Covanta Has Been A Long-Standing Member of Numerous Communities in the State of Connecticut

Prescription Drug Drop Box (Bristol Police Dept.)

Covanta Connecticut by the Numbers

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>30</td>
<td>Towns under contract today</td>
</tr>
<tr>
<td>30+</td>
<td>Years of experience</td>
</tr>
<tr>
<td>70</td>
<td># of employees</td>
</tr>
<tr>
<td>550,000</td>
<td>Tons of materials managed annually</td>
</tr>
<tr>
<td>15,000</td>
<td>Tons of metals recycled annually</td>
</tr>
<tr>
<td>3</td>
<td>Materials management facilities owned and operated (all OSHA VPP)</td>
</tr>
</tbody>
</table>

Boys and Girls Club of Bristol STEM

Covanta’s Partnership with Mystic Aquarium

Educational tour of Covanta Preston
Covanta’s Proposal Provides a Viable Long Term Solution for the Connecticut Solid Waste System

Key Elements

1. Decentralize materials management
   - Maintain existing MIRA owned transfer stations (Essex, Torrington, Watertown)
   - Convert the Hartford MRF into a transfer station and close the Mid-Conn RRF

2. Recover organics to increase diversion rates
   - Two options: Curbside SSO as the base case; mixed-MSW MRF as an alternative
   - Continue existing practice to source segregate recyclables

3. Minimal risks in execution
   - Covanta is a proven operator in the State
   - Minor permitting requirements; no financing contingency

4. Provide long-term certainty
   - 30 year commitment
   - Flexibility to respond to changes in MSW volumes

If Selected, Covanta Would be Ready to Perform Under Contract as Early as July 1, 2019
Overview of Covanta’s Decentralized Approach

**Materials Flow: Today**

- Member towns and haulers can go direct to save on transfer costs
  - Decision will vary by town / hauler
- Not reliant on a single facility for materials management
  - Reduces risk of systemic disruptions in the event of an outage
  - Significantly reduces daily truck traffic going into the City of Hartford by 40 to 50% from ~300 today

**Materials Flow: Covanta’s Proposal**

- “A la carte” pricing
  - Reflects local market conditions at each transfer station
  - Recycling and disposal services can be procured separately
Closing the Mid-Conn RRF Paves the Way to Redevelop Hartford’s Riverfront

- Opportunity to revamp the City of Hartford’s tax base

- Local and state resources can be reallocated to other projects/programs
  - Accelerate development of Hartford waterfront
  - Support development of new waste diversion facilities in the State
  - Public education campaigns to improve diversion

- Potential synergies when combined with Hartford Regional Market site
  - 110+ acre site if combined
  - Rail access, and proximity to major freeways and regional airport
Recovering Organics is Key to Realizing a Step Change Improvement in Diversion

According to the 2015 study:

- Many of the recyclable and compostable organic items would never be recovered or diverted because of contamination … *no processing line could economically separate and recover the item*.

- While the presence of compostable organics in disposed waste will entice many to push for aggressive diversion … food waste and low grade papers may be more difficult to separate and recover … *Mechanical and optical sorting capabilities are not able to achieve the level of accuracy of the manual sorting that occurred in the study*.

Source: 2015 Statewide Waste Characterization Study (CT-DEEP)

~75% of the disposed waste consists of compostable organics; diverting this material will bring the State towards its 60% diversion goal by 2024.
## Covanta Offers Two Options to Recover Organics

<table>
<thead>
<tr>
<th>Recovery by SSO</th>
<th>Recovery by Mixed-MSW MRF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Time to Implementation</strong></td>
<td><strong>Long cycle</strong></td>
</tr>
<tr>
<td>• Short cycle</td>
<td>• Requires solid waste permit (and potentially financing), in addition to 12 to 18 months of facility construction</td>
</tr>
<tr>
<td>• Requires agreement and coordination between town, hauler, and receiving facility</td>
<td>• Organics off-takers will also need to modify their permits</td>
</tr>
<tr>
<td>• Typically constrained by funds to acquire wheeled carts, and open capacity at AD/composting facility</td>
<td></td>
</tr>
<tr>
<td><strong>Effectiveness in Recovering Organics from MSW</strong></td>
<td><strong>Equipment and operator dependent</strong></td>
</tr>
<tr>
<td>• Generator dependent</td>
<td>• Dependent on design and operations of the facility</td>
</tr>
<tr>
<td>• Education and outreach required to maximize effectiveness</td>
<td></td>
</tr>
<tr>
<td>• CT residents have shown strong discipline on minimizing residues in curbside recyclables</td>
<td></td>
</tr>
<tr>
<td><strong>Acceptability of Recovered Organics</strong></td>
<td><strong>AD and composting facilities will need to modify their permits</strong></td>
</tr>
<tr>
<td>• <em>Readily acceptable</em> by AD and composting facilities as SSO <em>without permit modifications</em></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td><strong>Higher cost to member towns and haulers</strong></td>
</tr>
<tr>
<td>• Covanta to subsidize implementation cost</td>
<td><strong>Could radically change how materials are managed and challenge the practice of source segregation</strong></td>
</tr>
<tr>
<td>• Encourages commercial generators to segregate organics; opportunity for haulers to add routes</td>
<td><strong>Teaming partners on equipment: Van Dyk and Anaergia</strong></td>
</tr>
<tr>
<td>• Covanta currently running a pilot program with West Hartford</td>
<td></td>
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<tr>
<td>• Teaming partners on off-take: Quantum Biopower and Anaergia</td>
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</tbody>
</table>
Covanta Will Contract Directly With Member Towns and Haulers

- Covanta experienced working with towns and haulers throughout the State
  - 30 towns in Connecticut are currently under contract
  - Long-standing relationship with commercial haulers of all sizes
  - Existing relationships with owners/operators of recycling and diversion facilities

- Covanta has local, regional, and corporate resources to facilitate a seamless transition of services
  - Covanta will leverage its back-office functions to reduce administrative costs that would otherwise be passed through to member towns and haulers
  - Covanta is experienced working with government agencies and community groups in the State
  - Limited permitting required; no financing contingency; minimal technology risk

- Track record of executing long-term contracts with municipalities
  - Single municipality: New York City and Boston
  - Multiple municipalities: Bristol communities, SCRRA
Status Quo for Connecticut Solid Waste System Not Viable

• Mid-Conn RRF has provided the State with a central MSW disposal solution for the past 60+ years
  – Covanta is very familiar with the RRF → operated the power block facility (until 2012)
  – As facility continues to age, it is becoming more costly to operate and maintain

• According to MIRA, the actual (i.e., unsubsidized) Cost of Service has increased from ~$50/ton in FY 2015 to ~$101/ton (budgeted) for FY 2018
  – Costs of service rising primarily due to: declining energy revenues and rising maintenance costs
  – Member towns pay ~$70/ton after a ~$30/ton subsidy

• Mid-Conn RRF is in the midst of a multi-year $50M capital plan
  – Another $15M will be required in FY19, unless its deferred
  – Capital plan does not go towards extending the life of the facility

The State Cannot Continue to Rely on the RRF as Its Long-Term Viability is Uncertain
Thank You