

PRO-RATION AGREEMENT

This Pro-Ration Agreement (this "Agreement") is made as of this _____ day of November __, 2013, by and among the LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY ("LCSWMA"), a Pennsylvania municipal authority, THE HARRISBURG AUTHORITY ("THA"), a Pennsylvania municipal authority, and COVANTA HARRISBURG, INC., a Delaware corporation ("Covanta").

Background. Pursuant to an Asset Purchase Agreement dated September 18, 2013 (the "APA") LCSWMA is acquiring from THA the Susquehanna Resource Management Complex ("SRMC") formerly known as the Harrisburg Materials and Energy Resource Recovery and Facility. Covanta operates the SRMC pursuant to a Management and Professional Services Agreement with THA dated May 29, 2007, as amended, (the "THA MPSA"). Upon LCSWMA's acquisition of the SRMC, Covanta will operate the SRMC pursuant to the Amended and Restated Management and Professional Services Agreement with LCSWMA dated September 30, 2013 (the "LCSWMA MPSA") as well as a separate agreement with the Borough of Columbia (the "Borough") concerning the SRMC electrical plant. The purpose of this Agreement is to detail the apportionment of various items of expense and income of the SRMC among THA, Covanta and LCSWMA. The THA MPSA and the LCSWMA MPSA (collectively the "SRMC MPSA") are incorporated by reference in this Agreement as if set forth in full in this Agreement.

With the foregoing background incorporated by reference, in consideration of the mutual promises of this Agreement and intending to be legally bound, LCSWMA, THA and Covanta agree as follows:

1. Closing Date and Allocations. This Agreement shall be effective upon the date LCSWMA acquires the SRMC from THA under the APA (the "Closing Date"). The Closing Date is expected to be December 16, 2013. For purposes of the allocations set forth in this Agreement, Closing will be deemed to occur at 12:00 a.m. on the morning of the Closing Date (the "Transfer Time").

2. Revenues of the SRMC.

A. Solid Waste and Tip Fee Revenues. All tip fee revenues received prior to the Transfer Time shall be for the account of THA and all tip fee revenues received after the Transfer Time shall be for the account of LCSWMA. THA, Covanta, and LCSWMA shall cooperate in operation of the scale house so that tip fee records are maintained, tip fee bills are sent and tip fee receipts are deposited in accordance with this allocation. All solid waste in the pit or otherwise on the SRMC site as of the Transfer Time shall be the property and responsibility of LCSWMA.

B. Energy Revenues. Revenues from steam sales from LCSWMA to the Borough shall be solely for the benefit of LCSWMA. All revenues from electricity generated prior to the Transfer Time shall be for the account of THA and all revenues

from electricity generated after the Transfer Time shall be for the account of LCSWMA. THA, Covanta, and LCSWMA shall cooperate with the electricity purchaser so that electricity records are maintained and electricity receipts are divided in accordance with this allocation. It is anticipated that after the Closing Date Covanta will receive payment for electricity from the electricity purchaser for purchases before and after the Closing Date. The portion of such payment applicable to electricity generated by the SRMC before the Closing Time shall be paid by Covanta to THA, less the applicable Energy Fee, in accordance with the THA MPSA. The balance of such payment shall be paid by Covanta, less the applicable Energy Fee in accordance with the LCSWMA MPSA, to the Borough/LCSWMA electricity escrow account created under the agreements among the Borough, LCSWMA and the Commonwealth of Pennsylvania.

C. Scrap Metal Revenues. All revenues from ferrous metal recovered prior to the Transfer Time shall be for the account of THA and all revenues from ferrous metals recovered after the Transfer Time shall be for the account of LCSWMA. At the Transfer Time, Covanta will record all actual loads of ferrous metal, which loads will be deemed to be recovered prior to the Transfer Time and hence for the account of THA. In the event that THA receives revenue from ferrous metals recovered after the Transfer Time, such revenue will be paid by THA to LCSWMA..

3. Utilities Provided to the SRMC.

A. Electric. All expenses of electricity provided by third parties to the SRMC prior to the Transfer Time shall be for the account of THA and all expenses of electricity provided by third parties to the SRMC after the Transfer Time shall be for the account of LCSWMA. THA, Covanta, and LCSWMA shall cooperate to read the electric meters so that expenses are divided in accordance with this allocation. If possible this allocation shall be made at closing on the Closing Statement, or an appropriate amount shall be deposited in an escrow account (the "Closing Escrow Account") for a post-closing reconciliation.

B. Water and Sewer. All expenses of water and sewer provided to the SRMC prior to the Transfer Time shall be for the account of THA and all expenses of water and sewer provided to the SRMC after the Transfer Time shall be for the account of LCSWMA. THA, Covanta, and LCSWMA shall cooperate to read the water meter so that expenses are divided in accordance with this allocation. If possible this allocation shall be made at closing on the Closing Statement, or an appropriate amount shall be deposited in the Closing Escrow Account for a post-closing reconciliation.

C. Natural Gas. All expenses of natural gas provided to the SRMC prior to the Transfer Time shall be for the account of THA and all expenses of natural gas provided to the SRMC after the Transfer Time shall be for the account of LCSWMA. THA, Covanta, and LCSWMA shall cooperate to read the gas meter so that expenses are divided in accordance with this allocation. If possible this allocation shall be made at closing on the Closing Statement, or an appropriate amount shall be deposited in the Closing Escrow Account for a post-closing reconciliation.

4. City Public Works Building. The lease from THA to City of Harrisburg for the City Public Works building (the "DPW Building") on the SRMC Site shall be assigned to LCSWMA at Closing. All income and expense related to the DPW Building, including all utilities related to the DPW Building, shall be for account of either the City or THA, and not LCSWMA.

5. Post Closure Account. Under the APA, and the Transition Agreement which is Exhibit ___ to the APA, when the permits for the SRMC transfer from THA to LCSWMA, then the corresponding DEP post-closure trust accounts also transfer directly from THA to LCSWMA. THA and LCSWMA shall cooperate to notify the financial institution holding the DEP post-closure trust accounts, to not release the funds to THA, but to transfer the funds directly to LCSWMA, if DEP requires LCSWMA to fund a DEP post-closing trust account prior to DEP's release of the THA post-closing trust accounts.

6. Covanta Fees and Expenses of the SRMC.

A. Management Fee. All Covanta Management Fees under the THA MPSA applicable to the period prior to the Transfer Time shall be for the account of THA and all Covanta Management Fees under the THA MPSA applicable to the period after the Transfer Time shall be for the account of LCSWMA. THA will pay the THA Management Fee for the entire calendar month in advance and at Closing, LCSWMA shall reimburse THA for the portion of the calendar month after the Closing Time.

B. Energy Fee. All SRMC MPSA Energy Fees applicable to electricity generated prior to the Transfer Time shall be for the account of THA and SRMC MPSA Energy Fees applicable to electricity generated after the Transfer Time shall be for the account of LCSWMA. The Energy Fee shall be deducted from Energy Revenues by Covanta.

C. Scrap Metal Fee. All the scrap metal fees for metal recovered prior to the Transfer Time shall be for the account of THA and the scrap metal fees for metal recovered after the Transfer Time shall be for the account of LCSWMA. THA shall deposit an amount equal to one hundred ten percent (110%) of the estimated Scrap Metal Fee for any Scrap Metal Fees that Covanta has not received from THA into the Closing Escrow Account.

D. Insurance. Covanta insurance costs payable by either THA or LCSWMA under the SRMC MPSA shall be allocated between THA and LCSWMA such that all insurance expenses applicable to the period prior to the Transfer Time shall be for the account of THA and all insurance expenses applicable to the period after the Transfer Time shall be for the account of LCSWMA. Insurance expense, as applicable, shall be paid monthly as billed by Covanta.

E. Mercantile Tax. Covanta Mercantile tax payable by either THA or LCSWMA under the SRMC MPSA shall be allocated between THA and LCSWMA such that all Mercantile tax applicable to the period prior to the Transfer Time shall be for the account of THA and all Mercantile tax applicable to the period after the Transfer Time

shall be for the account of LCSWMA. Mercantile tax, as applicable, shall be paid monthly as billed by Covanta.

F. Pass Through Costs. Any other SRMC pass through costs payable by either THA or LCSWMA under the SRMC MPSA shall be allocated between THA and LCSWMA such that all pass through costs applicable to the period prior to the Transfer Time shall be for the account of THA and all pass through costs applicable to the period after the Transfer Time shall be for the account of LCSWMA. Pass Through Costs, as applicable, shall be paid monthly as billed by Covanta.

G. Excess Waste Fee. The Excess Waste Fee owed to Covanta under the SRMC will not be able to be calculated precisely until after the end of calendar year 2013. Any Excess Waste Fee will be allocated between THA and LCSWMA based on the number of days of ownership in calendar year 2013 of each, taking into account the Tri-Party Agreement dated _____, 2012 among THA, LCSWMA and Covanta. Under the Tri-Party Agreement, during calendar year 2013, the tons received and processed by the SRMC shall be increased by 19,210 tons representing tons transferred to LCSWMA during the 2013 turbine outage. The first 19,210 tons of the 2013 tons processed by the SRMC in excess of the Annual Throughput Standard shall be attributable to LCSWMA. Attached as Exhibit A is the current estimate of the respective responsibility of THA and LCSWMA for the 2013 Excess Waste Fee. THA and LCSWMA will each be responsible for their respective shares of the 2013 Excess Waste Fee. , An amount equal to one hundred and ten percent (110%) of the estimated 2013 Excess Waste Fee to be owed by THA to Covanta, shall be deposited in the Closing Escrow Account for payment to Covanta after the 2013 Excess Waste Fee is precisely determined in January 2014. If the amount deposited by THA to the Closing Escrow Account is greater than THA's portion of the 2013, then THA will be reimbursed by LCSWMA for that amount.

H. Other Fees. It is not anticipated that there will be any Performance Damages, Throughput Damages, Maximum Residue Limit Fee, Incentive Compensation Limit, Annual Liability Cap or Liquidated Damages under the SRMC MPSA, but if any of the foregoing are applicable all fees or costs applicable to the period prior to the Transfer Time shall be for the account of THA and fees or costs applicable to the period after the Transfer Time shall be for the account of LCSWMA.

7. Closing Statement and Closing Escrow Account. The allocations and adjustments to the ATA and SRMC MPSA set forth in this Pro-Ration Agreement shall be set forth on the Closing Statement at Closing. The Closing Escrow Account shall be maintained with Fulton Bank.

8. Leachate Escrow. On October 21, 2013 THA sent DEP a letter concerning the SRMC leachate transmission line issue and sediment basin. DEP has approved THA's proposal to remove sediment from the basin and the upper one hundred feet of the outfall channel, disposal of the sediment in the SRMC landfill, assessment and repair of what appears to be a sinkhole in the basin, and development of a long term inspection and maintenance plan for the leachate conveyance to be submitted to DEP for review and approval. THA will be responsible for the costs of development and implementing this proposal. To the extent the work has not been completed and the

long term plan approved at Closing, then at Closing there shall be deposited in the Closing Escrow Account for the benefit of LCSWMA an amount equal 110% of the expected cost of development and implementation of the proposal.

9. Default and Remedies. If any party breaches this Agreement, after fifteen (15) days prior written notice with opportunity to cure, a non-breaching party may seek all legal and equitable remedies for the breach.

10. Binding Effect. This Agreement shall bind the successors and assigns of the parties.

11. Interpretation. Each capitalized term used in this Agreement shall have the meaning as defined in this Agreement.

12. Written Notice. All notices, demands and communications required or which any party hereto desires to give or make hereunder shall be in writing signed by or on behalf of the party giving or making same, and may be served personally, by a national courier service guaranteeing overnight delivery, or facsimile transmission (provided an original of such transmission is concurrently sent by hand delivery or by national courier service guaranteeing overnight delivery) as follows:

Lancaster County Solid Waste Management Authority
1299 Harrisburg Pike
Lancaster, PA 17604
Attn: James D. Warner, Chief Executive Officer

The Harrisburg Authority
212 Locust Street, Suite 302
Harrisburg, PA 17102
Attn: Shannon Williams, P.E., Executive Director

Covanta Harrisburg, Inc.
1670 S. 19th St.
Harrisburg, PA 17104
Attn: James C. Klecko

with copies to: Alexander Henderson, III, Esquire
Hartman Underhill & Brubaker, LLC
221 East Chestnut Street
Lancaster, PA 17602-2705

Steven E. Grubb, Esquire
Goldberg Katzman
4250 Crums Mill Road, Suite 301
P.O. Box 6991
Harrisburg, PA 17112

Jon M. Katona, Esquire
Klehr Harrison Harvey Branzburg
1835 Market Street - Suite 1400
Philadelphia, PA 19103

Covanta Energy Corporation
445 South Street
Morristown, NJ 07960
Attn: General Counsel

All notices shall be deemed received on the first to occur of the date so received or on the date refusal of receipt is made by the addressee thereof. Any party hereto may change its address for the service as aforesaid by giving written notice to the other party of such change of address in accordance with the provisions of this Paragraph 12.

13. Time of the Essence; Force Majeure. Time is of the essence under the terms of this Agreement. The parties shall be relieved and discharged of their respective obligations under this Agreement to the extent that performance thereof is materially and adversely affected by any cause beyond their control which shall include: (i) earthquake, severe and unusual weather conditions, epidemic, landslide, fire, explosion, failure of utilities, nuclear radiation, act of public enemy, war, blockade, insurrection, riot or civil disturbance, strike or labor interruption, extortion or sabotage, or (ii) any governmental action which materially and adversely affects the ability to comply with this Agreement.

14. Captions/Heading. Titles of paragraphs are used in this Agreement solely for the convenience of those examining it and are not to be resorted to as aids in construction or interpretation.

15. Governing Law, Jurisdiction, Venue, Non Jury Trial. This Agreement shall be interpreted and construed in accordance with the internal laws of the Commonwealth of Pennsylvania without regard to conflict of law rules. Any disputes shall be resolved by non-jury trial in a Pennsylvania, Court of Common Pleas or the United States District Court for the Middle District of Pennsylvania. The parties consent to such jurisdiction and venue and waive any right to jury trial which may exist.

16. Partial Invalidity. If any term, covenant or condition of this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Authority to Bind. Each party signing this Agreement represents and warrants to the other party that he or she has the full legal power, authority and right to execute, deliver this Agreement and the party on whose behalf he or she is executing has the full legal power, authority to perform its obligations under this Agreement, and each

party's performance hereunder and the transaction contemplated hereby have been duly authorized by all requisite actions on the part of such party, and no remaining action or third party action is required to make this Agreement binding upon such party.

18. Counterparts. This Agreement may be executed in multiple counterparts with the same effects as if each of the parties hereto signed the same documents, and all counterparts shall be construed together and shall constitute the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered on the day and year first above written.

LANCASTER COUNTY SOLID WASTE
MANAGEMENT AUTHORITY

By: _____

Name: Karen M. Weibel

Title: Chairperson

THE HARRISBURG AUTHORITY

By: _____

Name: _____

Title: _____

COVANTA HARRISBURG, INC.

By: _____

Name: _____

Title: _____