

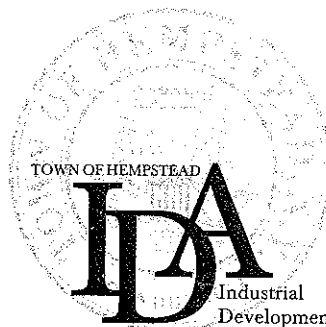
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MINUTES OF PUBLIC HEARING HELD ON

June 25, 2007, 9:15 a.m., Old Courthouse

350 Front Street, Hempstead

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY  
COVANTA HEMPSTEAD LLC

Frederick E. Parola, Executive Director and Chief Executive Officer of the Town of Hempstead Industrial Development Agency (the "Agency") called the hearing to order.

Frederick E. Parola then appointed Edie M. Longo, Deputy Executive Director/CFO of the Agency, to record the minutes of the hearing.

Fred Parola then described the proposed transfer of the real estate, the other financial assistance proposed by the Agency and the location and nature of the Facility as follows:

Covanta Hempstead LLC, a Delaware limited liability company, the general partner of and on behalf of, Covanta Hempstead Company, a Delaware general partnership (as successor to American Ref-Fuel of Hempstead) or any entity formed or to be formed on behalf of any of the foregoing (collectively, the "Company"), has applied to the Town of Hempstead Industrial Development Agency (the "Agency") for assistance in connection with a proposed extension of the various lease agreements and service agreement with respect to the existing solid waste disposal and waste-to-energy facility known as the Hempstead Resource Recovery Facility, located at 600 Merchants Concourse, Westbury, Town of Hempstead, New York (the "Facility"). The Company and the Town of Hempstead (the "Town") have agreed in accordance with the provisions of Section 120-w of the New York General Municipal Law, to extend and amend the existing Service Agreement, originally dated as of December 1, 1985 and as amended to date (the "Service Agreement") to operate the Facility and for the Company to provide solid waste disposal services to the Town and the concurrent extension and amendment of certain other agreements to which the Agency, the Company and/or the Town are parties to, including, but not limited to the following: a certain District Site Lease Agreement, dated as of November 1, 1986, as amended (as so amended, the "District Site Lease Agreement") by a First Amendment to District Site Lease Agreement, dated as of March 1, 1997, each between the Town of Hempstead (the "Town"), on behalf of the Town of Hempstead Refuse Disposal District, a special improvement district organized

and existing under the laws of the State of New York (the "District"), and the Agency, whereby the District has leased the Facility Site (as defined in the District Site Lease Agreement) to the Agency for a term scheduled to expire on November 17, 2026, or such earlier date on which said District Site Lease Agreement may be terminated in accordance with its terms; a certain Site Lease Agreement, dated as of November 1, 1986, as amended (as so amended, the "Site Lease Agreement") by a First Amendment to Site Lease Agreement, dated as of March 1, 1997, each between the Agency and the Company, whereby the Agency has subleased the Facility Site to the Company for a term which is scheduled to expire on November 15, 2026, or such earlier date on which said Site Lease Agreement may be terminated in accordance with its terms; a certain Lease Agreement, dated as of December 1, 1985, as amended (as so amended, the "Lease Agreement") by a First Amendment to Lease Agreement, dated as of November 1, 1986, and a Second Amendment to Lease Agreement, dated as of March 1, 1997, each between the Agency and the Company, whereby the Agency has leased the Facility (as defined in the Lease Agreement), but not the Facility Site, to the Company for a term scheduled to expire on December 2, 2010, subject to extension and termination in accordance with the terms of the Lease Agreement; a certain Agency Sublease Agreement, dated as of March 1, 1997 (the "Agency Sublease"), between the Company, as sublessor, and the Agency, as sublessee, whereby the Company has subleased its leasehold interest in the Facility (but not the Facility Site) under the Lease Agreement to the Agency for a term scheduled to expire on December 2, 2010, subject to extension and termination in accordance with the terms of the Agency Sublease; and a certain Amended and Restated Company Sublease Agreement, dated as of June 1, 2001 (the "Company Sublease"), between the Agency, as sublessor, and the Company, as sublessee, whereby the Agency has subleased its leasehold interest in the Facility (but not the Facility Site) under the Agency Sublease to the Company for a term scheduled to expire on December 2, 2010, subject to extension and termination in accordance with the terms of the Company Sublease (collectively, the "Leases").

The Agency contemplates providing financial assistance to the Company with respect to the extension of and amendment of the Leases in the form of exemptions from mortgage recording taxes, if mortgages are required, exemptions from sales and use taxes and continued abatement of real property taxes, consistent with the policies of the Agency.

The Executive Director then opened the hearing for comments from the floor for or against the proposed financial assistance proposed by the Agency. The following is a listing of the persons heard and a summary of their views:

Nassau County Assessor Harvey Levinson read a prepared statement (see attached) and requested the IDA board to further consider the tax abatements for Covanta Hempstead as they have already enjoyed 20 years of property tax exemptions. Mr. Levinson also expressed concern about the lack of communication about the public hearing. Mr. Levinson also questioned why the residents were not contacted directly about the scheduled Public Hearing. The Assessor also requested that the Town of Hempstead consider slow and steady increases in taxes for Covanta so as not to continue the large tax burden on the unincorporated areas of the Town. Mr. Levinson claimed that

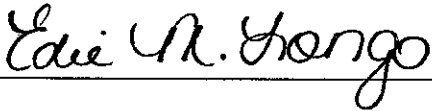
the value of the parcel in question was approximately \$225,000,000.00; that this parcel was among the highest valued parcels in the Town of Hempstead; and that Covanta Hempstead has derived tremendous profits from this plant and should be required to pay taxes, as no taxes on this facility would be out of the ordinary.

John Waffenschmidt also addressed the attendees and testified clarifying a couple of questions related to Covanta Hempstead. He advised that Covanta responded to an RFP issued by the Town of Hempstead and that the deal made with the Town of Hempstead for the disposal of garbage fee was substantially lower than that in the metropolitan area. The impact of any property taxes being imposed for this project would be passed onto the residents of the Town of Hempstead, thereby increasing the property taxes of all residents in the Town of Hempstead.

Mr. Levinson requested that he be allowed to submit additional supporting documentation outlining how the taxes to area residents would be lowered as a result of taxing Covanta Hempstead. Mr. Parola invited Mr. Levinson do furnish the additional information.

Also submitted for the record were letters from Councilwoman Dorothy Goosby, Marie Cantanese and Maureen T. Liccione, Esq., of Jaspan Schlesinger Hoffman, attorneys for the Uniondale Union Free School District.

With all testimony concluded, the hearing was closed at 10:15 a.m.



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Respectfully submitted

Edie M. Longo, Deputy Executive Director/CFO