <u>1,316,893</u>
17	Net Income before Other Items	(Line 3 minus Line 16) <u>245,629</u>
<b>Other Income and Expenses</b>		
18	Other Income/(Loss)	15,577
19	Interest, Dividends, and Other Investment Income/(Loss)	2,575
20	Distrib./Undistrib. Income/(Loss) from Subsidiaries	
21	Interest Expense	(35,236)
22	Other Deductions	
23	Extraordinary Items (Net)	
24	Total Other Income and Expense	(add Lines 18 thru 23) <u>(17,084)</u>
25	Net Income before Federal Income Taxes	(Line 17 plus Line 24) <u>228,545</u>
26	Federal Income Taxes	71,209
27	Net Income/(Loss)	(Line 25 minus Line 26) <u>157,336</u>

**EXHIBIT 3**

**TRANSFeree'S EQUIPMENT LIST  
(BBR'S EQUIPMENT)**

Printed  
04/22/09

BLAINE BAY RECYCLING  
ROLLING STOCK

EQUIP #	PLATE #	VIN #	CHASSIS			BODY	MAKE	SIZE (YDS)	BODY MODEL	Cost (\$)	GVW (lbs)	Insur. Weight Class*
			MAKE	YEAR	POWER							
700-BBR	B938086B	5VCHC6MF08H202532		2007	D	REFUSE	AUTC			184821	48000	
488-BBR	71703V	1HTSDPNN3NH460388		1993	D	RECYL	INTER				34000	
800-BBR	B04430E	5VGHC6MF07H205598		2007	D	RECYL	AUTC			259777	60000	
801-BBR	B08012E	1CYCCB482VT043257		1997	D	CRANE	CABCHASS			139928	60000	

**ATTACHMENT B**

**JOINT APPLICATION FOR TRANSFER  
OF CERTIFICATED AUTHORITY**

# ATTACHMENT B

## JOINT APPLICATION FOR TRANSFER OR LEASE OF CERTIFICATED AUTHORITY

This attachment must be completed when filing a joint application for permission to transfer or lease rights under Certificate of Public Convenience and Necessity.

Certificate Number G- 145

Check appropriate box:

Transfer All\*

Transfer Portion\*

Lease All\*\*

Lease Portion\*\*

Blaine Bay Refuse, Inc.

Current Name on Certificate (Seller/Lessor)

Current Trade Name on Certificate (Seller/Lessor)

1001 Roeder Avenue, Bellingham, Washington 98225  
Address (Seller/Lessor)

(360) 734-3490  
Phone Number

Fax: (360) 671-0239

E-Mail: pollym@summitlaw.com

Have all fines and /or penalties been paid?  
Has the closing annual report been filed?

No  Yes  
 No  Yes

Does the buyer/lessee agree to begin service as soon as the Commission authorizes the transfer or lease?

Yes

No, if not, then when? \_\_\_\_\_

If the commission assigns this application for formal hearing, do both the seller/lessor and the buyer/lessee agree to be present at the hearing?

Yes

No


Both the seller/ lessor and the buyer/lessee certify that this application is not made for the purpose of hindering, delaying or defrauding creditors.

This application must include a map and copy of the certificated authority to be transferred/leased. If applying for permission to transfer or lease a portion of the certificated authority, then the application must include a map and description of both the portion to be transferred/leased and the portion to be retained by the existing certificate holder.

We, as applicants, hereby jointly declare and affirm that all information is true to the best of our knowledge.

  
Seller's/Lessor's Signature  
By: Paul A. Razore

07-22-10 WHATCOM WASHINGTON  
Date, County, State

  
Buyer's/Lessee's Signature  
By: Paul A. Razore

07-22-10 WHATCOM WASHINGTON  
Date, County, State

\*If this application is for transfer, please attach a copy of the sales or other agreement to sell.

\*\*If this application is to lease, please attach a copy of the executed lease agreement.

**ATTACHMENT B(1)**

**STOCK PURCHASE AGREEMENT (REDACTED)**

## STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT is made and entered into as of 8/1, 2008, by and among RECYCLING AND DISPOSAL MANAGEMENT SERVICES INCORPORATED, a Washington corporation ("*Seller*"), LARRY McCARTER and ROSEMARY BOLSTER, Husband and Wife, (collectively "*Shareholder*") and SANITARY SERVICE COMPANY, INC., a Washington corporation ("*Buyer*").

### RECITALS

A. Seller is the sole shareholder of Blaine-Bay Refuse, Inc., a Washington corporation (the "*Company*") and Shareholder is the primary shareholder in Seller and is a director and officer of Seller.

B. The Company is engaged in the business of collecting, processing, transferring, transporting, recycling and disposing of municipal solid waste, industrial non-hazardous waste, commercial solid waste, construction and demolition waste, green or yard waste, and other waste in Whatcom, County, Washington, and is the owner of Certificate of Necessity and Convenience Permit No. G-145 (the "*Certificate*").

C. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, \_\_\_\_\_ shares of the Company's Common Stock (the "*Shares*"), which Shares constitute 100% of the outstanding capital stock and voting power of the Company.

### AGREEMENTS

In consideration of the mutual covenants and promises contained herein, the parties hereto hereby agree as follows:

#### 1. PURCHASE AND SALE.

1.1 **Purchase; Closing.** In accordance with the terms and conditions of this Agreement, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase from Seller, the Shares, free and clear of all liens and encumbrances of any kind or nature except those related to the bank loan with \_\_\_\_\_ Bank (approximate balance of \_\_\_\_\_) and all garbage truck leases and the obligation to lease/purchase a 2008 Peterbilt Chasse equipped with a Labrie Side Loader listed on Schedule 1. The closing of the transactions contemplated hereby (the "*Closing*") shall take place on August 1, 2008, unless otherwise mutually agreed by Buyer and Seller (the "*Closing Date*").

1.2 **Closing Balance Sheet.** At Closing, Seller, Shareholder and Buyer agree that the only assets and liabilities of the Company shall be those set forth on the pro forma Balance Sheet for the Company attached hereto as Schedule 1 and incorporated herein by this reference (the "*Closing Balance Sheet*") and such assets shall include, without limitation, the accounts receivable for all amounts billed, or to be billed, by the Company to customers for



services that were performed by the Company prior to the Closing Date and for services that will be performed by the Company or Buyer on and after the Closing Date (the "**Closing Accounts Receivable**"). Prior to the Closing Date, Seller and Shareholder shall take all actions necessary to assure that on the Closing Date the only Liabilities, of any kind or nature, including liabilities for taxes, and the only assets of the Company will be those listed on the Closing Balance Sheet subject only to any adjustment to the Closing Accounts Receivable based upon the determination made pursuant to Section 2.3.

## 2. PURCHASE PRICE.

**2.1 Amount and Payment.** The purchase price for the Shares shall be (the "**Purchase Price**"). Buyer shall pay Seller the Purchase Price by paying in cash at the Closing and the balance, amortized over 15 years together with interest at the rate of 7% per annum, in equal consecutive monthly installments with the outstanding principal and all accrued interest thereon due and payable in full on or before the earlier of the fifth anniversary of the Closing Date or the date of the closing of the sale of either all of the outstanding stock of Buyer or all, or substantially all, of the assets of Buyer. Such obligation shall be evidence by a Promissory Note substantially in the form attached hereto as **EXHIBIT A** (the "**Note**").

**2.3 Payment for Accounts Receivable.** In addition to the Purchase Price under Section 2.1 Buyer shall pay Seller in cash on the Closing Date the excess of the amount of the Closing Accounts Receivable over the sum of (i) the allowance for uncollectible accounts on the Company's financial records (which is approximately \_\_\_\_\_ and (ii) the portion of the Closing Accounts Receivable that is for the Services to be performed by the Company or Buyer after Closing. Seller, the Company and Buyer shall cooperate in good faith to send out the billings for the Closing Accounts Receivable that would have been sent in the month of August if the sale hereunder had not occurred and to advise the customers to send their payments to the address requested by Buyer. If any payments on the Closing Accounts Receivable are received by Seller, Seller shall remit such cash to Buyer within one (1) business day after receipt. Since the amount paid to Seller for the Closing Accounts Receivable already accounts for an allowance for uncollectible accounts, Buyer shall take the risk that the Closing Accounts Receivable are uncollectible except to the extent that the Closing Accounts Receivable are uncollectible because of any fraud or willful misconduct by Seller or Shareholder in which cases Seller and Shareholder shall be liable to Buyer under Section 8.

**2.4 Buyer's Right of Offset.** In the event of any claim by Buyer for indemnity under this Agreement, Buyer shall be entitled to withhold the amount of the payments due under the Note that are necessary to fulfill the indemnity claim on the terms set forth below:

2.4.1 Prior to withholding any payments due under the Note, Buyer shall be required to file a claim in arbitration pursuant to Section 2.3.2 hereof and file a motion for a prejudgment attachment of funds.

2.4.2 The arbitrator shall be required to make findings, based upon the evidence presented at a hearing on the motion that, on a more probable than not basis: (a) Buyer has a valid claim for indemnity; and (b) the amount sought to be withheld is reasonable.

If the arbitrator makes the foregoing findings, all payments thereafter becoming due under the Note shall be paid into an interest bearing account at a commercial banking institution selected by the arbitrator to be held pending the outcome of the arbitration. Simultaneously with entering the order directing that funds be withheld, the arbitrator shall, at Seller's or Buyer's request, establish an expedited timeline for hearing and resolving the claim in arbitration.

### 3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller and Shareholder, jointly and severally, represent, warrant and covenant to Buyer that the following statements are true and correct on the date of this Agreement and will be true and correct on the Closing Date as though made on such date:

3.1 **Binding Agreements.** Seller has all power and authority to execute and deliver this Agreement, to carry out Seller's obligations under this Agreement, and to consummate the transactions contemplated by this Agreement. Shareholder has all power and authority to execute and deliver this Agreement, to carry out Shareholder's obligations under this Agreement, and to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Seller and Shareholder and constitutes the legal, valid and binding obligation of Seller and Shareholder enforceable in accordance with its terms.

3.2 **Absence of Conflicts.** The execution, delivery and performance by Seller and Shareholder of this Agreement does not and will not, directly or indirectly (with or without notice or lapse of time): (i) violate, conflict with or result in a breach or default under any provision of the articles of incorporation or bylaws of the Company or Seller or any resolution adopted by the board of directors or the shareholders of the Company or Seller; (ii) contravene, conflict with or violate any federal, state or local statute, ordinance, regulation, rule, order or other law (collectively, "**Laws**") or any order, writ, judgment, injunction or decree by any federal, state or local government, authority, agency, commission, court, or judicial body ("**Governmental Order**") applicable to Seller, the Shareholder, the Company, or any of their respective assets or businesses; or (iii) conflict with, result in any violation, breach or default under, give to others any rights of termination or revocation of, or result in the creation of any lien, mortgage, security interest, right of first refusal, right of purchase, covenant, encroachment, or other encumbrance of any kind (collectively, "**Liens**") on any of the assets of the Company or result in the imposition or acceleration of any payment pursuant to, any note or other material contracts, agreements, obligations, promises, or understandings (whether written or oral, express or implied) (collectively, "**Contracts**"), the Certificate, or any permit to which Seller, Shareholder or the Company is a party or by which Seller, Shareholder or the Company or any of their respective assets are bound or encumbered.

**3.3 Consents and Authorizations.** The execution, delivery and performance by Seller and Shareholder of this Agreement does not and will not require any consent, approval, authorization or other order of, action by, registration or filing with, or declaration or notification to, any government agency or any other person other than the approval by the Washington Utilities and Transportation Commission (the "*WUTC*") of the change in ownership of the Company from purchase of the Shares as it affects the Certificate.

**3.4 Organization and Existence.** The Company is a corporation duly incorporated and validly existing under the laws of the state of Washington and has all corporate power and authority to own or lease its assets and to conduct its business as it is being conducted. Seller has delivered to Buyer true and complete copies of the articles of incorporation, bylaws and other organizational documents of the Company.

**3.5 Foreign Qualification.** The Company is not required to qualify to do business as a foreign corporation under the laws of any other state or other jurisdiction by virtue of either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it.

**3.6 Ownership and the Company.** The authorized capital stock of the Company consists of \_\_\_\_\_ shares of common stock. The Shares constitute all of the outstanding equity securities of the Company, and are and will be at Closing owned and held of record and beneficially solely by Seller, free and clear of all Liens. All of the Shares have been duly authorized and validly issued and are fully paid and nonassessable, and the offer, issuance and sale thereof was and is in compliance with all preemptive or similar rights and all securities and other Laws. There are no existing options, warrants, calls, rights, commitments or other agreements of any character to which the Company is a party requiring, and there are no securities of the Company outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional shares of capital stock or other equity securities of the Company or other securities convertible into or exchangeable for shares of capital stock or other equity securities of the Company. The Company does not own any interest in any other person or entities.

**3.7 Financial Information.** The QuickBooks accounts furnished by Seller to Buyer are true and accurate in all material respects (the "*Financial Information*").

**3.8 Books and Records.** The Company's books of account and other records, copies of which have been made available to Buyer, are materially complete and correct and have been maintained in accordance with sound business practices and all applicable Laws. A true and correct copy of the minute book of the Company has been delivered to Buyer and it contains accurate and complete records of all meetings held, and action taken by consent resolution in lieu of meetings, by the stockholders and board of directors of the Company.

**3.9 Absence of Certain Events.** Since the last date for which the Financial Information is applicable, the Company has conducted its business only in the ordinary course of business and, except for the distribution of assets and Liabilities of the Company to Seller described in Section 7.7 and the termination of the S Election of the Company effective as of the day before the Closing Date as described in Section 7.10, there has not been any: (a) change in

the Company's authorized or issued capital stock, grant of any option or right to purchase interests in the Company, other than this transaction with Buyer, or issuance of any security convertible into an interest in the Company; (b) adoption of, amendment to or change in the benefits under any Benefit Plan; (c) damage to or destruction or loss of any material asset of the Company; (d) sale (other than sales of inventories in the ordinary course of business), lease or other disposition of any material asset or property of the Company or the creation of any Liens on any such asset; (e) cancellation or waiver of any claims or rights of the Company; (f) material change in the accounting methods used by the Company; (g) advance of any loan to Seller, Shareholder or any Related Person or entry into any Contract with Seller, Shareholder or a Related Person; or (h) Contract by the Company to do any of the foregoing. For the purposes of this Agreement, a "*Related Person*" shall be with respect to any person, any person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with such person, and in the case of a corporation includes shareholders, directors and officers, in the case of individuals includes the individual's spouse, father, father-in-law, mother, mother-in-law, grandfather, grandmother, brothers, brothers-in-law, sisters, sisters-in-law, sons-in-law, daughters-in-law, children and grandchildren, and in the case of a trust includes the grantors, trustees and beneficiaries of the trust.

**3.10 Real Property.** Schedule 3.10 contains a complete and accurate list of all real property or interests therein owned, leased or used by the Company in the past 5 years. Seller has delivered to Buyer true and complete copies of the deeds, leases and other instruments by which the Company acquired such real property and interests, and copies of all title insurance policies, opinions, abstracts, and surveys in the possession or control of Seller or the Company relating to such property or interests. Each lease provides for rental and terms that are no more than fair market value for the location of each piece of leased property.

**3.11 Assets.** The Company owns and has good and marketable title to all the properties and assets (whether real, personal, or mixed and whether tangible or intangible) that it purports to own, whether described in this Agreement, located in any real property or facilities owned or leased by the Company, or reflected as owned in its books and records of the Company, including, without limitation, the properties and assets reflected in the Financial Information, and all other equipment, trucks, totes, dumpsters, machinery, fixtures, improvements, furniture, computer equipment, software, electronics, telephones and papers and records used or usable by the Company. Except as set forth on the Financial Information, all such assets are owned free and clear of any and all Liens.

**3.12 Intellectual Property.** Schedule 3.12 contains a complete and accurate list of all trade names, trademarks, patents, inventions, copyrights, or applications for the same, know-how, trade secrets, customer lists, data, plans, drawings, and other intellectual property, owned, used, or licensed by the Company as licensee, licensor, franchisee, or franchisor, or relating to the Company or its assets (collectively "*Intellectual Property Assets*"). Except as described in the Financial Information, the Company is the owner of all right, title, and interest in and to all Intellectual Property Assets, free and clear of all Liens, and has the right to use such without payment to a third party. The ownership and use by the Company of the Intellectual Property Assets does not infringe upon the rights of any third party.

**3.13 Bank Accounts.** Schedule 3.13 contains a list of the name of each bank or financial institution in which the Company has an account or safe deposit, the account numbers thereof, and the names of all persons authorized to draw on or have access thereto.

**3.14 Contracts.** Schedule 3.14 contains a complete and accurate list of all Contracts to which the Company is a party. Complete and accurate copies of each of those Contracts has been delivered to Buyer. With respect to each Contract to which the Company is a party: (a) it is legal, valid and binding on the Company and, to the Seller's and Shareholder's knowledge, enforceable in accordance with its terms; (b) it is in full force and effect; (c) the Company is not in default; (d) the Company has not waived any of its rights; (e) to Seller's and Shareholder's knowledge, no other party thereto has breached or is in default thereunder and there does not exist any event or condition that, with or without the lapse of time or the giving of notice, would become a breach or default or would cause the acceleration of any obligation; and (f) to Seller's and Shareholder's knowledge, at no time has any person asserted or threatened any adverse claim against the Company concerning any of its duties under any such Contract. At the request of Buyer, Seller shall arrange to terminate or assume particular Contracts as Buyer shall request.

**3.15 Insurance.** Schedule 3.15 sets forth a complete and accurate list and brief description of all insurance policies currently held by the Company or relating to the Company and/or its assets (the "*Insurance*"). Except as set forth on Schedule 3.15, Seller has delivered to Buyer complete and accurate copies of all such Insurance. Neither Seller nor Shareholder has knowledge of any material claim against the Company during the last five years except as set forth in Schedule 3.15. All Insurance is in full force and effect and shall remain so through the Closing Date. The Company is not delinquent with respect to any premium payments for Insurance, is not in default or breach with respect to any provision contained in such Insurance, and has not failed to give any notice or to present any claim under such Insurance in a due and timely fashion.

**3.16 Liabilities.** The Company has no debts, claims, obligations, damages, costs, expenses, assessments, judgments or liabilities of any type or nature, whether civil, criminal or other, and whether known or unknown, due or to become due, fixed or contingent, matured or unmatured (collectively, "*Liabilities*") except for the Liabilities fully reflected or reserved against in the Financial Information and current liabilities incurred in the ordinary course of business of the Company since the last date for which the Financial Information is applicable. Since the last date for which the Financial Information is applicable, there has not been any material adverse change in the business, operations, prospects, assets, results of operations or condition (financial or other) of the Company, and no event has occurred or circumstance exists that may result in such a material adverse change (other than events or circumstances that may generally affect similarly-situated businesses).

**3.17 Litigation.** Except as set forth in Schedule 3.17, there are no actions, suits, litigation, arbitration, hearings, investigations or proceeding commenced, brought, conducted or heard by or before, or otherwise involving, any court or other governmental agency or arbitrator (collectively, "*Actions*") pending, or, to Seller's and Shareholder's knowledge, threatened (i) by or against the Company, or that otherwise relate to or may affect the business of or any of the assets owned or used by the Company, or (ii) that seeks to question, or that would

have the effect of delaying, preventing or otherwise interfering with the consummation of the transactions contemplated by this Agreement. To Seller's and Shareholder's knowledge, no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any Actions. There is no Governmental Order to which Seller, Shareholder or the Company, or any of the assets owned or used by the Company, is subject that would have the effect of delaying, preventing or otherwise interfering with the consummation of the transactions contemplated by this Agreement, and, to the knowledge of Seller and Shareholder, no officer, director, agent, or employee of the Company is subject to any Governmental Order that prohibits such officer, director, agent, or employee from engaging in or continuing any conduct, activity, or practice relating to the business of the Company.

**3.18 Compliance with Law.** Except as described in Schedule 3.18, (a) the Company is, and at all times has been, in material compliance with each Law that is or was applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets; (b) no event has occurred or circumstance exists that (with or without notice or lapse of time) (i) may constitute or result in a material violation by the Company of, or a failure on the part of the Company to comply with, any Laws, or (ii) may give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any Remedial Action of any nature in any material respect; and (c) neither the Company, Seller nor Shareholder has received, at any time, any notice or other communication (whether oral or written) from any government agency or any other person regarding (i) any actual, alleged, possible, or potential violation of, or failure to comply with, any Laws, or (ii) any actual, alleged, possible, or potential obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any Remedial Action of any nature.

**3.19 Environmental Matters.**

**3.19.1** The Company is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Law. The Company has no Environmental Liabilities with respect to any property or asset (whether real, personal or mixed) in which the Company (or any predecessor) has or had an interest; and neither the Company, Seller nor Shareholder has received or has any basis to expect any actual or threatened order, notice, inquiry or other communication from any government agency relating to any actual or potential violation or failure to comply with any Environmental Law, or of any actual or threatened obligation to undertake or bear the cost of any Environmental Liabilities. To Seller's and Shareholder's knowledge, neither the Company nor any other person has permitted or conducted, or is aware of, any hazardous activity conducted with respect to any property or assets (whether real, personal or mixed) in which the Company has or had an interest except in full compliance with all applicable Environmental Laws. Seller has delivered to Buyer true and complete copies and results of any reports, studies, analyses, tests, or monitoring possessed or initiated by or for the Company pertaining to Hazardous Materials in, on, or under any property or asset (whether real, personal or mixed) in which the Company (or any predecessor) has or had an interest, or concerning compliance by the Company with Environmental Laws.

**3.19.2 "Environmental Law"** means any Law that requires or relates to:  
(a) releases, spills, dumping, disposal, leaching or migration (each a "*Release*") of pollutants or

Hazardous Materials; (b) preventing or reducing to acceptable levels the Release of pollutants or Hazardous Materials into the environment; (c) reducing the quantities, preventing the Release or minimizing the hazardous characteristics of wastes that are generated; (d) protecting resources, species or ecological amenities; (e) reducing to acceptable levels the risks inherent in the transportation of Hazardous Materials or pollutants; (f) Remedial Actions relating to pollutants that have been Released, preventing the Release or paying the costs of such Remedial Actions; or (g) making responsible parties pay private parties, or groups of them, for damages done to their health or the environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets. "**Environmental Liabilities**" means any costs, damages, expenses, liabilities, obligations or other responsibility arising from or under any Environmental Law or other Law or program designed to provide a safe and healthful environment and working conditions or to reduce occupational safety and health hazards. "**Remedial Action**" means all actions, including any capital expenditures, required or voluntarily undertaken (A) to clean up, remove, treat or in any other way address any Hazardous Material or other substance; (B) to prevent the Release or to minimize the further Release of any Hazardous Material or other substance so it does not migrate or endanger or threaten to endanger public health or welfare or the environment; (C) to perform pre-remedial studies or post-remedial monitoring and care; or (D) to bring the properties and assets of the Company and the operations conducted thereon into compliance with Environmental Laws and environmental Governmental Orders. "**Hazardous Material**" means any substance, material or waste listed, defined, or designated as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "contaminant," "toxic waste" or "toxic substance" under any provision of any Environmental Law.

**3.20 Taxes.** All tax returns required to be filed by the Company or with respect to its business have been timely filed, all such tax returns are true, complete and correct, and all taxes with respect to the Company, its business, assets and operations have been and will be timely paid, including, without limitation, any and all taxes due or payable arising from the ~~forgiveness of any indebtedness of the Company, the distribution, sale or other transfer of assets or Liabilities of the Company to Seller, Shareholder or others and the termination of the S~~ Election of the Company. The Company currently is not the beneficiary of any extension of time within which to file any tax return. No adjustment relating to such tax returns has been proposed by any taxing authority and remains unresolved. The Company has not received from any taxing authority any written notice indicating an intent to open an audit or other review or request for information related to tax matters that remains unresolved. There are no tax Liens on any of the assets of the Company. Neither the Company nor (to the knowledge of Seller) any of its owners, directors, officers, managers, employees or agents has waived any statute of limitations with respect to taxes or agreed to any extension of time with respect to a tax assessment or deficiency with respect to the Company. All taxes that the Company is required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper taxing authority. The Company is not a party to or bound by any tax sharing or similar agreement or arrangement.

**3.21 Employees.** Schedule 3.21 lists all current employees and independent contractors of the Company and their respective titles, duties, and compensation paid or payable of any nature. The Company shall have satisfied and paid all obligations owed to its employees, consultants and independent contractors, including, without limitation, obligations for wages,

salaries, commissions, bonuses, vacation, sick leave, medical, dental, life insurance, accrued benefits, other compensation and expense reimbursements for any services performed and time worked as of the Closing Date and other amounts required to be reimbursed attributable to any services performed and time worked as of the Closing Date, including, without limitation, all such obligations arising from the termination of the employment of all employees pursuant to Section 7.1 and termination of Contracts with consultants and independent contractors pursuant to Section 3.14. The Company is in compliance in all material respects with all applicable Laws respecting employment, employment practices, labor, terms and conditions of employment and wages and hours. Without limiting the foregoing, none of the Company's employees has or will have at Closing any basis to assert successfully a claim against the Company, including without limitation any claims of wrongful termination, claims arising out of any contract, express or implied, claims based on any covenant of good faith and fair dealing, any claims arising under federal, state, or local laws or ordinances prohibiting discrimination or harassment or requiring accommodations on the basis of age, race, color, national origin, religion, sex, disability, marital status, sexual orientation or of any other status, and claims for violation of public policy. Except for

, the Company is not bound by or subject to (and none of its assets or properties are bound by or subject to) any written or oral, express or implied, commitment or arrangement with any employee, labor union, or any collective bargaining agreement and no other labor union has requested or, to the knowledge of Seller or Shareholder, has sought to represent any of the employees, representatives or agents of the Company. The transactions contemplated by this Agreement will not result in the violation of any applicable Laws respecting employment, employment practices, labor, terms and conditions of employment and wages and hours.

### **3.22 Employee Benefit Plans.**

**3.22.1** Except as disclosed on Schedule 3.22, there is and has been no plan, program or policy providing for compensation, severance, vacation, sick leave, termination pay, life insurance, medical, performance awards, stock or stock-related awards, fringe benefits or other material employee-type benefits of any kind, whether formal or informal, funded or unfunded, written or oral and whether or not legally binding, which the Company sponsored, maintained or contributed to or was required to contribute to or pursuant to which the Company has any liabilities or obligations, including, but not limited to, any "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") (each a "*Benefit Plan*"). The Company does have any plan or commitment, whether legally binding or not, to establish any new Benefit Plan, or to modify or terminate any Benefit Plan.

**3.22.2** The Company is not and never has been (i) a member of a "controlled group of corporations," under "common control" or a member of an "affiliated service group" within the meaning of Code Sections 414(b), (c) or (m), (ii) required to be aggregated under Code Section 414(o), or (iii) under "common control," within the meaning of Section 4001(a)(14) of ERISA, or any regulations promulgated or proposed under any of the foregoing Sections, in each case with any entity other than the Company.

**3.22.3** (a) Each Benefit Plan has been established and maintained in accordance with its terms and in compliance in all material respects with all applicable Laws,



statutes, orders, rules and regulations, including but not limited to ERISA and the Internal Revenue Code (the "*Code*"), and each Benefit Plan intended to qualify under Code Section 401 is, and since its inception has been, so qualified; (b) all contributions to the Benefit Plans have been made in the amounts required and in a timely manner in accordance with the requirements of ERISA and the Code; and (c) no "prohibited transaction," within the meaning of Code Section 4975 or Section 406 of ERISA, has occurred with respect to any Benefit Plan. There are no actions, proceedings, arbitrations, suits or claims pending, or to the knowledge of Seller or Shareholder, threatened or anticipated (other than routine claims for benefits) with respect to any Benefit Plan. Each Benefit Plan can be amended, terminated or otherwise discontinued without liability to the Company.

**3.22.4** The execution of this Agreement and the consummation of the transactions contemplated hereby will not constitute an event under any Benefit Plan that may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits.

**3.23 Related Party Transactions.** Schedule 3.23 sets forth all Contracts, obligations and transactions between the Company, Seller and Shareholder or any Related Person of the Company, Seller or Shareholder. Without limiting the foregoing, except as set forth on Schedule 3.23, neither Seller, Shareholder nor any Related Person of the Company, Seller or Shareholder has or has had, directly or indirectly, any interest or involvement in any entity which purchases from, or sells or furnishes to, the Company any goods or services. Except as set forth on Schedule 3.23, neither Seller, Shareholder nor any Related Person of the Company, Seller or Shareholder (a) owns any property or right, tangible or intangible, which is used in the business of the Company or (b) has any claim or cause of action against the Company.

**3.24 Disclosure.** The representations and warranties contained in this Section 3, and the documents provided to Buyer by Seller or Shareholder in connection with the transactions contemplated by this Agreement, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained therein not misleading.

#### **4. REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that the following statements are true and correct on the date of this Agreement and will be true and correct on the Closing Date as though made on such date:

**4.1 Binding Agreement.** Buyer has all power and authority to execute and deliver this Agreement, to carry out its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered on behalf of Buyer and constitutes a legal, valid and binding obligation of Buyer enforceable in accordance with its terms.

**4.2 Absence of Conflicting Agreements.** The execution, delivery and performance by Buyer of this Agreement do not conflict with, create a default under or violate any Law, Contract or Governmental Order applicable to Buyer.

**4.3 Consents.** No consent, approval or authorization of, or declaration, filing or registration with, any government authority or any other person is required in connection with Buyer's execution and delivery of this Agreement or its consummation of the transactions contemplated thereby other than the approval by the WUTC of the change in ownership of the Company from purchase of the Shares as it affects the Certificate.

**4.4 Litigation.** There are no Actions pending or, to Buyer's knowledge, threatened to be brought by or before any government agency against Buyer that (i) seek to question, delay or prevent the consummation of the transactions contemplated by this Agreement, or (ii) would reasonably be expected to affect adversely the ability of Buyer to fulfill its obligations hereunder.

**4.5 Investment Intent.** Buyer is purchasing the Shares for its own account and not with a view to their resale or distribution.

**4.6 Disclosure.** The representations and warranties contained in this Section 4, and the documents provided to Seller by Buyer in connection with the transactions contemplated by this Agreement, ~~do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained therein not misleading.~~

## **5. CONDITIONS TO OBLIGATIONS OF SELLER**

Notwithstanding any other provision of this Agreement, Seller's obligation to consummate the transactions contemplated by this Agreement are subject to the satisfaction, or Seller's waiver in writing, on or before the Closing Date, of each of the following conditions:

**5.1 Representations and Warranties.** The representations and warranties of Buyer in this Agreement shall be true and correct in all material respects when made and as of the Closing Date, other than such representations and warranties as are made as of a date specified in such representation or warranty (which shall be true and correct as of such date).

**5.2 Performance.** All of the covenants and agreements to be complied with and performed by Buyer on or prior to the Closing Date shall have been complied with or performed.

**5.3 No Proceedings or Litigation.** No preliminary or permanent injunction or other order issued by any government agency, nor any Law, that restrains, enjoins or otherwise prohibits the transactions contemplated hereby, or imposes civil or criminal penalties on Seller or Shareholder if such transactions are consummated, shall be in effect.

**5.4 Closing Deliveries.** Seller shall have received from Buyer:

5.4.1 Evidence that Buyer has delivered the Purchase Price in accordance with Section 2.1 :

5.4.2 Buyer has executed and delivered the Note to Seller.

## 6. CONDITIONS TO OBLIGATIONS OF BUYER

Notwithstanding any other provision of this Agreement, Buyer's obligation to consummate the transactions contemplated by this Agreement are subject to the satisfaction, or Buyer's waiver in writing, on or before the Closing Date of each of the following conditions:

**6.1 Due Diligence Review.** Buyer's inspection and approval of the Financial Information and all other documents, records and information pertaining to the Company, the Schedules to this Agreement, the Shares and the Company's assets, liabilities, and business.

**6.2 Representations and Warranties.** The representations and warranties of Seller and Shareholder in this Agreement shall be true and correct in all material respects when made and as of the Closing Date, other than such representations and warranties as are made as of a date specified in such representation or warranty (which shall be true and correct as of such date).

**6.3 Performance.** All of the covenants and agreements to be complied with and performed by Seller and Shareholder on or prior to the Closing Date shall have been complied with or performed.

**6.4 No Adverse Change.** ~~Between the date of this Agreement and the Closing Date, there shall have been no material adverse change in the assets, liabilities or business of the Company.~~

**6.5 Notices and Consents.** Seller shall have provided all notices and Buyer shall have received all consents deemed necessary by Buyer in connection with the transactions contemplated by this Agreement, including, without limitation, consent from the WUTC, provided that Buyer shall cooperate with Seller in the giving of any such notice and the obtaining of any such consent.

**6.6 No Proceedings or Litigation.** No preliminary or permanent injunction or other order issued by any government agency, nor any Law, that restrains, enjoins or otherwise prohibits the transactions contemplated hereby, or imposes civil or criminal penalties on Buyer, if such transactions are consummated, shall be in effect.

**6.7 Closing Deliveries.** Buyer shall have received from Seller:

**6.7.1** The stock certificates representing the Shares and assignments separate from certificates in form and substance satisfactory to Buyer, all duly executed and endorsed by Seller.

**6.7.2** Resignations of Seller and Shareholder as a director and officer of the Company.

**6.7.3** A release by Seller, Shareholder and each of their respective Related Persons, satisfactory in form and substance to Buyer, of all claims against the Company.

**6.7.4** A written agreement to terminate all management and employment agreements between the Company, Seller and/or Shareholder (and their respective Related Persons, if applicable), effective at Closing, executed by Seller, Shareholder and such Related Persons.

**6.7.5** All of the Company's books and records of account, to the extent that they can be reasonably segregated from the books and records of account of any related entities, which books and accounts delivered to Buyer shall include all programs and data relating to Company customers including, without limitation, customer lists, addresses, services provided, billing information and collection and receivable information; provided, however, that Seller shall be entitled to access, after reasonable notice to Buyer, to all original financial books and records to the extent that they relate to obligations for which Seller is responsible prior to the Closing Date.

## **7. COVENANTS**

**7.1 Employees.** At the request of Buyer, Seller will provide written notice to all employees of the Company, whether or not they are subject to a written agreement, that their employment will be terminated effective at the close of business on the business day prior to Closing. As part of this notice, employees will be notified that potential employment (including starting dates and pay rates) with the Company after Closing, if any, must be established individually with Buyer. Buyer will be permitted to interview any employee at the Company's place of business during the two weeks prior to Closing for potential rehiring by Buyer and decide, in Buyer's sole and absolute discretion, which particular employees to rehire. Seller will not release any employees in the last two weeks prior to Closing (except as contemplated by this Section 7.1) without the consent of Buyer.

**7.2 Bank Accounts.** Buyer will establish new Company bank accounts prior to Closing and conduct business using those new accounts beginning at Closing.

**7.3 Investigation and Access.** After the date hereof and until the Closing Date, Seller and Shareholder shall (and shall cause the Company to) afford to representatives of Buyer full access to the books, records, offices and assets of the Company, and shall cause their accountants to afford Buyer and its representatives access to the work papers of all reviews of the financial statements of the Company.

**7.4 Pre-Closing Conduct.** Between the date hereof and the Closing Date Buyer, Seller and Shareholder shall each use its or his commercially reasonable efforts to satisfy the conditions to Closing contained herein.

**7.5 Business Relationships.** Between the date hereof and the Closing Date, Seller and Shareholder shall each use its or his best efforts to preserve and protect the business, rights, properties and assets of the Company and its relationships and goodwill with creditors, suppliers, customers, cities and others having business relationships with the Company.

**7.6 Conduct of the Company.** Between the date of this Agreement and the Closing Date, Seller and Shareholder shall cause the Company:

**7.6.1** to operate in the ordinary course of business, including causing its liabilities to be paid or satisfied in the ordinary course;

**7.6.2** not to amend or modify any of its organizational documents, not to merge or consolidate with any other person or liquidate or dissolve, and not to engage in any transactions with Seller, Shareholder or any of its or Seller's or Shareholder's Related Persons;

**7.6.3** to use reasonable efforts to maintain all assets of the Company in good operating condition, to maintain in full force and effect the policies of Insurance described in Section 3.15 and give all notices and present all claims thereunder in a due and timely fashion, and not to enter into any new Contract, including, without limitation, any agreement with the Teamsters or any other union, make any amendment to any existing Contract, or terminate any existing Contract without the prior written consent of Buyer which consent shall not be unreasonably withheld;

**7.6.4** not (a) to make any settlement of, or compromise, any tax liability, (b) to change any tax election or to change any tax or financial method of accounting, including depreciation or amortization policies or rates; or (c) to make any new tax election or adopt any new financial or tax method of accounting;

**7.6.5** not to take any action, or fail to take any action, that would cause or would be reasonably expected to cause any representation, warranty, or statement made by Seller or Shareholder in this Agreement not to be true and correct; and

**7.6.6** not to commit or agree, whether in writing or otherwise, to take any action prohibited by this Section 7.6.

**7.7 Permitted Pre-Closing Distributions.** Notwithstanding anything in this Agreement to the contrary, the Company shall, prior to Closing, distribute its shop tools, if any, the newer Isuzu panel truck and all of its other assets and Liabilities to Seller such that on the Closing Date the only Liabilities, of any kind or nature, and assets of the Company will be those listed on the Closing Balance Sheet and Seller shall pay all fees, taxes, costs and other expenses of any kind or nature incurred by the Company, Seller, Shareholder, Buyer and all third parties in connection with or arising from such distribution.

**7.8 Acquisition Proposals.** From the date of this Agreement until Closing (or the earlier termination of this Agreement pursuant to Section 10.1), Seller and Shareholder shall not directly or indirectly, through any person or entity, solicit, initiate, or encourage the submission of any proposal or offer from any person or entity relating to an acquisition of all or a portion of the Shares, the Company, or its assets, or participate in any negotiations regarding, or furnish to any other person or entity any information with respect to, or otherwise cooperate in any way with, any attempt by any person or entity to do or seek any of the foregoing. Seller and Shareholder shall, and shall cause the Company to, immediately terminate all existing discussions or negotiations with any persons or entity other than Buyer with respect to any of the foregoing.

**7.9 Confidentiality.** Seller and Shareholder shall, and shall each cause its or his Related Persons to, treat as confidential, preserve the confidentiality of, and not disclose any confidential information relating to the Company, including, without limitation, marketing information, ideas, methods, developments, inventions, improvements, business plans, pricing policies, bidding practices, contract terms, trade secrets, statistical data, customer lists or other proprietary information relating thereto, together with all analyses, compilations, or other documents, records or data. If Seller, Shareholder or any of its or his representatives or Related Persons is required by operation of law to disclose any such confidential information, Seller and Shareholder shall provide Buyer with prompt written notice of such request or requirement, which notice shall be at least 72 hours prior to making such disclosure, so that Buyer may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 7.9.

**7.10 Tax Matters.**

**7.10.1 Termination of S Election.** Seller shall take such steps as are necessary to terminate the S Election of the Company prior to the Closing Date, but after completion of the distribution of the assets and Liabilities of the Company under Section 7.7 and after the forgiveness of any indebtedness of the Company to Seller, Shareholder or any of their Related Persons, such that the Company will be a C corporation on the Closing Date and all taxes and Liabilities of the Company, Seller and Shareholder, other than those specifically listed on the Closing Balance Sheet, have been paid in full by, or passed through to, Seller and Shareholder, and the Company and Buyer have no direct or indirect taxes or Liabilities of any kind or nature arising from or attributable to periods prior to the Closing Date other than the Liabilities specifically listed on the Closing Balance Sheet.

**7.10.2 Tax Preparation and Post-Closing Adjustments.** As soon as practicable after Closing, Seller shall deliver to Buyer financial statements for the Company for the period from January 1, 2008 through the Closing Date (the "*Short Period*"), including an accrual of all tax items for the Short Period (including items that on a cash basis might otherwise appear in the period after the Closing Date). Based on such statements, Seller shall prepare or have prepared, at Seller's cost, a corporate tax return for the Short Period as though this were the Company's final return. Seller shall be responsible for paying all taxes required to be paid for the Short Period as reflected on that return and the costs of the preparation of such return. Seller shall have no right to the benefit of any losses shown on that return. Except as otherwise provided in this Section 7.10, Seller shall have no further responsibility for payment of taxes for

the calendar year ending December 31, 2008; provided, that if the Internal Revenue Service disallows the deduction of any expense or compensation paid or incurred prior to the Closing Date or assesses any additional tax attributable to the period prior to the Closing Date, including, without limitation, tax arising from forgiveness of indebtedness, from the distributions under Section 7.7 or from any time the Company was an S corporation, Seller shall be responsible for any taxes or penalties owing as a result of such disallowance or assessment.

**7.11 Further Assurances.** Seller and Buyer agree that, from time to time, whether before, at or after the Closing, each of them will execute and deliver such further instruments of conveyance and transfer, in form and substance reasonably satisfactory to each party, and take such other action as may be reasonably necessary to carry out the purposes and intents of this Agreement.

**7.12 Restrictive Covenants.**

**7.12.2 Non-Solicitation.** During the Non-Compete Period, Seller, Shareholder and all of Seller's and Shareholder's Related Persons shall not deal, directly or indirectly, in a competitive manner with or solicit any county, municipality, city or customer that uses or is considering using Buyer or any of its Related Persons for the Business (other than the activities that Seller and Shareholder are entitled to do under Section 7.12.1(A)) or solicit any officer, director or employee of Buyer or any of its Related Persons to cease to deal with Buyer or leave the employ of Buyer or its related Persons.

**7.12.3 No Disparagement.** Seller, Shareholder and all of Seller's and Shareholder's Related Persons shall not in any way make, publish, or otherwise disseminate any statement which disparages, defames, or calls into question the morality, character, integrity, honesty, conduct, esteem or reputation of Buyer or any of its Related Persons whether or not such statements shall be true. This Section 7.12.3 does not apply to the extent that testimony is required by legal process, provided that Buyer has received not less than five (5) days' prior written notice of such proposed testimony.

**7.12.4 Remedies.** The provisions of this Section 7.12 (the "*Restrictive Covenants*"), shall bind the heirs, successors, assigns and Related Persons of Seller and Shareholder. If Seller, Shareholder or any of Seller's or Shareholder's Related Persons breaches, or threatens to commit a breach of, any of the Restrictive Covenants, Buyer shall have the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable, and each of which is in addition to, and not in lieu of, any other rights and remedies available to Buyer at law or in equity:

a. Specific Performance; Injunctive Relief. The right and remedy to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer. Accordingly, in addition to any other rights or remedies, Buyer shall be entitled to temporary or permanent injunctive relief to enforce the terms of the Restrictive Covenants and to restrain Seller, Shareholder or any of Seller's or Shareholder's Related Persons from any violation thereof, without the need to post a bond and with the costs of enforcing the Restrictive Covenants (including all reasonable attorneys' fees and expenses) to be borne by Seller and Shareholder; provided, however, that nothing contained in this Section 7.12.4 shall prevent Buyer from pursuing any other remedies available to it for such actual or threatened breach including an action for damages.

b. Accounting. The right and remedy to require Seller and Shareholder to account for and pay over to Buyer all compensation, profits, monies,



accruals, increments or other benefits derived or received by Seller, Shareholder or any of Seller's or Shareholder's Related Persons as the result of any transactions constituting a breach of the Restrictive Covenants.

c. Severability of Covenants. Seller and Shareholder each acknowledges and agrees that the Restrictive Covenants are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. If any court determines that any of the Restrictive Covenants, or any part thereof, is unenforceable because of the scope of the business activities covered, the duration or the geographic area, such court shall reduce the scope duration or area of such provision, as the case may be, to the minimum extent necessary to render it enforceable and, in its reduced form, such provision shall then be enforced.

## 8. INDEMNIFICATION

**8.1 Indemnification by Seller and Shareholder.** Seller and Shareholder, jointly and severally, shall indemnify, defend, and hold Buyer and its agents harmless from and against any and all claims, liabilities, obligations, losses, damages, costs, expenses, assessments and judgments, including interest, penalties, and reasonable attorneys' fees and costs (including costs incurred in enforcing the applicable indemnity) ("*Claims and Damages*") incurred by any of them with respect to: (i) a breach of any representation or warranty made by Seller or Shareholder in this Agreement or in any certificate or document delivered by Seller at Closing pursuant to this Agreement including, without limitation, those representations and warranties relating to Environmental Liabilities; (ii) a breach on the part of Seller, Shareholder or any of Seller's or Shareholder's Related Persons of any covenant or agreement made in this Agreement or in any certificate delivered by Seller at Closing pursuant to this Agreement; (iii) all taxes and Liabilities of the Company that do not specifically appear on the Closing Balance Sheet accepted by Buyer; (iv) the termination of the S Election of the Company; (v) any Contracts that Buyer requests to be terminated under Section 3.14, and (vi) the operation of the Company and its business prior to the Closing Date.

**8.2 Indemnification by Buyer.** Buyer shall indemnify, defend, and hold Seller and Shareholder harmless from and against any Claims and Damages incurred by it or him with respect to (i) any breach on the part of Buyer of any representation or warranty made by Buyer in this Agreement or in any certificate or document delivered by Buyer at Closing pursuant to this Agreement; (ii) any breach on the part of Buyer of any covenant or agreement made by Buyer in this Agreement or in any certificate delivered pursuant to this Agreement; or (iii) Buyer's operation of the Company and its business following the Closing Date.

**8.3 Claim Notices.** Upon obtaining knowledge of any Claims and Damages, the party seeking indemnification (the "*Indemnitee*") shall promptly give written notice (a "*Claim Notice*") of such claim to the indemnifying party (the "*Indemnitor*"). The Indemnitee shall furnish to the Indemnitor in good faith and in reasonable detail such information as the Indemnitee may have with respect to such indemnification claim (including copies of any summons, complaint or other pleading which may have been served on it and any written claim, demand, invoice, billing or other document evidencing or asserting the same). No failure or delay by the Indemnitee in the performance of the foregoing shall reduce or otherwise affect the obligation of the Indemnitor to indemnify and hold the Indemnitee harmless, except to the extent that such failure or delay shall have materially adversely affected the Indemnitor's ability to defend against, settle or satisfy any such Claims and Damages.

**8.4 Defense of Third Party Claims.** In the case of third party claims, the Indemnitor shall have twenty business days after its receipt of the Claim Notice to notify the Indemnitee in writing of the Indemnitor's election to defend the claim on behalf of the Indemnitee with counsel reasonably satisfactory to the Indemnitor. If the Indemnitor elects to defend the claim, the Indemnitee shall make available to the Indemnitor and its representatives all witnesses and information in the Indemnitee's possession or control as is reasonably required by the Indemnitor and shall otherwise cooperate with and assist the Indemnitor in the defense of the claim, and so long as the Indemnitor is defending the claim in good faith, the Indemnitee shall not pay, settle or compromise the claim. The Indemnitee shall have the right to participate in the defense of the claim at the Indemnitee's own expense; provided that if the Indemnitee reasonably determines that representation by counsel to the Indemnitor of both the Indemnitor and the Indemnitee may present such counsel with a conflict of interest, then the Indemnitee may engage separate counsel to represent it with respect to the claim and the Indemnitor will, subject to the terms of this Section 8, pay the reasonable fees and disbursements of such counsel when due. If the Indemnitor does not elect to defend the claim or does not defend the claim in good faith, the Indemnitee shall have the right, in addition to any other right or remedy it may have, to defend the claim and to include its defense costs in its indemnification claim; provided that the Indemnitee shall not have any obligation to participate in the defense of or defend the claim, and such Indemnitee's defense of or its participation in the defense of any claim shall not in any way diminish or lessen the indemnification obligations of the Indemnitor under this Section 8.

**8.5 Insurance.** Notwithstanding any other provision of this Agreement, no party shall be entitled to indemnification or other remedy with respect to any Claims and Damages for which insurance proceeds are available (but only to the extent of the net proceeds actually received by the Indemnitee).

**9. COSTS; PRORATIONS.** Seller, Shareholder and Buyer will each bear all of its or his own costs and expenses (including any broker's or finder's fees and the expenses of its representatives) incurred at any time in connection with pursuing or consummating the transactions contemplated by this Agreement. All taxes (including, without limitation, federal, state and local taxes including sales and B&O taxes), utilities charges, payroll, insurance premiums, and other amounts payable by the Company (a) which become due after Closing, but which relate in part to the pre-Closing period, will be prorated, and Seller will be responsible for the pre-Closing portion, and (b) which are paid prior to Closing, but which relate in part to the post-Closing period, will be prorated, and Buyer will be responsible for the post-Closing portion.

## **10. GENERAL PROVISIONS**

**10.1 Termination.** This Agreement may be terminated (i) by mutual consent of the parties; (ii) by Seller or Buyer, provided such party is not then in default hereunder, upon written notice to the other, if the other party is in material default hereunder or if Closing has not occurred through no fault of the notifying party by December 1, 2008 (or such later date as the parties may agree to in writing); or (iii) by Seller or Buyer, upon written notice to the other, if any government agency shall have issued a Governmental Order permanently restraining, enjoining or otherwise prohibiting the purchase and sale contemplated by this Agreement and such shall have become final and nonappealable. If this Agreement is terminated pursuant to this Section 10.1, this Agreement shall thereupon be void and of no further effect whatsoever, and the parties shall be released and discharged of all obligations under this Agreement, except (a) Section 7.9 (Confidentiality) of this Agreement shall remain in effect, and with respect to the enforcement of such Section, the General Provisions of this Section 10 shall remain in full force and effect; (b) for breaches of this Agreement prior to the time of such termination; and (c) each party shall remain responsible for its own expenses incurred in connection with the transactions contemplated by this Agreement.

**10.2 Notice.** Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed to be effective and have been duly given: (a) on the date of service if hand delivered or delivered by a facsimile transfer device, receipt confirmed; (b) on the business day following the date on which deposited with a nationally recognized overnight courier for next business day delivery, expenses prepaid; or (c) on the third business day following the date on which mailed by first class registered or certified mail, return receipt requested, postage paid; and in any case addressed as follows or to such other address as shall be furnished in writing by such party pursuant to this Section 10.2:

If to Seller or  
Shareholder:

Larry McCarter  
4916 LaBounty Place  
Ferndale, WA 98248  
Fax: 360-384-0873

With a copy to:

Adelstein, Sharpe & Serka LLP  
400 North Commercial Street  
Bellingham, WA 98225  
Attention: Philip E. Sharpe, Jr.  
Fax: 360-647-8148

If to Buyer:

Sanitary Service Company, Inc.  
1001 Roeder Avenue  
Bellingham, WA 98225  
Attention: Paul Razore  
Fax: 360-671-0239

With a copy to:

Hillis Clark Martin & Peterson, P.S.  
1221 Second Avenue, Suite 500  
Seattle, Washington 98101  
Attention: David E. Myre, Jr.  
Fax: 206-623-7789

**10.3 Severability.** Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating any other provision of this Agreement.

**10.4 Survival.** The representations, warranties and covenants each of the parties shall, except as they may be fully performed prior to or contemporaneously with the Closing, shall survive the Closing and shall be fully enforceable at law or equity by the other party hereto.

**10.5 Time.** Time is of the essence in the performance of this Agreement.

**10.6 Governing Law.** This Agreement shall be construed in accordance with the laws of the State of Washington without consideration of conflict of law principals.

**10.7 Assignment; Binding Effect.** This Agreement and all of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. No party hereto may assign this Agreement or any of its rights, interest, or obligations under this Agreement without the prior written consent of the other party, except that Buyer may, without any consent, assign its rights to an entity in which it owns a majority interest and over which it exercises management control. Shareholder executes this Agreement expressly on behalf of his separate estate and his marital community, and in the event of a breach of this Agreement by Shareholder, Buyer shall have

recourse to Shareholder's separate property and all community property now or hereafter owned by him and his spouse.

**10.8 Entire Agreement.** This Agreement, together with the Schedules, and any certificates delivered by one party to the other at Closing constitute the entire agreement between the parties pertaining to the subject matter hereof and (except as expressly otherwise provided herein) supersedes all prior agreements and understandings of the parties.

**10.9 Amendments and Waivers.** The provisions of this Agreement may be amended only by the written agreement of Seller and Buyer. Subject to the foregoing, any waiver, permit, consent or approval of any kind or character on the part of any party of any provision or condition of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in such writing.

**10.10 Specific Performance.** The parties recognize that in the event that a party should refuse to perform any provisions of this Agreement, monetary damages alone will not be adequate. The non-defaulting party shall therefore be entitled, in addition to any other remedies that may be available, including money damages, to temporary or permanent injunctive relief to enforce, and specific performance of, the terms of this Agreement. In the event of any action to enforce this Agreement specifically, the defaulting party hereby waives the defense that there is an adequate remedy at law.

**10.11 Third Parties.** Except as otherwise expressly set forth herein, nothing in this Agreement is intended or shall be construed to confer upon any person or entity other than the parties to this Agreement any legal or equitable rights or remedies under or by reason of this Agreement or any provision contained herein.

**10.12 Litigation Expenses.** In any controversy, claim or dispute arising out of, or relating to, this Agreement or the method and manner of performance thereof or the breach thereof, the prevailing party shall be entitled, in addition to any other relief, to recover its reasonable costs incurred, including reasonable attorneys' fees. This provision applies to any controversy, claim, or dispute which is the subject of judicial, arbitration, administrative, or bankruptcy proceedings, including appeals therefrom.

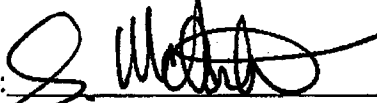
**10.13 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which together shall constitute one agreement.

**10.14 Arbitration.** If any dispute, difference, or disagreement shall arise upon or in respect of the Agreement, the meaning or construction hereof, or the performance hereof by any party hereto other than a dispute under Section 7.9 or 7.12, and if such dispute, difference, and disagreement cannot be resolved by good faith negotiation of the parties, either Seller or Buyer may, by written notice to the other, refer such dispute, difference, and disagreement to a single arbitrator agreed upon by the parties, or if no single arbitrator can be agreed upon, by an arbitrator appointed by the presiding judge of the Superior Court, in and for the state of Washington, county of Whatcom, and such dispute, difference, or disagreement shall be resolved by binding arbitration in accordance with Washington's Uniform Arbitration Act provided in

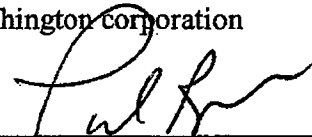
RCW 7.04A as amended. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. If neither Seller nor Buyer gives the other written notice to refer such dispute, difference or disagreement to arbitration as provided in this Section 10.14, the parties may bring an action in the applicable court with jurisdiction, provided, however, that if an action is filed other than a dispute concerning Section 7.9 or 7.12 hereof, the Defendant shall be entitled to have the matter referred to binding arbitration by filing a motion to this effect at any time within 30 days after service and filing of a summons and complaint, whichever last occurs

EXECUTED as of the date first set forth above.

**SELLER:**  
RECYCLING AND DISPOSAL  
MANAGEMENT SERVICES  
INCORPORATED, a Washington corporation


By:   
Larry McCarter, President

**BUYER:**  
SANITARY SERVICE COMPANY, INC., a  
Washington corporation

By:   
Paul Razore, President

**SHAREHOLDER:**

  
LARRY McCARTER

  
ROSEMARY BOLSTER

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**ATTACHMENT B(2)**  
**TARIFF ADOPTION NOTICE**

## TARIFF ADOPTION NOTICE

Tariff No. 3

Sanitary Service Company, Inc.

(Name of new company)

(Trade name of new company)

adopt all tariffs and supplements to the tariffs,  
filed with the Washington Utilities and Transportation by:

Blaine Bay Refuse, Inc.

(Name of prior company)

before the date of its (SSC) acquired possession  
of that (BBR) company, or a portion of the authority  
of that (BBR) company.

Notice issued by:

Name: Edward J. Nikula

Title: Vice President/Chief Financial Officer

Telephone Number: 360-734-3490

Fax Number: 360-671-0239

E-Mail Address: ed@ssc-inc.com

Date filed with Commission: \_\_\_\_\_