
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Title 1 of Article 18-A of the New York State General Municipal Law will be held by the Town of Hempstead Industrial Development Agency (the "Agency") on the 25th day of June, 2007, at 9:15 a.m., local time, at 350 Front Street, 2nd Floor, Old Courthouse, Hempstead, New York, in connection with the following matters:

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 will, at the above-stated time and place, hear all persons with views in favor of or opposed to the extension of the Leases and the Service Agreement.

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.

A representative of the Agency will, at the above-stated time and place, hear and accept written comments from all persons with views in favor of or opposed to the granting of other financial assistance contemplated by the Agency or the extension and amendment of the Leases. At the hearing, all persons will have the opportunity to review the application for financial assistance filed by the Company with the Agency.

Dated: May 25, 2007

TOWN OF HEMPSTEAD INDUSTRIAL
DEVELOPMENT AGENCY

By: Frederick E. Parola
Title: Executive Director and Chief Executive
Officer