

L00033

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June 12, 1997

IN REPLY REFER TO

P.O. Box 1531
Tampa, FL 33601

via **FEDERAL EXPRESS**

Louise Jackson, Case Examiner
Department of State
Amendment Section
409 E. Gaines Street
Tallahassee, Florida 32399

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FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
97 MAY 30 PM 3:28

Re: Merger of Weststar Acquisition Corp. into Weststar
Environmental, Inc.

Dear Louise:

Enclosed please find a copy of the Articles of Merger (you were sent the original on June 12), Exhibit A to be attached to the original document and our firm check in the amount of \$70. Please file the Articles and send proof of such filing to me at the above address.

In regards to the dissolution of Weststar Environmental, Melinda Lilliston in the Reinstatement section was sent the necessary funds this morning by federal express. Please contact her at 487-6940 if you need any verification of the reinstatement.

Your assistance in this matter is greatly appreciated.

Sincerely,

Lori Dec
Lori Dec, Assistant to
JAMES W. GOODWIN

:lgd
Enclosures

FILING 70
R. AGENT _____
CERT. COPY _____
CUS _____
OVERPAYMENT _____
TOTAL 70

merger
Sp
6/19/97

ARTICLES OF MERGER
Merger Sheet

MERGING: -----

B&B ACQUISITION CORP., #P97000038522, a FL corp.

INTO

B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC., a Florida corporation,
L00033.

File date: May 30, 1997

Corporate Specialist: Susan Payne



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

June 9, 1997

Weststar Environmental, Inc.
P. O. Box 6003
Starke, FL 32901

SUBJECT: B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC.
Ref. Number: L00033

We have received your document for B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC. . However, the enclosed document has not been filed and is being returned to you for the following reason(s):

The fee to file articles of merger is \$35 per party to the merger - a total of \$70

Your document indicates that the officers/directors of the merging corporation will be the officers/directors of the surviving corporation. Please list an attachment giving these officer/directors names and mailing addresses.

Our records indicate that the name of the surviving corporation is B & B opposed to B&B Please correct name throughout.

The name and capacity of the person signing the document must be noted beneath or opposite the signature.

Please return a copy of this letter along with your document to ensure proper handling.

If you have any questions concerning this matter, please either respond in writing or call (904) 487-6901.

Susan Payne
Senior Section Administrator

Letter Number: 797A00030665

**ARTICLES OF MERGER OF
B&B ACQUISITION CORP.
INTO B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC.**

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS

97 MAY 30 PM 3: 28

Articles of Merger between B&B ACQUISITION CORP., a Florida corporation ("Acquisition") and B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC., a Florida corporation ("B&B").

Pursuant to §607.1105 of the Florida Business Corporation Act (the "Act") Acquisition and B&B adopt the following Articles of Merger.

1. The Agreement and Plan of Merger dated April 29, 1997 ("Plan of Merger"), between Acquisition and B&B, attached hereto as Exhibit "A" and incorporated herein by reference, was approved and adopted by the shareholders of Acquisition on April 29, 1997 and was adopted by the shareholders of B&B on April 28, 1997.

2. Pursuant to the Plan of Merger, all issued and outstanding shares of B&B's stock will be acquired by means of a merger of Acquisition into B&B with B&B the surviving corporation ("Merger").

3. The date and time of the effectiveness of the Merger shall be upon the filing of these Articles of Merger.

IN WITNESS WHEREOF, the parties have set their hands this 29th day of April, 1997.

B&B ACQUISITION CORP.

a Florida corporation

By: *W. Berry*
As it: *President*

B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC.

a Florida corporation

By: *Michael E. H.*
As it: *CEO*

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
97 MAY 30 PM 3: 28

EXHIBIT A

AGREEMENT AND PLAN OF REORGANIZATION

BETWEEN

NORTH STAR HOLDING CORP.

AND

WESTSTAR ENVIRONMENTAL, INC.

B&B ENVIRONMENTAL SEPTIC SERVICES, INC.

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AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made and entered into as of this 29th day of April, 1997, by, between and among **NORTH STAR HOLDING CORP.**, a Florida corporation ("North Star"); **WESTSTAR ACQUISITION CORP.**, a Florida corporation ("WAC"); **B&B ACQUISITION CORP.**, a Florida corporation ("BAC"); **WESTSTAR ENVIRONMENTAL, INC.**, a Florida corporation ("Weststar"); **B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC.**, a Florida corporation ("B&B"); and **MICHAEL RICKS**, a resident of Florida ("Ricks").

RECITALS

The Board of Directors of North Star and the Board of Directors and Shareholders of Weststar and B&B are of the opinion that the transactions described herein are in the best interests of the parties and their respective shareholders and have approved the transactions described herein. This Agreement provides for the acquisition of Weststar and B&B in separate but simultaneous reverse triangular merger transactions (the "Mergers" or separately the "Weststar Merger" and the "B&B Merger"). The Mergers are intended to qualify as tax-free reorganizations within the meaning of Section 368 (a)(1)(A) of the Internal Revenue Code, as amended. The transactions contemplated herein are subject to conditions described in this Agreement.

NOW THEREFORE, in consideration of the recitals and of the respective covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Definitions.

"Adverse Consequences" means, with respect to Weststar and B&B, all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations, injunctions, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses, and fees, including all attorneys' fees and court costs.

"Affiliated Group" means an affiliated group within the meaning of Code Section 1504.

"Assets" means all right, title and interest in and to all of the assets of Weststar and B&B, including all of its (a) businesses, as a going concern, and the names **WESTSTAR ENVIRONMENTAL, INC.** and **B&B SEPTIC AND ENVIRONMENTAL SERVICES, INC.**, and any derivation of such names, and all goodwill associated therewith (b) real property, if any, leaseholds and subleaseholds therein, improvements, fixtures, and fittings thereon, and easements, rights-of-way, and other appurtenants thereto (such as appurtenant rights in and to public streets), (c) tangible personal property (such as machinery, equipment, and inventories), (d) Intellectual Property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions, (e) leases, subleases, and rights thereunder, (f) contracts, franchises, licenses, indentures, and agreements, and mortgages for

borrowed money, instruments of indebtedness, Security Interests, guaranties, other similar arrangements, and rights thereunder, (g) accounts, notes, and other receivables, (h) securities, (i) claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment (including any such item relating to the payment of Taxes), (j) franchises, approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies, (k) books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials, (l) Cash, (m) the corporate charter, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates, and other documents relating to the organization, maintenance, and existence of Weststar and B&B as corporations, and which assets shall include but not be limited to all assets and properties reflected on Weststar and B&B's December 31, 1996 Balance Sheets to the extent not sold or otherwise disposed of in the Ordinary Course of Business.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms or could form the basis for any specified consequence.

"Cash" means cash and cash equivalents/marketable securities/short term investments.

"Closing" has the meaning set forth in Section 2(b) below.

"Closing Date" has the meaning set forth in Section 2(b) below.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Information" means any information concerning the business and affairs of Weststar and B&B which constitutes a trade secret or which is not generally known to businesses which compete with Weststar and B&B.

"Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement which is an Employee Pension Benefit Plan, (b) qualified defined contribution retirement plan or arrangement which is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement which is an Employee Pension Benefit Plan, or (d) Employee Welfare Benefit Plan or material fringe benefit plan or program.

"Employee Pension Benefit Plan" has the meaning set forth in ERISA Sec. 3(2).

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA Sec. 3(1).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Extremely Hazardous Substance" has the meaning set forth in Sec. 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended.

"Fiduciary" has the meaning set forth in ERISA Sec. 3(21).

"Financial Statement" has the meaning set forth in Section 4(e) below.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Intellectual Property" means all (a) patents, patent applications, patent disclosures, and improvements thereto, (b) trademarks, service marks, trade dress, logos, trade names, and corporate names and registrations and applications for registration thereof, (c) copyrights and registrations and applications for registration thereof, (d) mask works and registrations and applications for registration thereof, (e) computer software, data, and documentation, (f) trade secrets and confidential business information, including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial, marketing, and business data, pricing and cost information, business and marketing plans, and customer and supplier lists and information), (g) other proprietary rights, and (h) copies and tangible embodiments thereof (in whatever form or medium).

"Knowledge" means actual knowledge after reasonable investigation.

"Liability" means any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

"Mergers" means both the Weststar Merger and the B&B Merger.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"Party" or "Parties" means a party or the parties to this Agreement.

"Prohibited Transaction" has the meaning set forth in ERISA Sec. 406 and Code Sec. 4975.

"Reportable Event" has the meaning set forth in ERISA Sec. 4043.

"Security Interest" means any mortgage, pledge, security interest, encumbrance, charge, or other lien, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate

proceedings, (c) liens arising under worker's compensation, unemployment insurance, social security, retirement, and similar legislation, (d) liens arising in connection with sales of foreign receivables, (e) liens on goods in transit incurred pursuant to documentary letters of credit, (f) purchase money liens and liens securing rental payments under capital lease arrangements, and (g) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

"Shares" means the 100,000 common shares of outstanding common capital stock of Weststar and the 100,000 common shares of outstanding common capital stock of B&B.

"Shareholders" mean both the Weststar Shareholders and the B&B Shareholders.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Sec. 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

2. The Mergers and Related Transactions.

(a) **The Mergers.** On and subject to the terms and conditions of this Agreement, at the Effective Time, WAC will merge with and into Weststar (the "Weststar Merger") and BAC will merge with and into B&B (the "B&B Merger"). Weststar and B&B will be the corporations surviving the Mergers. The Mergers constitute a single, indivisible transaction.

(b) **The Closing.** The closing of the transaction contemplated by this Agreement (the "Closing") shall take place in Starke, Florida at the office of Weststar, on April 29, 1997 (the "Closing Date") unless another place or time is agreed upon in writing by the parties.

(c) **Actions at the Closing.** At the Closing (i) Weststar and B&B will deliver to North Star the various certificates, instruments, and documents referred to in Section 7(b) below; (ii) North Star will deliver to Weststar and B&B the various certificates, instruments and documents referred to in Section 7(c) below; and (iii) North Star, Weststar and B&B will file with the Secretary of State of Florida Articles of Merger to consummate the Weststar Merger and the B&B Merger (the "Articles of Merger").

(d) **Effect of Mergers.**

(i) **General.** The Mergers shall become effective at the time (the "Effective Time") the Articles of Merger are filed with the Secretary of State of Florida (or at such later date designated by **North Star**). The Mergers shall have the effect set forth in the Florida Business Corporation Law. **Weststar** and **B&B** as the surviving corporations may, at any time after the Effective Time, take any action (including executing and delivering any document) in the name and on behalf of the parties to the Mergers in order to carry out and effectuate the transactions contemplated by this Agreement.

(ii) **Certificate of Incorporation.** The Articles of Incorporation of each of the **Weststar** and **B&B** in effect at and as of the Effective Time will remain the Articles of Incorporation of the surviving corporations without any modification or amendment in the Mergers.

(iii) **Bylaws.** The Bylaws of each of **Weststar** and **B&B** in effect at and as of the Effective Time will remain the Bylaws of the surviving corporations without any modification or amendment in the Mergers.

(iv) **Directors and Officers.** The directors and officers of each of **WAC** and **BAC** in office at and as of the Effective Time will remain the directors and officers of the surviving corporation (retaining their respective positions and terms of office).

(v) **Conversion of Company Shares.** At and as of the Effective Time each **Weststar** Share and each **B&B** share shall be converted into the right to receive the number of **North Star** Shares contained in Schedule 2(d)(v) attached hereto and made a part hereof, ("Conversion Ratio"); provided, however, that the Conversion Ratio shall be subject to equitable adjustment in the event of any stock split, stock dividend, reverse stock split, or similar recapitalization. Neither **Weststar** nor **B&B** Shares shall be deemed to be outstanding or to have any rights other than those set forth above in this Section 2(d)(v) after the Effective Time.

(vi) **WAC and BAC Shares.** Each **WAC** Share and **BAC** Share issued and outstanding at and as of the Effective Time will remain issued and outstanding as shares of the surviving corporations.

(e) **Procedure for Exchange of Shares.** As soon as practicable after the Closing, **North Star** will furnish to each Shareholder a stock certificate(s) (issued in the name of each Shareholder) representing the number of **North Star** Shares to which each such Shareholder is entitled.

(f) **Further Assurances.** At the Closing, and from time to time thereafter, **Weststar** Shareholders and **B&B** Shareholders shall execute such additional instruments and take such other action as **North Star** may request in order more effectively to sell, transfer, and assign the transferred stock to **North Star** and to confirm **North Star**' title thereto.

3. Additional Agreements.

(a) **Employment Agreement of Michael Ricks.** At Closing, Ricks, the current President of Weststar and B&B, will execute an employment agreement ("Employment Agreement") with North Star, or a wholly owned subsidiary of North Star. The Employment Agreement will be comprised of the following basic terms:

i. Ricks will be employed by North Star, or a wholly-owned subsidiary of North Star, for the three (3) year period, beginning on the date of Closing.

ii. Ricks will receive a salary of \$100,000.00 during the first year of the Employment Agreement. Ricks' salary will be increased ten (10%) percent for each subsequent year of the Employment Agreement.

iii. Ricks will be appointed to the Board of Directors of North Star at the Closing. Ricks' appointment to the Board of Directors will be subject to the approval of shareholders of North Star, which approval will be considered at the next annual meeting of North Star shareholders.

(b) **Other Actions After Closing.** After the Closing, but not later than the effective date of the Initial Public Offering, North Star will cause Weststar to pay to the Weststar Shareholders an amount not to exceed \$317,600 in part on account of the taxable income of Weststar prior to the Closing Date. Further, North Star will indemnify and hold harmless any Shareholder on account of such Shareholder personally guaranteeing a corporate obligation of B&B or Weststar.

4. Representations and Warranties of Weststar, B&B and Ricks. Weststar, B&B and Ricks, jointly and severally, represent and warrant to North Star that the statements contained in this Section 4 are correct and complete in all material respects as of the date of this Agreement and will be correct and complete as of the Closing Date and were correct on the Effective Date (as though made then and as though the Closing Date and Effective Date were substituted for the date of this Agreement throughout this Section 4).

(a) **Organization, Qualification and Power.** Both Weststar and B&B are corporations duly organized, validly existing, and in good standing under the laws of the state of its incorporation. Both Weststar and B&B are duly authorized to conduct business and are in good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification. Both Weststar and B&B have full corporate power and authority to carry on the businesses in which they are engaged and to own and use the properties owned and used by them.

(b) **Authorization of Transaction.** Each of Weststar and B&B have full power and authority to execute and deliver this Agreement and to perform the obligations hereunder. Without limiting the generality of the foregoing, the board of directors and

Shareholders of both **Weststar** and **B&B** have duly authorized the execution, delivery, and performance of this **Agreement**. This **Agreement** constitutes the valid and legally binding obligation of **Weststar** and **B&B**, enforceable in accordance with its terms and conditions.

(c) **Capitalization.** The entire authorized capital of **Weststar** consists of 100,000 common shares, of which 100,000 are issued and outstanding. The entire authorized capital of **B&B** consists of 100,000 common shares, of which 100,000 are issued and outstanding. All of the issued and outstanding Shares have been duly authorized and are validly issues, fully paid and nonassessable. There are no outstanding or authorized warrants, options, rights, contracts, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which either **Weststar** or **B&B** is a party or which are binding upon either **Weststar** or **B&B** providing for the issuance, disposition or acquisition of any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock or similar rights with respect to **Weststar** or **B&B**. Each of the Shareholders of both **Weststar** and **B&B** hold the Shares free and clear of any restrictions on transfer (other than any restrictions under the Securities Act of 1933) and state securities laws), claims, Taxes, Security Interests, options, warrants, rights, contracts, calls, commitments, equities and demands. No Shareholder of **Weststar** or **B&B** is a party to any option, warrant, right, contract, call, put, or other agreement or commitment providing for the disposition or acquisition of any capital stock of **Weststar** or **B&B** (other than this **Agreement**). No shareholder of **Weststar** or **B&B** is a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of **Weststar** or **B&B**.

(d) **Noncontravention.** Except as disclosed in Schedule 4(d), neither the execution and the delivery of this **Agreement**, nor the consummation of the transactions contemplated hereby will (i) violate any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge, or other restriction of any government, governmental agency, or court to which **Weststar** and **B&B** is subject or any provision of the charter or bylaws of **Weststar** and **B&B** or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest, or other arrangement to which either **Weststar** or **B&B** is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). Neither **Weststar** nor **B&B** needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this **Agreement**.

(e) **Financial Statements.** Attached hereto as Schedule 4(e) are the following financial statements of **Weststar** and **B&B** (collectively the "Financial Statements"):

(i) Audited financial statements as of and for the year ended December 31, 1995;

(ii) Unaudited financial statements as of and for the 12 month period ended December 31, 1996.

Except as set forth in the notes to the Financial Statements, the Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, are accurate and complete in all material respects, and are consistent with the books and records of Weststar and B&B (which books and records are accurate and complete in all material respects).

(f) **Events Subsequent to December 31, 1996.** Since December 31, 1996, there has not been any adverse material change in the Assets, Liabilities, business, financial condition, operations, results of operations, or future prospects of Weststar and B&B, except as disclosed by the Financial Statements, the notes contained in the Financial Statements, or the Exhibits and Schedules attached to this Agreement.

(g) **Undisclosed Liabilities.** Neither Weststar nor B&B has any Liability (and there is no Basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against any of them, giving rise to any Liability) which is not reflected in the Financial Statements, except for Liabilities arising in the Ordinary Course of Business.

(h) **Tax Matters.** Except as Disclosed in Schedule 4(h);

(i) Each of Weststar and B&B have filed all Tax Returns that it was required to file. All such Tax Returns were accurate and complete in all material respects. All Taxes owed by Weststar and B&B as shown on any Tax Return have been paid. Neither Weststar nor B&B currently is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where Weststar or B&B does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of Weststar or B&B that arose in connection with any failure (or alleged failure) to pay any Tax, except for Security Interests, if any, with respect to Taxes not due and payable.

(ii) Each of Weststar and B&B has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, independent contractor, or other third party.

(iii) Neither Weststar nor B&B, nor any director or officer (or employee responsible for tax matters) of Weststar or B&B has any Knowledge that any authority intends to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of Weststar or B&B either (A) claimed or raised by any authority in writing or (B) as to which Weststar or B&B and the directors and officers (and employees responsible for Tax matters) of Weststar and B&B have Knowledge based upon personal contact with any agent of such authority. Schedule 4(h) lists all federal,

state, local, and foreign income Tax Returns filed with respect to Weststar and B&B for taxable periods ended on or after December 31, 1992, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Weststar and B&B have delivered to North Star accurate and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by Weststar and B&B since December 31, 1992.

(iv) Neither Weststar nor B&B has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(v) Neither Weststar nor B&B has been members of an Affiliated Group other than the Affiliated Group comprised of Weststar and B&B.

(vi) Schedule 4(h) sets forth the following information with respect to each of Weststar and B&B: (A) the basis of Weststar and B&B in their assets; (B) the amount of any net operating loss, net capital loss, unused investment credit or other credit; and (C) the amount of any deferred gain or loss allocable to Weststar or B&B arising out of any deferred intercompany transaction.

(vii) Deferred taxes of Weststar and B&B have been provided for in the Financial Statements in accordance with GAAP.

(i) **Tangible Assets.** Each of Weststar and B&B owns or leases all tangible assets necessary for the conduct of its businesses as presently conducted and as presently proposed to be conducted. To the best of their Knowledge, each such tangible asset is free from defects (patent and latent), has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used, the failure of which would have a material adverse effect on Weststar or B&B.

(j) **Owned Real Property.** Schedule 4(j) lists and describes briefly all real property that Weststar and B&B own. Except as disclosed in Schedule 4(j), with respect to each such parcel of owned real property:

a. the identified owner has good and marketable title to the parcel of real property, free and clear of any Security Interest, easement, covenant, or other restriction, except for (A) installments of special assessments not yet delinquent and (B) recorded easements, covenants, and other restrictions which do not impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto;

b. there are no (A) pending or threatened condemnation proceedings relating to the property, (B) pending or threatened litigation or administrative actions relating to the property, or (C) other matters affecting adversely the current use,

occupancy, or value thereof;

c. to the best of their Knowledge, the legal description for the parcel contained in the deed thereof describes such parcel fully and adequately, the buildings and improvements are located within the boundary lines of the described parcels of land, are not in violation of applicable setback requirements, zoning laws, and ordinances (and none of the properties or buildings or improvements thereon are subject to "permitted non-conforming use" or "permitted non-conforming structure" classifications), and do not encroach on any easement which may burden the land, the land does not serve any adjoining property for any purpose inconsistent with the use of the land, the property is not located within any flood plain or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained, and access to the property is provided by paved public right-of-way with adequate curb cuts available;

d. all facilities have received all approvals of governmental authorities (including licenses and permits) required in connection with the ownership or operation thereof and have been operated and maintained in accordance with applicable laws, rules, and regulations;

e. there are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the parcel of real property;

f. there are no outstanding options or rights of first refusal to purchase the parcel of real property, or any portion thereof or interest therein;

g. there are no parties (other than Weststar and B&B) in possession of the parcel of real property, other than tenants under any leases disclosed in Schedule 4(j) who are in possession of space to which they are entitled;

h. all facilities located on the parcel of real property are supplied with utilities and other services necessary for the operation of such facilities, including gas, electricity, water, telephone, sanitary sewer, and storm sewer, all of which services are adequate in accordance with all applicable laws, ordinances, rules, and regulations and are provided via public roads or via permanent, irrevocable, appurtenant easements benefitting the parcel of real property; and

i. each parcel of real property abuts on and has direct vehicular access to a public road or access to a public road via a permanent, irrevocable, appurtenant easement benefitting the parcel of real property.

(k) Intellectual Property. Except as set forth in Schedule 4(k), Weststar and B&B own the Intellectual Property listed and described on Schedule 4(k) free and clear of any Security Interest or restriction on transfer.

(l) **Inventory.** The inventory of **Weststar** and the inventory of **B&B** consists of the items disclosed in Schedule 4(l). To the best of their Knowledge, and subject to normal industry standards for inventory obsolescence, the inventory of **Weststar** and the inventory of **B&B** is merchantable and fit for the purpose of which it was procured or manufactured, and is not slow-moving, obsolete, damaged or defective in any way such that failure of which would have adverse effect on **Weststar** and **B&B**.

(m) **Real Property Leases.** Schedule 4(m) lists and describes briefly all real property leased or subleased to **Weststar** or **B&B**. **Weststar** and **B&B** have delivered to **North Star** accurate and complete copies of the leases and subleases listed in Schedule 4(m) (as amended to date). Except as disclosed in Schedule 4(m), with respect to each lease and sublease listed in Schedule 4(m):

(i) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect subject to insolvency, bankruptcy and other similar laws relating to creditors' rights and general principles of equity;

(ii) No party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(iii) No party to the lease or sublease has repudiated any provision thereof; and

(iv) Neither **Weststar** nor **B&B** has assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold or subleasehold.

(n) **Contracts.** Schedule 4(n) lists the following contracts, agreements, and other written arrangements to which either **Weststar** or **B&B** is a party:

(i) any written arrangement (or group of related written arrangements) for the lease of personal property from or to third parties except for leases entered into in the Ordinary Course of Business by **Weststar** or **B&B**;

(ii) any written arrangement (or group of related written arrangements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property or for the furnishing or receipt of services which either calls for performance over a period of more than one year or involves more than the sum of \$20,000;

(iii) any written arrangement concerning a partnership or joint venture;

(iv) any written arrangement (or group of related written arrangements) under which it has created, incurred, assumed, or guaranteed (or may create, incur,

assume, or guarantee) indebtedness (including capitalized lease obligations) or under which it has imposed (or may impose) a Security Interest on any of its assets, tangible or intangible;

(v) any written arrangement concerning confidentiality or noncompetition;

(vi) any written arrangement with any of its directors, officers, and employees in the nature of a collective bargaining agreement, employment agreement, or severance agreement;

(vii) any written arrangement under which the consequences of a default or termination could have a material adverse effect on the Assets, Liabilities, business, financial condition, operations, results of operations, or future prospects of Weststar or B&B taken as a whole; or

(viii) any other written arrangement (or group of related written arrangements) either involving more than \$20,000 or not entered into in the Ordinary Course of Business.

Weststar and B&B have delivered to North Star an accurate and complete copy of each written arrangement listed in Schedule 4(n). With respect to each written arrangement so listed: (A) the written arrangement is legal, valid, binding, enforceable, and in full force and effect subject to bankruptcy laws and general principles of equity; (B) to the best of their Knowledge, no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration, under the written arrangement; and (C) to the best of their Knowledge no party has repudiated any provision of the written arrangement. Neither Weststar nor B&B is a party to any verbal contract, agreement, or other arrangement which, if reduced to written form, would be required to be listed in Schedule 4(n) under the terms of this Section 4(n). No purchase order or commitment of Weststar or B&B is in excess of normal requirements, nor are prices provided therein in excess of current market prices for the products or services to be provided thereunder. No supplier of Weststar or B&B has indicated within the past year that it will stop, or decrease the rate of, supplying materials, products, or services to them.

(o) **Notes and Accounts Receivable.** All notes and accounts receivable of Weststar and B&B are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims, and to the best of their Knowledge are presently current and collectible, and will be collected in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth on the face of the May 31, 1996 Balance Sheet (rather than in any notes thereto).

(p) **Powers of Attorney.** There are no outstanding powers of attorney executed on behalf of either Weststar or B&B.

(q) **Insurance.** Weststar and B&B maintain current policies of insurance, the premiums for which are paid to the Closing Date, providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements, if any, as may be reasonably required in the Ordinary Course of Business. Weststar and B&B have no Knowledge of any premium adjustments for the current coverage period to the Closing Date, and know of no liabilities as of the Closing Date to the companies providing such coverage for the issuance of such policies.

(r) **Litigation.** Schedule 4(r) sets forth each instance in which either Weststar or B&B (i) is subject to any unsatisfied judgment, order, decree, stipulation, injunction, or charge or (ii) is a party or is threatened to be made a party to any charge, complaint, action, suit, proceeding, hearing, or investigation of or in any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator. None of the charges, complaints, actions, suits, proceedings, hearings, and investigations set forth in Schedule 4(r) will result in any material adverse change in the assets, liabilities, business, financial condition, operations, results of operations, or future prospects of Weststar or B&B taken as a whole. None of the directors and officers (and employees with responsibility for litigation matters) of Weststar or B&B has any Knowledge that any such charge, complaint, action, suit, proceeding, hearing, or investigation has been threatened against Weststar or B&B.

(s) **Product Warranty.** Each product sold, leased or delivered by Weststar or B&B has been in conformity with all applicable contractual commitments and all express and implied warranties, and neither Weststar or B&B has any Liability (and there is no basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against them giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith, the failure of which would have a material adverse effect on Weststar or B&B. To the best of their Knowledge, all services performed by Weststar or B&B have been in conformity with all applicable contractual commitments, and Weststar and B&B have no Liability with regard to services, the failure of which would have a material adverse effect on Weststar or B&B.

(t) **Product Liability.** Neither Weststar nor B&B has any Liability (and there is no Basis for any present or future charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand against any of them giving rise to any Liability) arising out of any injury to persons or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by Weststar or B&B or any services performed by Weststar or B&B, the failure of which would have a material adverse effect on Weststar or B&B.

(u) **Employees.** No key employee or group of employees has any plans to terminate employment with Weststar or B&B. Neither Weststar nor B&B is a party to or bound by any collective bargaining agreement, nor has it experienced any strikes, grievances, claims of unfair labor practices, or other collective bargaining disputes. To the best of their Knowledge, neither Weststar nor B&B has committed any unfair labor practice. None of the

directors and officers (and employees with responsibility for employment matters) of Weststar or B&B has any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of Weststar or B&B.

(v) **Employee Benefits.** Schedule 4(v) lists all Employee Benefit Plans that Weststar and B&B maintains or to which either Weststar or B&B contributes for the benefit of any current or former employee of any of Weststar or B&B.

(i) Each Employee Benefit Plan (and each related trust or insurance contract) complies in form and in operation in all respects with the applicable requirements of ERISA and the Code.

(ii) All required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports, PBGC-1's, and Summary Plan Descriptions) have been filed or distributed appropriately with respect to each Employee Benefit Plan. The requirements of Part 6 of Subtitle B of Title I of ERISA have been met with respect to each Employee Welfare Benefit Plan.

(iii) All contributions (including all employer contributions and employee salary reduction contributions) which are due have been paid to each Employee Pension Benefit Plan and all contributions for any period ending on or before the Closing Date which are not yet due have been paid to each Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Weststar or B&B. All premiums or other payments for all periods ending on or before the closing Date have been paid with respect to each Employee Welfare Benefit Plan.

(iv) Each Employee Pension Benefit Plan meets the requirements of a "qualified plan" under Code Sec. 401(a) and has received, within the last two years, a favorable determination letter from the Internal Revenue Service.

(v) The market value of assets under each Employee Pension Benefit Plan equals or exceeds the present value of Liabilities thereunder (determined on a plan termination basis). No Employee Pension Benefit Plan has been completely or partially terminated or been the subject of a Reportable Event as to which notices would be required to be filed with the PBGC. No proceeding by the PBGC to terminate any Employee Pension Benefit Plan has been instituted or threatened.

(vi) There have been no Prohibited Transactions with respect to any Employee Benefit Plan. To the best of their Knowledge, no Fiduciary has any Liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any Employee Benefit Plans. No charge, complaint, action, suit, proceeding, hearing, investigation, claim, or demand with respect to the administration or the investment of the assets of any Employee Benefit Plan (other than routine claims for benefits) is pending or to the best of their Knowledge, threatened. None of the

directors and officers (and employees with responsibility for employee benefits matters) of Weststar or B&B has any Knowledge of any Basis for any such charge, complaint, action, suit, proceeding, hearing, investigation, claims, or demand.

(vii) Weststar and B&B have delivered to North Star correct and complete copies of (A) the plan documents and summary plan descriptions, (B) the most recent determination letter received from the Internal Revenue Service, (C) the most recent Form 5500 Annual Report, and (D) all related trust agreements, insurance contracts, and other funding agreements which implement each Employee Benefit Plan.

Neither Weststar nor B&B, contributes to, ever has contributed to, or ever has been required to contribute to any Multiemployer Plan or has any Liability (including withdrawal Liability) under any Multiemployer Plan. Neither Weststar nor B&B has incurred, and none of the directors and officers (and employees with responsibility for employee benefits matters) of Weststar and B&B have any reason to expect that either Weststar or B&B will incur, any Liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal Liability) or under the Code with respect to any Employee Pension Benefit Plan that Weststar or B&B maintains or ever has maintained or to which any of them contributes, ever has contributed, or ever has been required to contribute. Neither Weststar nor B&B maintains or ever has maintained or contributes, ever has contributed, or ever has been required to contribute to any Employee Welfare Benefit Plan providing health, accident, or life insurance benefits to former employees, their spouses, or their dependents.

(w) **Guaranties.** Except as disclosed in Schedule 4(w), neither Weststar nor B&B is a guarantor or otherwise is liable for any Liability or obligation (including indebtedness) of any other person (other than Weststar or B&B).

(x) **Environment, Health, and Safety.** Except as set forth in Schedule 4(x), neither Weststar nor B&B has received any charge, complaint, action, suit, proceeding, notice, claim or demand asserting any violation of or failure to comply with any federal, state or local law (including rules or regulations promulgated thereunder) ("Environmental Laws") concerning the environment or the use, generation, storage, manufacture, disposition, discharge, leak, emission, escape or release of any extremely hazardous substance or any toxic, volatile, or hazardous waste, material, or substance and, to the best of their Knowledge, except as set forth in Schedule 4(x), Weststar and B&B are in compliance with all Environmental Laws.

(y) **Legal Compliance.** Except as set forth in Schedule 4(y), neither Weststar nor B&B has received any charge, complaint, action, suit, proceeding, notice, claim or demand asserting any violation of or failure to comply with any law (including rules and regulations thereunder) of any federal, state, local, or foreign government (and all agencies thereof) and to the best of their Knowledge, Weststar and B&B are in compliance with such laws (including rules and regulations thereunder).

(z) **Brokers' Fees.** Neither Weststar nor B&B has any Liability or obligation

to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(aa) **Marketable Title.** Except as set forth in Schedule 4(aa), each of Weststar and B&B has good and marketable title to all of the Assets, free and clear of any Security Interest or restriction on transfer except as may be disclosed in the Financial Statements of Weststar and B&B and the notes which are a part of those financial statements.

(ab) **Disclosure.** The representations and warranties contained in this Section 4 do not contain any untrue statement of a fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 4 not misleading.

(ac) **Investment.** Shareholders are not acquiring the North Star shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act of 1933.

(ad) **Licenses and Permits.** Schedule 4(ad) attached hereto and made a part hereof lists all schedules and permits of Weststar and B&B. All licenses and permits necessary for the conduct of the businesses of Weststar and B&B have been duly obtained and are in full force and effect and there are no proceedings pending or threatened which may result in revocation, cancellation, suspension or adverse modification, of any thereof. The execution, delivery and performance of this Agreement will not result in any such violation or be in conflict with or result in any default under any of the foregoing.

5. **Representations and Warranties of North Star.** North Star represents and warrants that the statements contained in this Section 5 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date and were correct on the Effective Date (as though made then and as though the Closing Date and Effective Date were substituted for the date of this Agreement throughout this Section 5).

(a) **Organization of North Star.** North Star is a corporation duly organized, validly existing, and in good standing under the laws of Florida. North Star is duly authorized to conduct business and is in good standing under the laws of each jurisdiction in which the nature of its businesses or the ownership or leasing of its properties requires such qualification.

(b) **Authorization of Transaction.** North Star has full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of North Star, enforceable in accordance with its terms and conditions.

(c) **Noncontravention.** Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge, or other restriction of any government, governmental agency, or court to which North Star is subject or

any provisions of its charter or bylaws or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement, or mortgage for borrowed money, instrument of indebtedness, Security Interest, or other arrangement to which North Star is party or by which it is bound or to which any of its assets is subject. North Star does not need to give any notice or to make any filing with or obtain any authorization, consent or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement.

(d) **Brokers' Fees.** North Star has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) **Investment.** North Star is not acquiring the Shares with a view to or for sale in connection with any distribution thereof within the meaning of the Securities Act of 1933.

6. Pre-Closing Covenants. The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing.

(a) **Satisfaction of Conditions by the Parties.** The Parties will use their respective best efforts to take all action and to do all things necessary, proper, or advisable to satisfy the Closing conditions set forth in Sections 6 and 7 below.

(b) **Notices and Consents.** The Parties will give any notices to third parties, and the Parties will use their respective best efforts to obtain any third party consents, assignments and assumptions required by the holders of any indebtedness of Weststar or B&B, the lessors or lessees of any real or personal property or assets leased by Weststar or B&B, the parties to any contract, commitment, franchise or agreement to which Weststar and B&B is a party or subject to any governmental, judicial or regulatory official, body or authority having jurisdiction over Weststar or B&B, or North Star to the extent that their consent or approval is required or necessary under the pertinent debt, lease, contract, commitment or agreement or other document or instrument or under applicable orders, laws, rules or regulations, for the consummation of the transaction contemplated herein and the assumption of all such contracts, commitments, franchises and agreements of Weststar and B&B as herein provided, shall have granted such consent or approval. All such notices, consents, assignments and assumptions are listed on Schedule 6(b) hereof.

(c) **Operation of Business.** Neither Weststar nor B&B will engage in any practice, take any action, embark on any course of inaction, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, (i) Weststar and B&B shall use its best efforts to conduct its business in such a manner that on the Closing Date the representations and warranties of Weststar and B&B contained in this Agreement shall be true as though such representations and warranties were made on and as of such date; (ii) both

Weststar and B&B shall continue to maintain and service the tangible Assets in the same manner as has been its consistent past practice; and (iii) Weststar and B&B shall comply with all laws, ordinances, rules, regulations, and orders applicable to the businesses, or Weststar and B&B's operations, assets or properties in respect thereof, the noncompliance with which might materially affect the businesses or the Assets.

(d) **Preservation of Business.** Both Weststar and B&B will keep its business and properties substantially intact, including its present operations, physical facilities, working conditions, and relationships with lessors, licensors, franchisors, suppliers, customers, and employees.

(e) **Full Access.** Both Weststar and B&B will permit representatives of North Star to have reasonable access during normal business hours to all premises, properties, books, records, contracts, Tax records, and documents of or pertaining to Weststar or B&B and their business.

(f) **Notice of Developments.** Each Party will give prompt written notice to the other of any material development affecting the ability of such Party to consummate the transactions contemplated by this Agreement. No disclosure by any Party pursuant to this section, however, shall be deemed to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

(g) **Exclusivity.** Neither Weststar nor B&B will (i) solicit, initiate, or encourage the submission of any proposal or offer from any person relating to any (A) liquidation, dissolution, or recapitalization, (B) merger or consolidation, (C) acquisition or purchase of securities or assets, or (D) similar transaction or business combination involving Weststar or B&B or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any person to do or seek any of the foregoing. Weststar and B&B will notify North Star immediately if any person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

7. Conditions to Obligation to Close.

(a) General Obligations.

(i) **North Star' Due Diligence.** The parties acknowledge that North Star, after the execution of this Agreement, will begin a due diligence process, including but not limited to the verification through a physical inventory of the inventories and equipment to be acquired, the completion of an environmental audit and engineering tests of the real property to be acquired, and such financial audit and studies as North Star deems appropriate. Weststar and B&B agree to provide North Star with such detailed information as is requested by North Star in performing its due diligence. If, after completion of the due diligence process, North Star, in its sole discretion, is not satisfied with the results of the due diligence process, North

Star may terminate this Agreement without further liability and refuse to consummate the Mergers.

(ii) **Regulatory Approval.** The closing of this transaction is contingent upon the Parties being granted the approval of any regulatory agency having jurisdiction over the parties.

(iii) **Liabilities of Weststar and B&B.** If the total assumed liabilities of Weststar and B&B at closing shall exceed \$1,500,000.00 or such other amount mutually agreed upon, North Star can terminate this Agreement without further liability and refuse to consummate the Mergers.

(b) **Conditions to Obligation of North Star.** The obligation of North Star to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of Weststar and B&B set forth in this Agreement shall be true and correct at and as of the Closing Date and were true and correct as of the Effective Date;

(ii) Weststar and B&B shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) Weststar and B&B shall have procured all of the third party consents, assignments and assumptions specified in Section 6(b) above;

(iv) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction wherein an unfavorable judgment, order, decree, stipulation, injunction, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) affect adversely the right of North Star to own, operate, or control Weststar and B&B (and no such judgment, order, decree, stipulation, injunction, or charge shall be in effect);

(v) Weststar and B&B shall have delivered to North Star a certificate (without qualification as to Knowledge or materiality or otherwise) to the effect that each of the conditions specified above in Section 7(b) is satisfied in all respects;

(vi) all actions to be taken by Weststar and B&B in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to North Star;

(vii) **North Star** and **Ricks** shall have entered into the Employment Agreement referenced in Section 3(c) of this Agreement;

(viii) the business, operations, assets, properties or prospects of **Weststar** and **B&B** business shall not have been and shall not be threatened to be materially adversely affected in any way as a result of any event or occurrence.

North Star may waive any condition specified in this Section 7(b) if it executes a writing so stating at or prior to the Closing.

(c) **Conditions to Obligations of Weststar and B&B.** The obligations of **Weststar** and **B&B** to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties of **North Star** set forth in this Agreement shall be true and correct at and as of the Closing Date and were true and correct at and as of the Effective Date;

(ii) **North Star** shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction wherein an unfavorable judgment, order, decree, stipulation, injunction, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such judgment, order, decree, stipulation, injunction, or charge shall be in effect) and the waiting period required by the HSR Act shall have expired or been terminated;

(iv) **North Star** shall have delivered to **Weststar** and **B&B** a certificate (without qualification as to Knowledge or materiality or otherwise) to the effect that each of the conditions specified above in Section 7(c) is satisfied in all respects;

(v) **North Star** and **Ricks** shall have entered into an Employment Agreement referenced in section 3(c) of this Agreement.

8. Indemnification.

(a) All of the representations and warranties contained in this Agreement shall survive the closing hereunder and continue in full force and effect forever thereafter (subject to any applicable statutes of limitations.).

(b) In the event **Ricks** breaches any of his representations, warranties, and covenants contained herein, then **Ricks** agrees to indemnify **North Star** for a period of six months

from and against the entirety of any Adverse Consequences North Star may suffer through and after the date of the claim for indemnification (including any Adverse Consequences North Star may suffer after the end of the applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach.

(c) If any third party shall notify North Star with respect to any matter which may give rise to a claim for indemnification against the Ricks under this Section 8, then North Star shall notify Ricks thereof promptly; **provided, however**, that no delay on the part of North Star in notifying Ricks shall relieve Ricks from any liability or obligation hereunder unless (and then solely to the extent) Ricks thereby is damaged. In the event Ricks notifies North Star within 15 days after North Star has given notice of the matter that Ricks is assuming the defense thereof, (A) Ricks will defend North Star against the matter with counsel of its choice reasonably satisfactory to North Star, (B) North Star may retain separate co-counsel at its sole cost and expense (except that Ricks will be responsible for the fees and expenses of the separate co-counsel to the extent North Star concludes reasonably that the counsel Ricks has selected has a conflict of interest), (C) North Star will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the written consent of Ricks (not to be withheld unreasonably), and (D) Ricks will not consent to the entry of any judgment with respect to the matter, or enter into any settlement which does not include a provision whereby the plaintiff or claimant in the matter releases North Star from all Liability with respect thereto, without the written consent of North Star (not to be withheld unreasonably). In the event Ricks does not notify North Star within 15 days after North Star has given notice of the matter that Ricks is assuming the defense thereof, however, North Star may defend against, or enter into any settlement with respect to, the matter in any manner it reasonably may deem appropriate.

(d) The Parties shall make appropriate adjustments for Tax benefits and insurance proceeds (reasonably certain of receipt and utility in each case) and for the time cost of money in determining the amount of loss for purposes of this Section 8.

(e) The foregoing indemnification provisions are in addition to, and not in derogation of, any statutory or common law remedy North Star may have for breach of representation, warranty, or covenant.

9. Termination.

(a) **Termination of Agreement.** Certain of the Parties may terminate this Agreement as provided below:

(i) The Parties hereto may terminate this Agreement by mutual consent at any time prior to the Closing;

(ii) North Star may terminate this Agreement by giving written notice to Weststar or B&B any time prior to the Closing in the event Weststar and B&B is in breach, and Weststar and B&B may terminate this Agreement by giving written notice to North Star

at any time prior to the Closing in the event North Star is in breach, of any material representation, warranty, or covenant contained in this Agreement in any material respect;

(iii) Any Party may terminate this Agreement by giving written notice to all other Parties (provided that the terminating Party is not otherwise in breach of this Agreement) if the Closing has not occurred by April 30, 1997.

(b) **Effect of Termination.** If any Party terminates this Agreement pursuant to Section 9(a) above, all obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party (except for any Liability of any Party then in breach).

10. Miscellaneous.

(a) **Payments Received.** Weststar and B&B agree that after the Closing they will hold and will promptly transfer and deliver to North Star, from time to time as and when received by them, any cash, checks with appropriate endorsements (using their best efforts not to convert such checks into cash), or other property that he may receive on or after the Closing which properly belongs to the surviving corporation, including without limitation any insurance proceeds, and will account to the other for all such receipts. From and after the Closing, North Star shall have the right and authority to endorse without recourse the name of Weststar or B&B on any check or any other evidences of indebtedness received by North Star on account of the Business and the Assets.

(b) **Press Releases and Announcements.** No Party shall issue any press release or announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by law or regulation (in which case the disclosing Party will advise the other Party prior to making the disclosure).

(c) **No Third Party Beneficiaries.** This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

(d) **Entire Agreement.** This Agreement (including the documents referred to herein) constitutes the entire Agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, that may have related in any way to the subject matter hereof.

(e) **Succession and Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Party; provided, however, that North Star may (i) assign any or all of its rights and interests hereunder to one or more of its affiliates and (ii) designate one or more of its affiliates to perform its obligations hereunder (in any or all

of which cases North Star nonetheless shall remain liable and responsible for the performance of all of its obligations hereunder).

(f) **Counterparts and Facsimile Execution.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Signed counterparts may be delivered via facsimile transmission.

(g) **Headings.** The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) **Notices.** All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, or by facsimile transmission, and addressed to the intended recipient as set forth below:

If to the North Star:
William W. Perry, CEO and
President
North Star Resources Corporation
2345 Friendly Road
Fernandina Beach, FL 32034
(800) 468-8607
Fax: (904) 261-6808

Copy to:
James W. Goodwin, Esquire
Macfarlane Ferguson & McMullen
111 E. Madison - Suite 2300
Tampa, FL 33602
(813) 273-4337
Fax: (813) 273-4396

If to Weststar

Michael Ricks, President
P.O. Box 6003
Starke, Florida 32091
(904) 964-5008
Fax: (904) 964-2805

Copy to:

Tommy Wright, Esq.
P.O. Box 6003
Starke, Florida 32091
(904) 964-5008
Fax: (904) 964-2805

If to B&B

Michael Ricks, President
P.O. Box 6003
Starke, Florida 32091
(904) 964-5008
Fax: (904) 964-2805

Copy to:

Tommy Wright, Esq.
P.O. Box 6003
Starke, Florida 32091
(904) 964-5008
Fax: (904) 964-2805

Any Party may give any notice, request, demand, claim, or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telecopy,

(o) **Specific Performance.** Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

(p) **Attorneys' Fees.** In the event of any litigation arising out of the enforcement or interpretation of this Agreement, the prevailing party in such litigation shall be paid by the losing party all its expenses, including reasonable attorney's fees and all costs of litigation incurred by it.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the date first above written.

Attest:

By: Name: JAMES R. FLYNN

Title: _____

NORTH STAR HOLDING CORP.

By: Name: W.W. PERRY IIITitle: CEO

Attest:

By: Name: Thomas E. WrightTitle: Gen. Counsel

WESTSTAR ENVIRONMENTAL, INC.

By: Name: Michael E. RicksTitle: Pres/CEO

Attest:

By: Name: Thomas E. WrightTitle: Gen. Counsel

B&B SEPTIC and ENVIRONMENTAL SERVICES, INC.

By: Name: Michael E. RicksTitle: Pres/CEO

Attest:

By: Name: JAMES R. FLYNN

Title: _____

WESTSTAR ACQUISITION CORP.

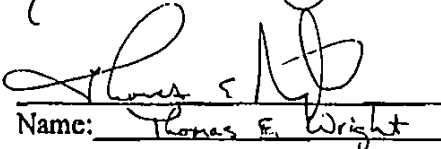
By: Name: W.W. PERRY IIITitle: CEO

Attest:

By: 

Name: JAMES R. RYAN

Title: _____



Name: Thomas E. Wright

Name: _____

B&B ACQUISITION CORP.

By: 

Name: W. W. Bonfigli

Title: CEO



MICHAEL RICKS

Schedule 2(d)(v)

of North Star shares to
be received in exchange for
Weststar and B & B Stock

<u>Names</u>	<u>North Star</u>	<u>Weststar</u>
Michael E. Ricks	700,000	70,000
William B. Gray	100,000	10,000
Leslie Dean Cassels	50,000	5,000
Leon H. Cassels	40,000	4,000
Thomas F. Fey	40,000	4,000
James R. Flynn	20,000	2,000
Stanley H. McDonald	7,500	750
Riley Glen Yarborough	7,500	750
Chuck Lynn Yarborough	7,500	750
David M. Yarborough	7,500	750
William Costello	20,000	2,000
TOTAL	1,000,000	100,000

SCHEDULE 1

Michael E. Ricks or Teri L. Ricks	51.0%
William B. Gray or Patricia Gray	3.0%
Leslie Dean Cassels	1.5%
Leon H. Cassels	1.2%
Thomas F. Foy	1.2%
James R. Flynn	0.6%
William Costello	0.6%
Stanley H. McDonald	0.225%
Chuck L. Yarborough	0.225%
David M. Yarborough	0.225%
Riley Glenn Yarborough	0.225%

RESOLUTION

WHEREAS, the BOARD OF DIRECTORS OF B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC. (hereinafter referred to as "Board") met on April 28, 1997, in a special meeting, and

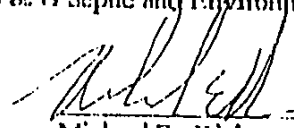
WHEREAS, the purpose of the special meeting was to discuss and decide upon the merits of a merger with NORTH STAR HOLDING CORP. (hereinafter "North Star") and related issues, and

WHEREAS, a quorum was present and all shareholders and directors were represented either in person or by proxy, and

WHEREAS, it was determined that a merger with North Star was in the best interest of B & B Septic and Environmental Services, Inc., therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC., that MICHAEL E. RICKS, President and Chief Executive Officer of B & B Septic and Environmental Services, Inc., is hereby authorized and directed to proceed to consummate a merger of B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC., with NORTH STAR HOLDING CORP., upon such terms and conditions as may be necessary, subject to the terms and conditions of the Agreement and Plan of Reorganization submitted for consideration this date, by and between North Star Holding Corp., Weststar Environmental, Inc., B & B Septic and Environmental Services, Inc., and Michael E. Ricks, and Shareholder approval.

ADOPTED by the Board of Directors of B & B Septic and Environmental Services, Inc., this 28 day of April, 1997.



Michael E. Ricks
President/ Chief Executive Officer

Attest: 
William B. Gray
Executive Vice President

Seal

RESOLUTION

WHEREAS, the BOARD OF DIRECTORS OF WESTSTAR ENVIRONMENTAL, INC. (hereinafter referred to as "Board") met on April 28, 1997, in a special meeting, and

WHEREAS, the purpose of the special meeting was to discuss and decide upon the merits of a merger with NORTH STAR HOLDING CORP. (hereinafter "North Star") and related issues, and

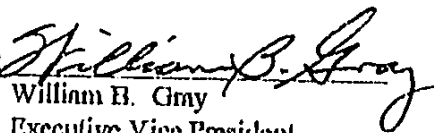
WHEREAS, a quorum was present and all shareholders and directors were represented either in person or by proxy, and

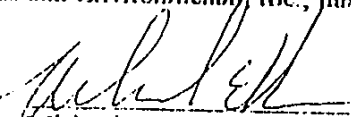
WHEREAS, it was determined that a merger with North Star was in the best interests of Weststar Environmental, Inc., therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WESTSTAR ENVIRONMENTAL, INC., that MICHAEL B. RICKS, President and Chief Executive Officer of Weststar Environmental, Inc., is hereby authorized and directed to proceed to consummate a merger of WESTSTAR ENVIRONMENTAL, INC., with NORTH STAR HOLDING CORP., upon such terms and conditions as may be necessary, subject to the terms and conditions of the Agreement and Plan of Reorganization submitted for consideration this date, by and between North Star Holding Corp., Weststar Environmental, Inc., B & B Septic and Environmental Services, Inc., and Michael B. Ricks, and Shareholder approval.

ADOPTED by the Board of Directors of Weststar Environmental, Inc., this 28 day of April, 1997.

Attest:


William B. Gray
Executive Vice President


Michael B. Ricks
President/ Chief Executive Officer

Seal

APPROVAL OF SHAREHOLDERS

WHEREAS, the SHAREHOLDERS OF WESTSTAR ENVIRONMENTAL, INC. (hereinafter referred to as "Board") met on April 28, 1997, in a special meeting, and

WHEREAS, the purpose of the special meeting was to discuss and decide upon the merits of a merger with NORTH STAR HOLDING CORP. (hereinafter "North Star") and related issues, and

WHEREAS, a quorum was present and all shareholders and directors were represented either in person or by proxy, and

WHEREAS, it was determined that a merger with North Star was in the best interests of Weststar Environmental, Inc., and the related transaction of a sale of certain business and assets to South Star Environmental Services, Inc., therefore,

BE IT RESOLVED BY THE SHAREHOLDERS OF WESTSTAR ENVIRONMENTAL, INC., that MICHAEL E. RICKS, President and Chief Executive Officer of Weststar Environmental, Inc., is hereby authorized and directed to proceed to consummate a merger of WESTSTAR ENVIRONMENTAL INC., with NORTH STAR HOLDING CORP., and the sale of certain assets and business to South Star Environmental Services, Inc., upon such terms and conditions as may be necessary, subject to the terms and conditions of the Agreement and Plan of Reorganization submitted for consideration this date, by and between North Star Holding Corp., Weststar Environmental, Inc., B & B Septic and Environmental Services, Inc., and Michael E. Ricks, and pursuant to shareholder discussions of the special meeting held this date, and pursuant to Board Resolution of this date.

ADOPTED by the Shareholders of Weststar Environmental, Inc., this 28 day of April, 1997.

Attest:

William B. Omy
William B. Omy
Executive Vice President

Michael E. Ricks
Michael E. Ricks
President/ Chief Executive Officer

Seal

Leon H. Canola
Leon H. Canola
James R. Flynn
James R. Flynn
James R. Flynn

4/28/97
Date

4/28/97
Date

4/28/97
Date

William P. Costello

Agent A. Costello, attorney-in-fact for
Thomas Frederick Fog

Thomas Frederick Fog

[Signature]
Michael R. Ricks

Date

4/28/97

Date

4/28/97

Date

[Signature]
William B. Gray

Date

4-28-97

Riley G. Yarbrough
Riley G. Yarbrough

Date

4/28/97

Riley G. Yarbrough Attorney in fact for

David M. Yarbrough
David M. Yarbrough

Date

4/28/97

Riley G. Yarbrough Attorney in fact for

Stanley H. McDonald
Stanley H. McDonald

Date

4/28/97

Riley G. Yarbrough Attorney in fact for

Chuck L. Yarbrough
Chuck L. Yarbrough

Date

4/28/97

APPROVAL OF SHAREHOLDERS

WHEREAS, the SHAREHOLDERS OF B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC. (hereinafter referred to as "Board") met on April 28, 1997, in a special meeting, and

WHEREAS, the purpose of the special meeting was to discuss and decide upon the merits of a merger with NORTH STAR HOLDING CORP. (Hereinafter "North Star") and related issues, and

WHEREAS, a quorum was present and all shareholders and directors were represented either in person or by proxy, and

WHEREAS, it was determined that a merger with North Star was in the best interests of B & B Septic and Environmental Services, Inc., therefore,

BE IT RESOLVED BY THE SHAREHOLDERS OF B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC., that MICHAEL E. RICKS, President and Chief Executive Officer of B & B Septic and Environmental Services, Inc., is hereby authorized and directed to proceed to consummate a merger of B & B SEPTIC AND ENVIRONMENTAL SERVICES, INC., with NORTH STAR HOLDING CORP., upon such terms and conditions as may be necessary, subject to the terms and conditions of the Agreement and Plan of Reorganization submitted for consideration this date, by and between North Star Holding Corp., Weststar Environmental, Inc., B & B Septic and Environmental Services, Inc., and Michael E. Ricks, and pursuant to Board Resolution of this date.

ADOPTED by the Shareholders of B & B Septic and Environmental Services, Inc., this 28 day of April, 1997.

Attest:

William B. Gray
William B. Gray
Executive Vice President

Michael E. Ricks
Michael E. Ricks
President/ Chief Executive Officer

Seal

Leon H. Cassola
Leon H. Cassola
Leslie Dean Cassola
Leslie Dean Cassola
James R. Flynn
James R. Flynn

4/28/97
Date

4/28/97
Date

4/28/97
Date

William P. Costello

Wm. H. Cassels Attorney in fact for
Thomas Frederick Fey

Thomas Frederick Fey

Date

11/28/97

Date

11/28/97

Date

Michael E. Ricks

William B. Gray

William B. Gray

Date

11-28-97

Riley Glenn Yarbrough

Riley Glenn Yarbrough

Date

1/25/97

Riley Glenn Yarbrough Attorney in fact for
David M. Yarbrough

David M. Yarbrough

Date

1/25/97

Riley Glenn Yarbrough Attorney in fact for
Stanley H. McDonald

Stanley H. McDonald

Date

1/25/97

Riley Glenn Yarbrough Attorney in fact for
Chuck L. Yarbrough

Chuck L. Yarbrough

Date

1/25/97

SCHEDULE 4(d)
NONCONTRAVENTION

B & B & WESTSTAR COMBINED

NONE

**SCHEDULE 4(h)
PAGE ONE
TAX LIABILITY**

B & B

1992 INCOME TAX RETURN FILED - NO LIABILITY
1993 INCOME TAX RETURN FILED - NO LIABILITY
1994 INCOME TAX RETURN FILED - NO LIABILITY
1995 INCOME TAX RETURN PREPARED, NOT FILED - NO LIABILITY

PAYROLL TAX LIABILITY EXISTS AS DISCLOSED IN SCHEDULE 4(e)
\$4,392.21

SALES TAX LIABILITY EXISTS AS DISCLOSED IN SCHEDULE 4(e)
\$4,081.41

HAS A POTENTIAL OF \$117,425 LOSS CARRIED FORWARD

BASIS; ACCRUAL

NET OPERATING LOSS, NET CAPITAL LOSS, UNUSED CREDIT: NONE

WESTSTAR

1992 INCOME TAX RETURN FILED - NO LIABILITY
1993 INCOME TAX RETURN FILED - NO LIABILITY
1994 INCOME TAX RETURN FILED - NO LIABILITY
1995 INCOME TAX RETURN PREPARED, NOT FILED - NO LIABILITY

PAYROLL TAX LIABILITY EXISTS AS DISCLOSED IN SCHEDULE 4(e)
NONE

POTENTIAL LOSS CARRIED FORWARD; NONE

BASIS; ACCRUAL

NET OPERATING LOSS, NET CAPITAL LOSS, UNUSED CREDIT: NONE

SCHEDULE 4()
REAL ESTATE

B & B

1585 KEPLER ROAD
DELAND, FLORIDA
(OFFICE)
SUBJECT TO MORTGAGE
APPROXIMATELY 1 ACRE
MORTGAGEE- SOUTHTRUST BANK
BALANCE-\$296,432.17 (NOTE- Some equipment also subject to this note)

WESTSTAR

ROUTE 4, BOX 1555C
STARKE, FLORIDA
(OFFICE & SHOP)
SUBJECT TO MORTGAGE
APPROXIMATELY 4.3 ACRES
MORTGAGEE- JEANNIE GAGNON
BALANCE- \$106,963.31

**SCHEDULE 4(k)
INTELLECTIAL PROPERTY**

B & B

NONE

WESTSTAR

NONE

**SCHEDULE 4(D)
INVENTORY**

B & B

PLUMBING FIXTURES	35,000.00
PUMPS, BLOWERS, PARTS	8,000.00
TRUCK PARTS	3,000.00
TOTAL B & B	46,000.00

WESTSTAR

PUMPS, PIPES, FITTINGS	1,500.00
TRUCK VALVE FITTINGS	3,500.00
MISC.	5,000.00
TOTAL WESTSTAR	10,000.00

**SCHEDULE 4(m)
LEASES**

B & B

WILLIAM DENN
APPROXIMATELY 4.5 ACRES
EXPIRED 7/17/96
MONTHLY RENT- \$340.08
NO "HOLDOVER" LIABILITIES CURRENTLY KNOWN OTHER THAN RENT
NEEDS TO BE CONVERTED TO A MORTGAGE- NO TERMS DISCUSSED TO
DATE

WESTSTAR

NONE

**SCHEDULE 4(n)
CONTRACTS
PAGE 3
MORTGAGES**

B & B

SOUTHRUST BANK

WESTSTAR

JEANIE GAGNON

**SCHEDULE 4(m)
CONTRACTS
PAGE 6
CUSTOMER CONTRACTS**

PRUDENTIAL INSURANCE TOWER

SNEAKERS RESTAURANT

TAYLOR HOMES

THE LOOP RESTAURANTS(6 LOCATIONS)

BISCOTTI'S RESTAURANT

ATHENS CAFE

RITZ CARLTON

CITY OF JACKSONVILLE

DUVAL COUNTY PUBLIC SCHOOLS

WHITEY'S FISH CAMP

**SCHEDULE 4(r)
LITIGATION**

B & B

CITY OF DELAND, COLLECTION ACTION-NO THREATENED ACTION TO DATE
CONTAINED IN PAYABLES
COUNTERACTION BEING PURSUED

WESTSTAR

M-H TIRE, PENDING SUIT
CONTAINED IN PAYABLES
JUDGMENT ENTERED
PARTIAL SATISFACTION PAID-BALANCE A/P \$7000.00

U.S. DEPARTMENT OF LABOR, ANONYMOUS COMPLAINT ON OVERTIME
MAXIMUM POTENTIAL LIABILITY APPROXIMATELY \$15,000
NO ACTION TAKEN TO DATE- STILL UNDER INVESTIGATION

THREATENED LITIGATION BY MINORITY SHAREHOLDER
NO ACTION TAKEN TO DATE
PLAINTIFF'S LIKELIHOOD OF SUCCESS UNKNOWN

NATIONWIDE INSURANCE
JUDGMENT ENTERED
PARTIAL SATISFACTION PAID-BALANCE A/P \$4000.00

USF&G
JUDGMENT ENTERED
PARTIAL SATISFACTION PAID-BALANCE \$24,200.00

ASSOCIATED INDUSTRIES, SUIT PENDING
LIKELIHOOD OF PLAINTIFF'S SUCCESS-%100
POTENTIAL LIABILITY- \$8125.00

MORTGAGE FORECLOSURE, PENDING
CONTAINED IN PAYABLES
JUDGMENT ENTERED-BALANCE-\$106,963.31

1ST UNION NAT'L BANK, SUIT PENDING
CONTAINED IN PAYABLES
LIABILITY-APP \$102,700.00

MACK CONCRETE, SUIT PENDING
CONTAINED IN PAYABLES
PROBABLE LIABILITY-APP \$2200.00

**SCHEDULE 4(v)
EMPLOYEE BENEFIT PLANS**

B & B AND WESTSTAR

**HEALTH INSURANCE
LIFE INSURANCE
401K**

**PROVIDED BY:
STAFF LEASING
CORPORATE HEADQUARTERS
P.O. BOX 25020
BRADENTON, FLORIDA 34206-5020**

LIABILITIES:

**POTENTIAL HEALTH BILL CLAIM DUE TO CANCELLATION OF POLICY,
MAXIMUM COMBINED POTENTIAL - \$10,000**

**SCHEDULE 4(w)
GUARANTIES**

B & B

NONE

WESTSTAR

NONE

SCHEDULE 4(x)
ENVIRONMENT, HEALTH, SAFETY

B & B

NONE

WESTSTAR

NONE

**SCHEDULE 4(y)
LEGAL COMPLIANCE**

B & B

NONE

WESTSTAR

NONE

**SCHEDULE 4(n)
MARKETABLE TITLE**

B & B

EQUIPMENT LEASES AND MORTGAGES AS DISCLOSED IN SCHEDULE 4(n)

WESTSTAR

EQUIPMENT LEASES AND MORTGAGES AS DISCLOSED IN SCHEDULE 4(n)

**SCHEDULE 4(ad)
PERMITS**

B & B

HRS - LIME STABILIZATION FACILITY PERMIT
VOLUSIA COUNTY- LAND APPLICATION PERMIT (2)
ALACHUA COUNTY - PUMPING PERMIT

WESTSTAR

S. CAROLINA D.H.E.C. - PUMPING AND DIPOSAL PERMIT
KNOXVILLE UTILITIES BOARD - WASTE DISPOSAL PERMIT (3)
N. CAROLINA - SEPTAGE MANAGEMENT PERMIT (IN PROCESS OF
RENEWAL)
HRS - SEPTIC TANK CONTRATOR PERMIT (ROTO-ROOTER)
CITY OF JACKSONVILLE - WASTE HAULER DISCHARGE PERMIT
F.D.E.P. LIME STABILIZATION FACILITY PERMIT

**SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 1
BANK LOANS**

B & B AND WESTSTAR COMBINED

FIRST UNION NATIONAL BANK *

Account Numbers

9573918810

9573887874

1-100-576608

1-700-576642

327020050231086

FIRST COMMUNITY BANK *

Account Number

12000277

SOUTHTRUST BANK *

Account Numbers

13045

13836

9136

13044

CNB NATIONAL BANK *

Accounts Numbers

000716457370

000716457371

000716457373

SUNTRUST BANK *

Account Numbers

072020550901

F0164254

SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 2
OTHER LOANS

B & B

GLORIA FERGUSON
ALAN FERGUSON
WILLIAM DENN
XEROX
HAZEL SMITH

WESTSTAR

WILLIAM B. GRAY(2 LOANS)

SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 3
MORTGAGES

B & B

SOUTHTRUST *

WESTSTAR

JEANIE GAGNON

**SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 4
LEASES**

B & B AND WESTSTAR COMBINED

ASSOCIATES LEASING, INC.(CLARK) *
P.O. BOX 411701
KANSAS CITY, MO 64141-1701
ACCOUNT NO:919729

ATT AUTOMOTIVE SERVICES, INC. *
P.O. BOX 3248
BOSTON, MA 02241-3248
CONTRACT NO: 04-0111-17299

ATT CAPITAL CORPORATION *
2 GATEHALL DRIVE
PARSIPPANY, NJ 07054
MASTER AGREEMENT NO: 136198

CHRYSLER CREDIT CORPORATION *
P.O. BOX 105776
ATLANTA, GA 30348-5776
ACCOUNT NO: 1 14224 419806A 6

CREDENTIAL LEASING CORP. *
P.O. BOX 116
BOYNTON BEACH, FL 33425-0116
LEASE NO: 290601

FORD NEW HOLLAND *
P.O. BOX 109
TUCKER, GA 30085
B & B LEASE
WESTSTAR LEASE

G.B. CAPITAL MODULAR *
9000 PHILLIPS HIGHWAY
JACKSONVILLE, FL 32256-1335
CUSTOMER NO: 14-865522

GMAC SMARTLEASE *
P.O. BOX 2175
JACKSONVILLE, FL 32203
1995 PONTIAC BONNEVILLE ACCOUNT NO: 31276

**SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 5
LEASES (CONTINUED)**

KONICA BUSINESS MACHINES *
P.O. BOX 7023
TROY, MI 48007-7023
CONTRACT NO: 008-0127624-000

LEASE ACCEPTANCE CORPORATION *
BOX NUMBER 9066
FARMINGTON HILLS, MI 48333-9066
LEASE NO: 111354

SCHEDULE 6(b)
NOTICES AND CONSENTS
PAGE 6
CUSTOMER CONTRACTS

PRUDENTIAL INSURANCE TOWER

SNEAKERS RESTAURANT

TAYLOR HOMES

THE LOOP RESTAURANTS(6 LOCATIONS)

BISCOTTI'S RESTAURANT

ATHENS CAFE

RITZ CARLTON

CITY OF JACKSONVILLE

DUVAL COUNTY PUBLIC SCHOOLS

* Should be notified for assumption of mortgage/debt purposes

**SCHEDULE 4(n)
CONTRACTS
PAGE 1
BANK LOANS**

B & B AND WESTSTAR COMBINED

FIRST UNION NATIONAL BANK

Account Numbers

9573918810

9573887874

1-100-576608

1-700-576642

327020050231086

FIRST COMMUNITY BANK

Account Number

12000277

SOUTHTRUST BANK

Account Numbers

13045

13836

9136

13044

CNB NATIONAL BANK

Accounts Numbers

000716457370

000716457371

000716457373

SUNTRUST BANK

Account Numbers

072020550901

F0164254

**SCHEDULE 4(n)
CONTRACTS
PAGE 2
OTHER LOANS**

B & B

GLORIA FERGUSON
ALAN FERGUSON
XEROX
HAZEL SMITH

WESTSTAR

WILLIAM B. GRAY(2 LOANS)
MICHAEL E. RICKS

**SCHEDULE 4(n)
CONTRACTS
PAGE 4
LEASES**

B & B AND WESTSTAR COMBINED

ASSOCIATES LEASING, INC.(CLARK)
P.O. BOX 411701
KANSAS CITY, MO 64141-1701
ACCOUNT NO: 919729

ATT AUTOMOTIVE SERVICES, INC.
P.O. BOX 3248
BOSTON, MA 02241-3248
CONTRACT NO: 04-0111-17299

ATT CAPITAL CORPORATION
2 GATEHALL DRIVE
PARSIPPANY, NJ 07054
MASTER AGREEMENT NO: 136198

CHRYSLER CREDIT CORPORATION
P.O. BOX 105776
ATLANTA, GA 30348-5776
ACCOUNT NO: 1 14224 419806A 6

CREDENTIAL LEASING CORP.
P.O. BOX 116
BOYNTON BEACH, FL 33425-0116
LEASE NO: 290601

FORD NEW HOLLAND
P.O. BOX 109
TUCKER, GA 30085
B & B LEASE
WESTSTAR LEASE

G.E. CAPITAL MODULAR
9000 PHILLIPS HIGHWAY
JACKSONVILLE, FL 32256-1335
CUSTOMER NO: 14-865522

GMAC SMARTLEASE
P.O. BOX 2175
JACKSONVILLE, FL 32203
1995 PONTIAC BONNEVILLE ACCOUNT NO: 31276
1993 CHEVROLET BLAZER

**SCHEDULE 4(n)
CONTRACTS
PAGE 5
LEASES (CONTINUED)**

KONICA BUSINESS MACHINES
P.O. BOX 7023
TROY, MI 48007-7023
CONTRACT NO: 008-0127624-000

LEASE ACCEPTANCE CORPORATION
BOX NUMBER 9066
FARMINGTON HILLS, MI 48333-9066
LEASE NO: 111354

SCHEDULE 4(e)
PART ONE
(5 PAGES)

B & B SEPTIC & ENVIRONMENTAL SERVICES, INC.

ACCOUNTANTS COMPILATION REPORT

AND FINANCIAL STATEMENTS

FIVE MONTHS ENDED MAY 31, 1996

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STATEMENT OF INCOME AND RETAINED EARNINGS	3



REDDISH AND WHITE

(904) 984-7555

CERTIFIED PUBLIC ACCOUNTANTS

FAX (904) 984-3887

134 East Call Street P.O. Box 307
Starke, Florida 32091

ACCOUNTANTS COMPILATION REPORT

To the Board of Directors
B & B Septic & Environmental Services, Inc.
Starke, Florida

We have compiled the accompanying balance sheet of B & B Septic & Environmental Services, Inc. (a Florida Corporation) as of May 31, 1996 and the related statement of income and retained earnings for the five months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Reddish & White

REDDISH & WHITE
CERTIFIED PUBLIC ACCOUNTANTS

July 24, 1996

B & B SEPTIC & ENVIRONMENTAL SERVICES, INC.
BALANCE SHEET
MAY 31, 1996

ASSETS

CURRENT ASSETS

Cash	\$4,409
Accounts Receivable—Net	17,957
Inventory	42,867
Prepaid Assets	<u>14,317</u>

TOTAL CURRENT ASSETS 79,550

PROPERTY AND EQUIPMENT—NET 598,365

OTHER ASSETS

Utility Deposits	<u>510</u>
------------------	------------

TOTAL OTHER ASSETS 510

TOTAL ASSETS \$678,425

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$125,043
Payroll Taxes Payable	90,203
Unemployment Taxes Payable	1,518
Sales Tax Payable	5,413
Deposit on Drain Field	8,500
Loan payable to Weststar Environmental, Inc.	140,629
Current Portion of Long—Term Debt	<u>73,737</u>

TOTAL CURRENT LIABILITIES 445,043

LONG—TERM DEBT 463,381

TOTAL LIABILITIES 908,424

STOCKHOLDERS' EQUITY

Common Stock, \$1 par value, 100,000 shares authorized, issued and outstanding	100,000
Discounts on Issuance of Common Stock	(68,400)
Retained Earnings (Deficit)	<u>(261,599)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>(229,999)</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$678,425

See Accountants Compilation Report.

B & B SEPTIC & ENVIRONMENTAL SERVICES, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Five Months Ended May 31, 1996

Sales	\$152,124
Cost of Sales	<u>129,860</u>
GROSS PROFIT	22,264
OPERATING EXPENSES	
Advertising	7,629
Insurance	14,646
Supplies	14,193
Telephone	3,825
General & Administrative Expenses	11,516
Depreciation Expense	<u>16,890</u>
TOTAL OPERATING EXPENSES	<u>68,699</u>
NET INCOME	(46,435)
BEGINNING RETAINED EARNINGS(DEFICIT)	(215,164)
ENDING RETAINED EARNINGS(DEFICIT)	<u>(261,599)</u>

See Accountants Compilation Report.

SCHEDULE 4(e)
PART TWO
(5 PAGES)

WESTSTAR ENVIRONMENTAL, INC.
ACCOUNTANTS COMPILATION REPORT
AND FINANCIAL STATEMENTS
FIVE MONTHS ENDED MAY 31, 1996

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REDDISH AND WHITE

CERTIFIED PUBLIC ACCOUNTANTS

134 East Call Street P.O. Box 307
Starke, Florida 32091

ACCOUNTANTS COMPILATION REPORT

To the Board of Directors
Weststar Environmental, Inc.
Starke, Florida

We have compiled the accompanying balance sheet of Weststar Environmental, Inc. (an S Corporation) as of May 31, 1996 and the related statement of income and retained earnings for the five months then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company with the consent of its shareholders have elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provision or liability for federal income taxes have been included in these financial statements.

Reddish & White

REDDISH & WHITE
CERTIFIED PUBLIC ACCOUNTANTS

July 24, 1996

WESTSTAR ENVIRONMENTAL, INC.
BALANCE SHEET
MAY 31, 1996

ASSETS

CURRENT ASSETS

Accounts Receivable - Net	
Deposits	\$120,978
Loan to B & B Plumbing, Inc.	4,900
Loans Receivable - Employees	140,629
Prepaid Assets	2,997
	<u>48,948</u>

TOTAL CURRENT ASSETS 318,452

PROPERTY AND EQUIPMENT - NET 1,249,024

TOTAL ASSETS \$1,567,476

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	
Bank Overdraft	\$80,472
Payroll Payable	8,587
Payroll Taxes Payable	42,890
Stockholder Loan	97,659
Current Portion of Long-Term Debt	48,000
	<u>174,151</u>

TOTAL CURRENT LIABILITIES 451,759

LONG-TERM LIABILITIES

Long-Term Debt	<u>317,684</u>
----------------	----------------

TOTAL LONG - TERM LIABILITIES 317,684

TOTAL LIABILITIES 769,443

STOCKHOLDERS' EQUITY

Common Stock, \$1 par value, 100,000 shares authorized, issued and outstanding	100,000
Discount on Issuance of Common Stock	(37,508)
Retained Earnings	<u>735,541</u>

TOTAL STOCKHOLDERS' EQUITY 798,033

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$1,567,476

See Accountants Compilation Report.

WESTSTAR ENVIRONMENTAL, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Five Months Ending May 31, 1996

Sales	\$792,325
Cost of Sales	<u>264,327</u>
GROSS PROFIT	527,998
OPERATING EXPENSES	
Salaries & Wages	116,002
Payroll Taxes	19,192
Office Rent	27,258
Travel	19,736
Insurance	17,503
General & Administrative Expenses	52,024
Depreciation Expense	27,000
Interest Expense	<u>9,185</u>
TOTAL OPERATING EXPENSES	<u>290,100</u>
INCOME BEFORE OFFICERS' SALARIES & BENEFITS	237,898
OFFICERS' SALARIES & BENEFITS	<u>59,045</u>
NET INCOME	178,853
BEGINNING RETAINED EARNINGS	<u>556,688</u>
ENDING RETAINED EARNINGS	<u>\$735,541</u>

See Accountants Compilation Report.

SCHEDULE 4(e)
PART THREE
(13 PAGES)

B & B PLUMBING & SEPTIC SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1995

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REDDISH AND WHITE

CERTIFIED PUBLIC ACCOUNTANTS

134 East Call Street P.O. Box 307

Starke, Florida 32091

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of B & B Plumbing & Septic Services, Inc.

We have audited the accompanying balance sheet of B & B Plumbing & Septic Services, Inc. (a Florida Corporation) as of December 31, 1995, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not observe the taking of the physical inventories at December 31, 1995 (stated at \$66,600), since those dates were prior to the time we were initially engaged as auditors for the Company. We were unable to satisfy ourselves about inventory quantities by means of other auditing procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to observe the physical inventories taken as of December 31, 1995 the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of B & B Plumbing & Septic Services, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Reddish & White

REDDISH & WHITE, C.P.A.'S
STARKE, FLORIDA

JUNE 28, 1996

B & B PLUMBING & SEPTIC SERVICES, INC.
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

CURRENT ASSETS

Cash	\$ 53
Accounts Receivable-Net	5,153
Inventory	66,100
Prepaid Assets	<u>3,142</u>

TOTAL CURRENT ASSETS 76,048

PROPERTY AND EQUIPMENT-NET

581,094

OTHER ASSETS

Loan Costs	6,324
Utility Deposits	<u>510</u>

TOTAL OTHER ASSETS 6,834

TOTAL ASSETS

\$663,976

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$112,679
Payroll Taxes Payable	88,932
Unemployment Taxes Payable	1,518
Sales Tax Payable	1,775
Deposit on Drain Field	8,510
Loan payable to Weststar Environmental, Inc.	88,317
Current Portion of Obligations Under Capital Leases	11,213
Current Portion of Long-Term Debt	<u>58,517</u>

TOTAL CURRENT LIABILITIES 371,571

LONG-TERM LIABILITIES

Obligations Under Capital Lease	36,211
Long-Term Debt	<u>439,778</u>

TOTAL LONG-TERM LIABILITIES 475,989

TOTAL LIABILITIES

847,560

STOCKHOLDERS' EQUITY

Common Stock, \$1 par value, 100,000 shares authorized, issued and outstanding	100,000
Discounts on Issuance of Common Stock	(68,400)
Retained Earnings(Deficit)	<u>(215,104)</u>
TOTAL STOCKHOLDERS' EQUITY	<u>(183,504)</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$663,976

The accompanying notes are an integral part of this statement

B & B PLUMBING & SEPTIC SERVICES, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 1995

Sales	\$696,557
Cost of Sales	<u>324,988</u>
GROSS PROFIT	371,569
OPERATING EXPENSES	
General & Administrative Expenses	201,378
Depreciation Expense	45,383
Interest Expense	<u>47,737</u>
TOTAL OPERATING EXPENSES	<u>294,498</u>
INCOME BEFORE OFFICERS' SALARIES & BENEFITS	77,071
OFFICERS' SALARIES & BENEFITS	<u>26,923</u>
NET INCOME	50,148
BEGINNING RETAINED EARNINGS(DEFICIT)	(265,312)
ENDING RETAINED EARNINGS(DEFICIT)	<u>(215,164)</u>

The accompanying notes are an integral part of this statement.

B & B PLUMBING & SEPTIC SERVICES, INC.
STATEMENT OF CASH FLOWS
December 31, 1995

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$50,148
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	45,383
(Increase) decrease in:	
Accounts receivable	52,894
Prepaid Assets	(1,266)
Inventory	(23,733)
Loan Costs	1,215
Utility Deposits	(160)
Increase (decrease) in:	
Accounts payable	5,436
Deposit on Drain Field	8,500
Payroll Taxes Payable	62,479
Loan payable to Weststar Environmental, Inc.	53,397
Accrued expenses	<u>933</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 255,226

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(395,696)</u>
-------------------------------------	------------------

NET CASH USED BY INVESTING ACTIVITIES (395,696)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Long-Term Debt	358,572
Proceeds from Obligations under Capital Leases	40,620
Repayment of notes payable	(239,324)
Repayment of Obligations under Capital Lease	<u>(8,721)</u>

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES 151,147

NET DECREASE IN CASH 10,677

CASH AT BEGINNING OF YEAR (10,524)

CASH AT END OF YEAR \$153

The accompanying notes are an integral part of this statement.

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of B & B Plumbing & Septic Services, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company is a Florida Corporation engaged in waste recycling which includes food service industries grease trap maintenance programs, the transportation and processing of agricultural products from bio-solids, and residential and commercial accounts under the name of Roto-Rooter. The Company's headquarters is located in Starke, Florida and sales are generated in Florida and North Carolina.

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting for financial statement presentation and the income tax basis method of accounting for federal income tax purposes.

Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventory

Inventory is stated at cost; under the first-in, first-out method; which is not in excess of market.

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property and Equipment

Property and equipment is recorded at cost. Depreciation on machinery and vehicles is computed using the straight-line method over estimated useful lives of five (5) and seven (7) years. Depreciation of buildings and improvements is computed using the straight-line method over estimated lives of fifteen (15) to thirty (30) years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Cash Flows

For purposes of the statement of cash flows, the Company considers all demand deposits and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Amounts paid during the year ended December 31, 1995 for interest is as follows:

Interest	\$47,737
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NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 1995:

Building and Improvements	\$ 297,441
Machinery and Equipment	314,199
Vehicles	242,858
Less: Accumulated Depreciation	<u>(273,404)</u>
Total	<u>\$581,094</u>

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 3 - LONG-TERM DEBT

Following is a summary of long-term debt at December 31, 1995:

	<u>1995</u>
Note Payable to Hazel Smith dated 2/1/95 Payments on interest only at a rate of 10.0% per year are due, commencing February 1, 1995 until note is called.	\$ 15,000
Loan payable to XEROX dated March, 1995 payable in 36 monthly installments of \$86 including interest at 19.52% commencing April 1995	1,876
Mortgage payable to Gloria Ferguson dated January 1994. Monthly payments of \$1,000 are due over 150 months at a rate of 7.0 commencing February 1994	89,776
Note payable to Allen Ferguson dated June 1995. Monthly payments of \$206 are due over 77 months including interest at a rate of 15.5%, commencing July 1995	9,526
Loan dated November 1995 payable to First Union bank. Payments of \$602 are due over 51 months with interest at a rate of prime plus 2%, commencing December 1995.	23,747
Loan payable to First Community Bank dated March 1992. Monthly payments of \$394 are due over 48 months and include interest at a rate of 12.0%, commencing April 1992.	1,160
Loan payable to First Community Bank dated February 1994, Payable in 36 monthly installments of \$820 including interest of 10.0% commencing March 1994	10,787
Loan payable to First Community Bank dated August 1994. Payable in 60 monthly installments of \$735 including interest of 8.75% commencing September 1994.	27,579

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 3 - LONG-TERM DEBT (CONCLUDED)

Loan payable to Southtrust Bank dated September 1995, Payable in 36 monthly installments of \$392 including interest of 10%, Commencing October 1995.	11,238
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Loan payable to Southtrust Bank dated September 1995. Payable in 59 monthly installments of \$3,390 including interest of 10.0% commencing October 1995 with a balloon due in September 2000.	<u>307,560</u>
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TOTAL	498,249
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Less: current maturities	<u>58,531</u>
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Long-Term Debt	<u>\$ 439,718</u>
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Following are maturities of long - term debt as of December 31, 1995:

YEAR ENDED <u>DECEMBER 31,</u>	
1996	\$ 58,531
1997	38,262
1998	38,391
1999	35,330
2000 & Beyond	<u>327,735</u>
TOTAL	<u>\$498,249</u>

NOTE 4 - OBLIGATIONS UNDER CAPITAL LEASES

The Company leases machinery under capital leases expiring in various years through 2000. The assets and liabilities under capital leases are recorded at the lower of the present values of the minimum lease payments or their fair values of the assets. The assets are included in property and equipment and are depreciated over their estimated useful lives.

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 4 - OBLIGATIONS UNDER CAPITAL LEASE (CONCLUDED)

As of December 31, 1995, minimum future lease payments under capital leases are:

Year ended December 31,	
1996	16,328
1997	15,679
1998	9,988
1999	9,988
2000	<u>8,372</u>
Total minimum lease payments	60,355
Less: amounts representing interest	<u>12,871</u>
Net minimum lease payments	47,484
Less Current Portion	<u>11,233</u>
Long-Term Portion	<u>\$36,251</u>

NOTE 5 - OPERATING LEASES

Throughout the year, the company rents assets, on a short - term basis, as needed for various projects. In addition the Company leases vehicles for \$335 per month, a steel building for \$318 per month and real estate for \$792 per month. All operating leases expire during 1996.

Total rental expense for the year ended December 31, 1995 was:

Real Estate & Steel Building	\$ 13,320
Autos	<u>4,020</u>
Total	<u>\$ 17,340</u>

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 5 - OPERATING LEASES (CONCLUDED)

Minimum annual rental payments for the remainder of these leases are as follows:

YEAR ENDED
DECEMBER 31,

1996

\$ 3,837

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company is affiliated with Weststar Environmental Services, Inc. through common control and stock ownership. The amount due to this related company totaled \$88,397 at December 31, 1995. This loan is an unsecured, non-interest bearing loan and is payable on demand.

The Company received \$204,000 in dump fees from its affiliated Company (Weststar Environmental, Inc.) during 1995.

NOTE 7 - CONTINGENCIES

Government Regulation

Substantially all of the Companies operations are subject to federal, state and local regulations relating to the disposition of environmentally sensitive waste. Compliance with these provisions has not had, nor does the Company expect such compliance to have, any material effect upon the capital expenditures, net income, financial condition or competitive position of the Company. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal, state and local requirements.

Litigation

The Company is a defendant in a lawsuit arising from normal business activities. Management has reviewed the pending litigation with legal counsel and believes that those actions are without merit or that the ultimate liability, if any, resulting from it will not materially affect the Company's financial position.

B & B PLUMBING & SEPTIC SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 8 - GOING CONCERN

These statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The accompanying financial statements show a stockholder deficit of \$183,564, and current liabilities exceed current assets by \$295,523.

The Company is commonly owned by owners of another company (Weststar Environmental, Inc.) which is currently covering some of its operating costs and debt payments. The Company has recently engaged in a letter of intent to provide services for a major customer. Additionally, both Companies are negotiating a business transaction with another unrelated company whereby such company shall acquire all of the outstanding stock of B & B Plumbing & Septic Services, Inc. and satisfy a substantial portion of the Company's liabilities.

NOTE 9 - INCOME TAXES

The Company is a Subchapter C Corporation subject to Federal and State income taxes. Although the Company had net income for the year, prior year net operating loss carryovers offset 100% of the net income for 1995. Therefore, no provision for income taxes are made as of December 31, 1995. The Company will have approximately \$127,526 of net operating losses to carryover to 1996 and expiring in the year 2009.

SCHEDULE 4(e)
PART FOUR
(12 PAGES)

WESTSTAR ENVIRONMENTAL, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1995

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REDDISH AND WHITE

CERTIFIED PUBLIC ACCOUNTANTS

134 East Call Street P.O. Box 307
Starke, Florida 32091

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of Weststar Environmental, Inc.

We have audited the accompanying balance sheet of Weststar Environmental, Inc. (a Florida Corporation) as of December 31, 1995, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weststar Environmental, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Reddish & White

REDDISH & WHITE, C.P.A.'S
STARKE, FLORIDA

JUNE 28, 1996

WESTSTAR ENVIRONMENTAL SERVICES, INC.
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

CURRENT ASSETS

Accounts Receivable-Net	\$173,163
Deposits	4,900
Loan to B & B Plumbing, Inc.	88,397
Loans Receivable - Employees	2,407
Prepaid Assets	<u>18,920</u>

TOTAL CURRENT ASSETS 287,787

PROPERTY AND EQUIPMENT-NET 1,095,971

TOTAL ASSETS \$1,383,758

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$108,226
Bank Overdraft	6,265
Payroll Payable	33,670
Payroll Taxes Payable	91,220
Line-of-Credit	50,000
Current Portion of Obligations under Capital Lease	10,757
Current Portion of Long-Term Debt	<u>113,394</u>

TOTAL CURRENT LIABILITIES 413,532

LONG-TERM LIABILITIES

Obligations Under Capital Lease	50,608
Long-Term Debt	<u>300,438</u>

TOTAL LONG-TERM LIABILITIES 351,046

TOTAL LIABILITIES 764,578

STOCKHOLDERS' EQUITY

Common Stock, \$1 par value, 100,000 shares authorized, issued and outstanding	100,000
Discount on Issuance of Common Stock	(37,508)
Retained Earnings	<u>556,688</u>
TOTAL STOCKHOLDERS' EQUITY	<u>619,180</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$1,383,758

The accompanying notes are an integral part of this statement

WESTSTAR ENVIRONMENTAL, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 1995

Sales	\$1,694,220
Cost of Sales	<u>759,964</u>
GROSS PROFIT	934,256
OPERATING EXPENSES	
General & Administrative Expenses	211,942
Depreciation Expense	94,912
Interest Expense	<u>49,487</u>
TOTAL OPERATING EXPENSES	<u>356,341</u>
INCOME BEFORE OFFICERS' SALARIES & BENEFITS	577,915
OFFICERS' SALARIES & BENEFITS	<u>131,823</u>
NET INCOME	446,092
BEGINNING RETAINED EARNINGS	114,696
DIVIDENDS PAID	<u>(1,100)</u>
ENDING RETAINED EARNINGS	<u>559,688</u>

The accompanying notes are an integral part of this statement.

WESTSTAR ENVIRONMENTAL, INC.
STATEMENT OF CASH FLOWS
December 31, 1995

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$413,092
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	94,912
(Increase) decrease in:	
Accounts receivable	(110,961)
Loan to B & B Plumbing & Septic Services, Inc.	(53,397)
Employee Receivables	302
Prepaid Assets	(4,634)
Increase (decrease) in:	
Accounts payable	41,362
Payroll Payable	19,278
Payroll Taxes Payable	<u>87,204</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 517,158

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(713,228)</u>
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NET CASH USED BY INVESTING ACTIVITIES (713,228)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Long-Term Debt	240,855
Proceeds from Capital Lease Obligations	67,576
Repayment of Long-Term Debt	(120,486)
Repayment of Capital Lease Obligations	(6,210)
Dividends Paid	<u>(1,100)</u>

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES 180,635

NET DECREASE IN CASH (15,435)

CASH AT BEGINNING OF YEAR 9,170

CASH AT END OF YEAR (\$1,265)

The accompanying notes are an integral part of this statement.

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Weststar Environmental, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company is a Sub S Corporation engaged in waste recycling which includes food service industries grease trap maintenance programs, the transportation and processing of agricultural products from bio-solids, and residential and commercial accounts under the name of Roto-Rooter. The Company's headquarters is located in Starke, Florida and sales are generated in Florida and North Carolina.

Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting for financial statement presentation and the income tax basis method of accounting for federal income tax purposes.

Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Property and Equipment

Property and equipment is recorded at cost. Depreciation on machinery and vehicles is computed using the straight-line method over estimated useful lives of five (5) and seven (7) years. Depreciation of buildings and improvements is computed using the straight-line method over estimated lives of fifteen (15) to thirty (30) years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Cash Flows

For purposes of the statement of cash flows, the Company considers all demand deposits and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Amounts paid during the year ended December 31, 1995 for interest is as follows:

Interest	\$49,487
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S Corporation - Income Tax Status

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 1995:

Building and Improvements	\$143,574
Machinery and Equipment	129,201
Vehicles	1,028,769
Less: Accumulated Depreciation	<u>(205,573)</u>
Total	<u>\$1,095,971</u>

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 3 - LINE OF CREDIT

Short term Line of Credit payable to CNB National Bank dated January 10, 1995, Interest only payable monthly at 11.25%, Principal balance due January 10, 1996 \$50,000

NOTE 4 - LONG-TERM DEBT

Following is a summary of long-term debt at December 31, 1995:

	<u>1995</u>
Note Payable to Alan Ferguson dated 6/30/95 Monthly payments of \$400, no interest Commencing July 15, 1995	\$ 1,600
Mortgage payable to Jeannie Gagnon dated December 1, 1992 payable in 284 monthly installments of \$891 including interest at 9% commencing January 1, 1993. Collateralized by Real Property	100,097
Note payable to First Union Bank dated June 11, 1992 collateralized by equipment. Monthly payments of \$929 are due over 48 months at prime rate plus 3.5% commencing July 5, 1992	5,390
Note payable to First Union Bank dated February 1994. Monthly payments of \$4,892 are due over 50 months including interest at a rate of 9.9%, commencing March 1994.	122,142
Loan dated October 1995 payable to First Union Bank. Payments of \$603 are due over 51 months with interest at a rate of prime plus 2%, commencing December 1995. Collateralized by Equipment	23,747
Loan payable to Southtrust Bank of Central Florida dated October 1995. Monthly payments of \$1,448 are due over 72 months and include interest at a rate of 10.75%, commencing April 1992. Collateralized by equipment	74,711

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 4 - LONG-TERM DEBT (CONCLUDED)

Loan payable to CNB National Bank dated May 6, 1994, Payable in 36 monthly installments of \$491 including interest of 11.0% commencing June 10, 1994

7,630

Loan payable to CNB National Bank dated December 29, 1994. Payable in 36 monthly installments of \$2,881 including interest of 12 % commencing February 1, 1995.

63,138

Loan payable to First Union Bank dated December 1992, Payable in 60 monthly installments of \$450 including interest of 9%, Commencing January 1993.

9,786

Loan payable to Chrysler Credit dated November 1993. Payable in 48 monthly installments of \$253 including interest of 7.9% commencing January 1994.

5,590

TOTAL

413,831

Less: current maturities

113,394

Long-Term Debt

\$ 300,437

Following are maturities of long - term debt as of December 31, 1995:

<u>YEAR ENDED</u> <u>DECEMBER 31,</u>	
1996	\$113,394
1997	114,619
1998	42,292
1999	22,628
2000 & Beyond	<u>120,898</u>
TOTAL	<u>\$413,831</u>

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 5 - OBLIGATIONS UNDER CAPITAL LEASES

The Company leases machinery under capital leases expiring in various years through 2000. The assets and liabilities under capital leases are recorded at the lower of the present values of the minimum lease payments or their fair values of the assets. The assets are included in property and equipment and are depreciated over their estimated useful lives.

As of December 31, 1995, minimum future lease payments under capital leases are:

Year ended <u>December 31,</u>	
1996	18,511
1997	18,511
1998	18,511
1999	15,923
2000	<u>10,428</u>
Total minimum lease payments	81,884
Less: amounts representing interest	<u>20,519</u>
Net minimum lease payments	61,365
Less current portion	<u>10,757</u>
Long term portion	<u>\$50,608</u>

NOTE 6 - OPERATING LEASES

Throughout the year, the company rents assets, on a short - term basis, as needed for various projects. In addition the Company leases vehicles for \$1,095 per month, and a copier for \$81 per month. All operating leases expire during 1998.

WESTSTAR ENVIRONMENTAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

NOTE 6 - OPERATING LEASES (CONCLUDED)

Total rental expense for the year ended December 31, 1995 was:

Equipment	\$ 485
Autos	<u>5,475</u>
Total	<u>\$ 5,960</u>

Minimum annual rental payments for the remainder of these leases are as follows:

YEAR ENDED
DECEMBER 31,

1996	\$ 14,112
1997	14,112
1998	<u>8,151</u>
Total Future Minimum Rental Payments	<u>\$ 36,375</u>

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company is affiliated with B & B Plumbing & Septic Services, Inc. through common control and stock ownership. The amount due from this related company totaled \$88,397 at December 31, 1995. This loan is an unsecured, non-interest bearing loan and is payable on demand.

The Company paid \$204,000 in dump fees to an affiliated company (B & B Plumbing & Septic Services, Inc) during 1995.

NOTE 8 - CONTINGENCIES

Government Regulation

Substantially all of the Companies operations are subject to federal, state and local regulations relating to the disposition of environmentally sensitive waste. Compliance with these provisions has not had, nor does the Company expect such compliance to have, any material effect upon the capital expenditures, net income, financial condition or competitive position of the Company. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal, state and local requirements.

ATTACHMENT TO
ARTICLES OF INCORPORATION OF
SURVIVING CORPORATION
BETWEEN MERGER OF
B&B ACQUISITION CORPORATION
WITH AND INTO

B&B ENVIRONMENTAL SEPTIC SERVICES, INC.

The surviving corporation of this Merger shall be **B&B ENVIRONMENTAL SEPTIC SERVICES, INC.**, and the officers and directors are listed below:

Director	William W. Perry
President, Secretary and Treasurer	William W. Perry