

STATE OF TEXAS                   §  
   §  
 DISTRICT OF FORT BEND       §

**TAX ABATEMENT AGREEMENT**  
 by and between the  
**FORT BEND COUNTY DRAINAGE DISTRICT,**  
**CBC HOLDINGS LIMITED PARTNERSHIP**  
 and  
**MOMENTIVE SPECIALTY CHEMICALS INC.**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between the **FORT BEND COUNTY DRAINAGE DISTRICT**, hereinafter referred to as "District," acting by and through its Commissioners' Court, **CBC HOLDINGS LIMITED PARTNERSHIP**, hereinafter referred to as "Owner," of the Real Property and Improvements, and **MOMENTIVE SPECIALTY CHEMICALS INC.**, hereinafter referred to as "Lessee" of the Real Property and owner of Eligible Property, all of which are located within the City of Stafford Reinvestment Zone No. 20.

1.    **Authorization:**

- a.    This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the TEXAS TAX CODE as it exists on the effective date of this Agreement, and;
- b.    The Amended Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones created by Fort Bend County, Texas, which was approved by the District's Board of Director's on February 3, 2009. District has determined that the request for Tax Abatement presented by Owner and Lessee conforms with the criteria established in the Guidelines for Tax Abatement.
- c.    No official of District has an interest in the property subject to this Agreement.

2.    **Definition:**

As used in this Agreement, the following terms shall have the meanings set forth below:

- a.    The "**Certified Appraised Value or Value**" means the value certified as of January 1 of each year of this Agreement regarding the property within City of Stafford Reinvestment Zone No.20 by the Fort Bend Central Appraisal District ("CAD").

- b. **“Real Property”** means the real property as described in Ordinance No. 951, which created Reinvestment Zone No. 20 located within the City of Stafford, described in Exhibit “A” attached hereto and incorporated by reference herein for all purposes.
- c. **“Improvements”** means a building or other improvements used for commercial or industrial purposes, which are erected or expanded by Owner or Lessee on the Real Property after the effective date of this Agreement, containing approximately 8,900 square feet of floor space, and any sidewalks, parking lots, outdoor lighting, landscaping and other improvements to serve the building, all as shown in Exhibit A, attached to and incorporated into this Agreement by reference.
- d. **“Abatement”** means the full or partial exemption from ad valorem taxes of certain property in the City of Stafford Reinvestment Zone No. 20 designated for economic development purposes.
- e. **“Eligible Property”** Abatement may be extended to fixed machinery and equipment, necessary to the operation and administration of the facility. Eligible Property is subject to abatement only as included in Section 5(c) and as more specifically identified in Exhibit B.
- f. **“Ineligible Property”** means real property, existing improvements, tangible personal property that the Fort Bend Central Appraisal District classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the execution date of the tax abatement agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by state law.
- g. **“Owner”** means **CBC Holdings Limited Partnership**, the Owner of the Real Property the subject to this Agreement, or other person or entity to which this Agreement is assigned, with prior approval of the Board of Director’s of the District.
- h. **“Lessee”** means **Momentive Specialty Chemicals, Inc.**, and owner of Eligible Property located on City of Stafford Reinvestment Zone No. 20.
- i. **“District”** means the Fort Bend County Drainage District.
- j. **“CAD”** means Fort Bend Central Appraisal District.

### **3. Subject Property**

The City of Stafford Reinvestment Zone No. 20 is an area located in Fort Bend County, Texas, being legally described in Exhibit A attached hereto and incorporated herein for all purposes.

The CAD has established the base year values for the subject property as of January 1, 2011.

4. **Responsibility of Owner and Lessee**

In consideration of receiving the tax abatement granted herein, Owner and Lessee represent and agree:

- (a) That construction of the Improvements will commence on or before February 1, 2011.
- (b) That construction of the Improvements shall be completed on or before June 1, 2011. Owner and/or Lessee, as applicable, shall provide Tax Assessor/Collector a certified statement evidencing a minimum of \$2,500,000 project costs with respect to the Improvements within thirty (30) days after completion of the Improvements to be constructed.
- (c) That the Certified Appraised Value of the Improvements on January 1, 2012, and on each and every January 1 thereafter during the term of this Agreement will not be less than \$2,500,000. Failure to meet the requirements of this section will invalidate the tax abatement for the year this requirement was not satisfied.
- (d) That Owner and Lessee have, as of the effective date of this Agreement, the financial resources to implement the above representations.
- (e) That Lessee will participate in the continuing economic development process in Fort Bend County by becoming a Regular Member of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
- (f) **OWNER AND LESSEE SHALL BE RESPONSIBLE FOR NOTIFYING THE DISTRICT OF THE ABATEMENT, INCLUDING FILING WITH THE DISTRICT ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.**
- (g) **OWNER AND LESSEE SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY DISTRICT.**

**5. Value and Term of Abatement**

(a) This Agreement shall be effective on the date executed by District and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2016. This Agreement may be extended for one (1) additional separate term of five (5) years only if Lessee extends the lease agreement with Owner for a term of at least five (5) years from December 31, 2016.

Owner and Lessee shall be required to comply with the terms of this Agreement, including Section 4, in order to qualify for the 50% tax abatement for the five (5) years following December 31, 2016.

Owner shall provide notice in writing to District at least sixty (60) days prior to December 31, 2016, of Lessee's lease extension and intent to extend this Agreement for a separate five (5) year term. Notice to District shall include a copy of Lessee's lease agreement with Owner, evidencing the extension of the lease agreement as stated above. In no event shall this Agreement extend beyond December 31, 2021. This Agreement shall terminate on the completion of the abatement, unless earlier terminated as provided elsewhere herein. Owner and Lessee's obligation upon default to pay to District any taxes abated under this Agreement shall not terminate until the abated taxes are paid for the applicable five (5) year term.

(b) In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements and Eligible Property.

(c) Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the value of the Improvements and Eligible Property:

**Improvements:**

**Tax Year**

**Percentage Abatement**

2012	50%
2013	50%
2014	50%
2015	50%
2016	50%

- (1) The abatement granted shall not apply to the value of the Real Property, increases in the value of the Real Property, Ineligible Property, inventory or supplies.
- (2) All Eligible Property shall be placed and/or installed in accordance with applicable laws, ordinances, rules or regulations in effect at the time such Eligible Property is placed and/or installed.
- (3) The Fort Bend Central Appraisal District's determination of values shall be used to determine the value of the Eligible Property subject to this Agreement. If Owner or Lessee protests the District's valuation of the Eligible Property, the valuation placed on the Eligible Property after the protest is resolved under state law shall be used.
- (4) On or before September 1 of each year of this Agreement, Owner and Lessee shall certify in writing to District's Tax Assessor/Collector Owner and Lessee's compliance with each term of this Agreement.

**6. Taxability**

During the period that this tax abatement is effective, taxes shall be payable by the Owner and/or Lessee as follows:

- (a) The value, as established by the CAD, for each tax year on Ineligible Property shall be fully taxable, including inventory and supplies;
- (b) The taxable value with abatement, as established by the CAD, for each tax year on Eligible Property shall be fully taxable.

Taxes shall be payable by Owner and/or Lessee as follows: the value, as established by the CAD for each tax year, of Real Property shall be fully taxable.

**7. Event of Default**

- (a) District may declare Owner or Lessee in default of this Agreement if: (1) Owner or Lessee fails to comply with any term of this Agreement or (2) Owner or Lessee allows District ad valorem taxes on the Eligible Property or Ineligible Property, or any property located thereon, to become delinquent, or (3) ceases operations on the Real Property before the expiration of the term of the Abatement.
- (b) District shall notify Owner and Lessee of any default in writing specifying the default. Owner or Lessee, as applicable, shall have thirty (30) days from the date of the notice to cure any default. If Owner or Lessee fails to cure the default within sixty (60) days from receipt of notice, District may terminate this Agreement by written notice.
- (c) If this Agreement is terminated by District, Owner and Lessee agree that they are liable for and will pay to District within thirty (30) days of the termination of this Agreement:
  - (1) The amount of taxes abated during the applicable five (5) year term;
  - (2) Interest on the abated amount at the rate provided for in the TEXAS TAX CODE for delinquent taxes; and
  - (3) Penalties on the amount abated in the year of default, at the rate provided for in the TEXAS TAX CODE for delinquent taxes.
- (d) District shall have a lien against the Owner, Lessee, Real Property and Eligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- (e) This paragraph is required by Chapter 2264, TEXAS GOVERNMENT CODE and governs over any conflicting provisions of this Agreement. Owner and Lessee are prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, TEXAS GOVERNMENT CODE. If Owner and/or Lessee is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be considered a default of this Agreement, from which no cure provisions shall apply. In such event, District shall provide written

notice to Owner and Lessee of the default and this Agreement shall automatically terminate on the 30<sup>th</sup> day after the date of the notice of default from District to Owner and Lessee. In the event of termination under this paragraph, Owner and Lessee shall repay to District the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the TEXAS TAX CODE for delinquent taxes.

**8. Administration and Inspection**

(a) This Agreement shall be administered on behalf of the District by the District's Tax Assessor/Collector or her designee. Owner and Lessee shall allow employees or other representatives of District who have been designated by the Tax Assessor/Collector to have access to the Real Property and Eligible Property (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after twenty-four (24) hours prior notice and will be conducted in such a manner as not to unreasonably interfere with the operation of the facility. A representative of Owner and Lessee may accompany the inspector. District shall cause each of its employees and representatives who conduct such inspections to abide by all of Lessee's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to District.

(b) Upon completion of the placement and/or installation of the Eligible Property, District shall annually evaluate the Real Property and Eligible Property to ensure compliance with the terms and provisions of this Agreement and shall report possible defaults to the Owner and Lessee.

(c) The Chief Appraiser of the CAD shall annually determine (1) the taxable value under the terms of this abatement of the Real Property, any Improvements on the Real Property, and Eligible Property located on the Real Property and (2) the full taxable value without abatement of the Real Property, any Improvements on the Real Property, and Eligible Property located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to

compute the amount of abated taxes that is terminated in a manner that results in recapture of abated taxes.

(d) Owner and Lessee shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the TEXAS TAX CODE, including payroll records, as may be necessary for the administration of the this Agreement. Such information, including payroll records, shall also be provided annually to the District Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

#### **9. Assignment**

This Agreement may not be assigned without prior written consent of District. No assignment shall be effective or approved if District has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to District. Approval shall not be unreasonably withheld.

Any and all assignments shall contain the same terms and conditions as set out in this Agreement and shall be granted for the remaining term of the original tax abatement agreement only.

#### **10. Indemnity**

It is understood and agreed between the parties that CBC HOLDINGS LIMITED PARTNERSHIP and MOMENTIVE SPECIALTY CHEMICALS INC., in performing obligations hereunder, are acting independently, and District assumes no responsibilities or liabilities in connection therewith to third parties. **CBC HOLDINGS LIMITED PARTNERSHIP AND MOMENTIVE SPECIALTY CHEMICALS INC. AGREE TO DEFEND, INDEMNIFY AND HOLD HARMLESS DISTRICT AND THE FORT BEND CENTRAL APPRAISAL DISTRICT FROM ANY AND ALL CLAIMS, SUITS, AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER ARISING OUT OF CBC HOLDINGS LIMITED PARTNERSHIP AND MOMENTIVE SPECIALTY CHEMICALS INC.'S OBLIGATIONS HEREUNDER**



EXCEPT THAT THE INDEMNITY SHALL NOT APPLY TO THAT PORTION OF RESPONSIBILITIES AND LIABILITIES RESULTING FROM THE FAULT OR NEGLIGENCE OF DISTRICT OR TAXING UNITS, THEIR RESPECTIVE OFFICERS, AGENTS OR EMPLOYEES. CBC HOLDINGS LIMITED PARTNERSHIP AND MOMENTIVE SPECIALTY CHEMICALS INC.'S INDEMNIFICATION OBLIGATIONS INCLUDE THE PAYMENT OF REASONABLE ATTORNEYS FEES AND EXPENSES INCURRED IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, AND CAUSES OF ACTION. CBC HOLDINGS LIMITED PARTNERSHIP AND MOMENTIVE SPECIALTY CHEMICALS INC. SHALL BE RESPONSIBLE FOR ALL FEES INCURRED BY DISTRICT IN THE DEFENSE OF ANY SUCH CLAIMS, SUITS, OR CAUSES OF ACTION SO LONG AS DEFENSE COUNSEL AND COURSES OF ACTION ARE DETERMINED SOLELY BY CBC HOLDINGS LIMITED PARTNERSHIP AND/OR MOMENTIVE SPECIALTY CHEMICALS, INC. NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROHIBIT DISTRICT FROM INCURRING REPRESENTATION OF ANY SUCH CLAIM, SUIT OR CAUSE OF ACTION AND CBC HOLDINGS LIMITED PARTNERSHIP AND MOMENTIVE SPECIALTY CHEMICALS, INC. SHALL NOT BE RESPONSIBLE FOR ANY SUCH COSTS AND OR FEES SO INCURRED.

**11. Force Majeure**

If by reason of force majeure, Owner or Lessee are unable to perform any obligation of this Agreement, it shall give notice of the force majeure to District in writing within thirty (30) calendar days of the occurrence relied upon. The obligation of Owner or Lessee, as applicable, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner or Lessee shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall include, but not be limited to acts of God, landslides, lightning,

earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure of the system or water supply system; or any other cause not reasonably within the control of the Owner or Lessee.

**12. Commissioners Court Approval**

This Agreement is conditioned entirely upon the approval of the Commissioners' Court by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Commissioner's Court.

**13. Compliance with State and Local Regulations**

This Agreement shall not be construed to alter or affect the obligations of Owner or Lessee to comply with any city ordinance or federal or state law or regulation.

**14. Changes in Tax Laws**

The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement.

**15. Miscellaneous**

(a) This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.

(b) In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(c) The waiver by either party of a breach of any provision of this Agreement shall not

operate as or be construed as a waiver of any subsequent breach.

(d) Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

**16. Notices**

Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and duly registered or certified, return receipt requested, in a United States Post Office, addressed to District and Owner and Lessee at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) days after the date of deposit in the United States Mail. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner, Lessee or District at the following addresses:

**To the Tax Assessor/Collector:** The Honorable Patsy Schultz  
Fort Bend County Drainage District Tax Assessor-Collector  
1317 Eugene Heimann Circle  
Richmond, Texas 77406

**To Owner:** CBC Holdings Limited Partnership  
10101 Southwest Fwy, Suite 500  
Houston, Texas 77074-1126  
Attn: Tommy Herring

**To Lessee:** Momentive Specialty Chemicals Inc.  
1100 Huntington Center  
41 South High Street  
Columbus, OH 43215  
Attn: Emily Ludgate

**To District:** Fort Bend County Drainage District  
301 Jackson, Suite 719  
Richmond, Texas 77469  
Attention: County Judge

**Copy to:** Fort Bend County Attorney  
301 Jackson, Suite 728  
Richmond, Texas 77469

Any party may designate a different address by giving the other parties ten (10) days prior

written notice thereof. **Failure of Owner or Lessee to provide District Tax Assessor/Collector thirty (30) days notice of a change of address may result in termination of this Agreement.**

**17. Entire Agreement; Ordinance and Economic Impact Statement**

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are (a) Exhibit A – City of Stafford Ordinance No. 951 designating Reinvestment Zone No. 20, and (b) Exhibit B - Economic Impact Statement/Application for Value Added Tax Abatement, which are made part of this Agreement.

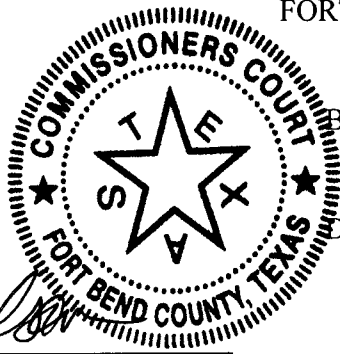
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19. Execution

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by District, Owner and Lessee as of the dates below stated. Owner and Lessee warrant and represent that the individuals executing this agreement on behalf of CBC Holdings Limited Partnership and Momentive Specialty Chemicals, Inc. have full authority to execute this Agreement and bind CBC Holdings Limited Partnership and Momentive Specialty Chemicals, Inc. to the same.

ATTEST:

Dianne Wilson  
Dianne Wilson, County Clerk



FORT BEND COUNTY DRAINAGE DISTRICT

By: Robert E. Hebert

Robert E. Hebert, County Judge

Date: 1-25-2011

"Owner:"

CBC HOLDINGS LIMITED PARTNERSHIP

By: Patrick J. O'Connell

Patrick J. O'Connell  
Manager

Date: 01/12/2011

ATTEST:

Tommy R. Herring

"Lessee:"

MOMENTIVE SPECIALTY CHEMICALS INC.

By: Tom John

Date: 01-11-2011

ATTEST:

Cent Oehlert

Exhibit A  
Ordinance Creating City of Stafford Reinvestment Zone No. 20

**ORDINANCE NO. 951**

**AN ORDINANCE CREATING CITY OF STAFFORD, TEXAS, REINVESTMENT ZONE NO. 20, INCLUDING A 4.5039 ACRE TRACT OF LAND, MORE OR LESS, AT 12650 DIRECTORS DR. SUITE 400 WITHIN THE CITY OF STAFFORD, FORT BEND COUNTY, TEXAS; MAKING CERTAIN FINDINGS; REPEALING ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; AND PROVIDING FOR SEVERABILITY.**

WHEREAS, on December 1, 2010, the City Council has passed and approved "Guidelines and Criteria of the City of Stafford for Granting Tax Abatement in Reinvestment Zones Created Within the City of Stafford;" and

WHEREAS, pursuant to those Guidelines, the City Council has received an application for creation of a reinvestment zone and the granting of tax abatement; and

WHEREAS, after the giving of proper notice, as required by law, the City Council held a public hearing where all interested persons were given an opportunity to speak and present evidence for and against the creation of Reinvestment Zone No. 20; and

WHEREAS, notice was given to all taxing entities where the proposed zone is to be located; and

WHEREAS, the City Council has determined that the improvements sought to be located in proposed Reinvestment Zone No. 20 are feasible and practical and would be a benefit to the land to be included in the Zone and to the City after the expiration of the tax abatement agreement; and

WHEREAS, the creation of Reinvestment Zone No. 20 will be reasonably likely, as a result of its creation, to contribute to the retention or expansion of primary employment or to attract major investment into the Zone

that would benefit the property located therein and that will contribute to the economic development of the City of Stafford; now, therefore,

\* \* \* \* \*

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STAFFORD, TEXAS:**

Section 1. That the facts and matters set forth in the preamble of this Ordinance are hereby found to be true and correct.

Section 2. Reinvestment Zone No. 20 is hereby created for the purpose of encouraging economic development through tax abatement. A metes and bounds description of the property that comprises said Reinvestment Zone No. 20 is attached as Exhibit A-1.

Section 3. Improvements and personal property constructed, erected, or placed within Reinvestment Zone No. 20 as created hereby shall be eligible for commercial-industrial tax abatement in accordance with the terms of a tax abatement agreement entered into with the City of Stafford, Texas.

Section 4. This designation shall be effective for a period of ten (10) years, commencing on the date of adoption hereof. The expiration of the designation shall not affect an existing tax abatement agreement made under the provisions of the Texas Tax Code.

Section 5. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency or conflict, hereby repealed.

Section 6. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Stafford, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

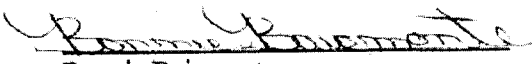
PASSED, APPROVED, AND ADOPTED this 15th day of December 2010.



LEONARD SCARCELLA

Mayor

ATTEST:



Bonnie Baiamonte  
City Secretary



## EXHIBIT A-1

### LEGAL DESCRIPTION OF PROJECT

METES AND BOUNDS DESCRIPTION OF 4.5039 ACRES (198,189 SQUARE FEET) OF LAND AND BEING ALL OF RESTRICTED RESERVE "F-7" OF CORPORATE BUSINESS PARK, PARTIAL REPLAT OF RESERVE "F" AS RECORDED IN SLIDE NUMBER 1425B AND 1426A OF THE FORT BEND COUNTY PLAT RECORDS AND BEING SITUATED IN THE H. J. DEWITT SURVEY, ABSTRACT 162, CITY OF STAFFORD, FORT BEND COUNTY, TEXAS.

BEGINNING: At a set 5/8-inch iron rod for the southeast corner of said Reserve "F-7", the southeast corner of the herein described tract;

THENCE: South 89 deg 57 min 00 sec West along a common line being the north line of Restricted Reserve "F-6" and the south line of Restricted Reserve "F-7" of said Corporate Business Park and the herein described tract, a distance of 260.00 feet to, a found "X" in concrete from which a 5/8-inch iron rod was found to bear North 89 deg 57 min East 0.81 feet, said point being the southwest corner of said Reserve "F-7" and the herein described tract;

THENCE: North 00 deg 03 min 00 sec West, along the west line of said Reserve "F-7" and the herein described tract, a distance of 767.00 feet to a set 5/8-inch iron rod from which a 5/8-inch iron rod was found to bear South 32 deg 43 min East 2.15 feet, for the northwest corner of said Reserve "F-7" and the herein described tract;

THENCE: North 89 deg 49 min 00 sec East along the north line of said Reserve "F-7" and the herein described tract, a distance of 280.00 feet to a set 5/8-inch iron rod for the northeast corner of said Reserve "F-7" and the herein described tract;

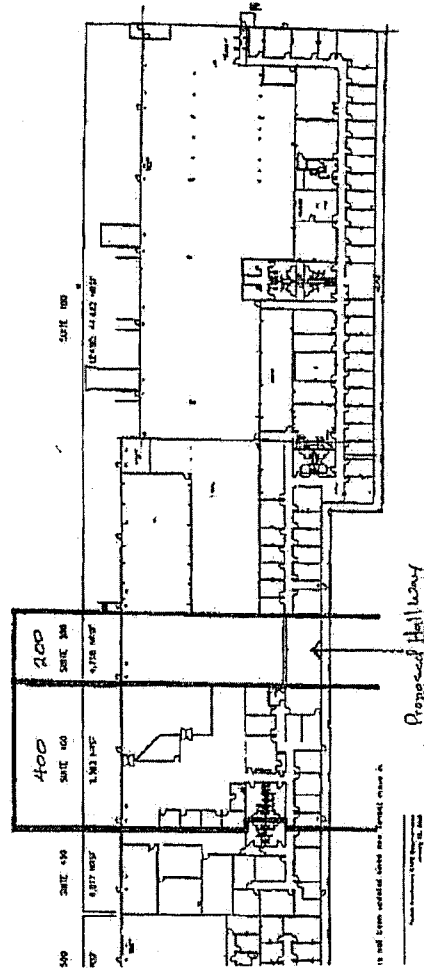
THENCE: South 00 deg 03 min 00 sec East along the east line of said Reserve "F-7" and the herein described tract, a distance of 300.00 feet to a point in a curve to the left in the west line of Directors Drive, a 60-foot Right-of-Way from which a 5/8-inch iron rod was found to bear South 83 deg 49 min West, a distance of 0.61 feet;

THENCE: In a southwesterly direction along said west line of Directors Drive, along said curve to the left whose radius equals 60.00 feet, subtending a central angle of 150 deg 00 min 00 sec, having a chord length of 115.91 feet bearing South 14 deg 57 min 00 sec West, and an arc length of 157.08 feet to a found 5/8-inch iron rod for the end of said curve;

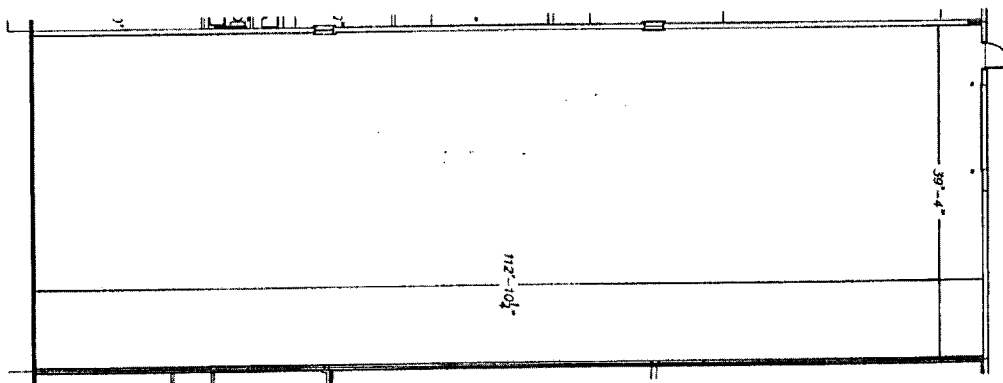
THENCE: South 00 deg 03 min 00 sec East, along the west line of said Directors Drive, a distance of 345.70 feet to the POINT OF BEGINNING and containing 4.5039 acres or 198,189 square feet of land, more or less.


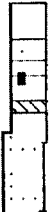
## PREMISES

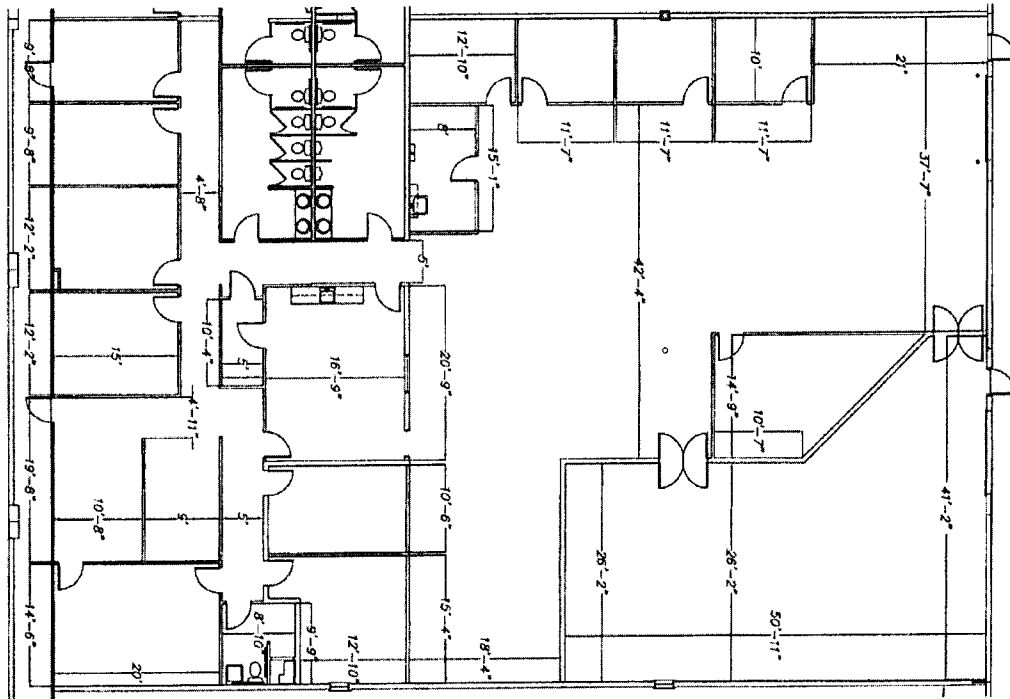
Exhibit A is intended only to show the general layout of the Premises, the Building and the Project as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Section 17.2 with respect to arrangements and/or locations of public parts of the Building and the Project and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown should be taken as approximate. The Premises are situated within the Project on the land described on Exhibit A-1 attached hereto.





02.09.10

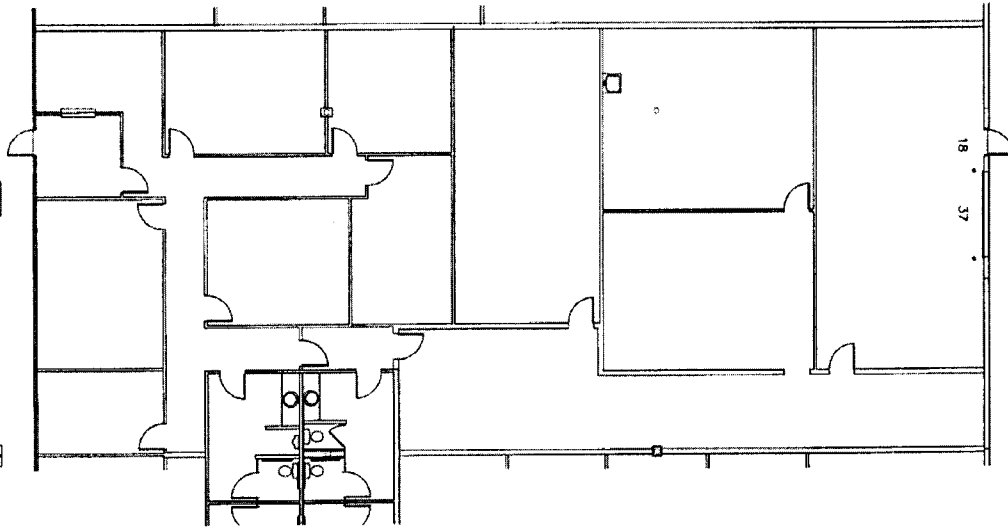


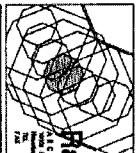
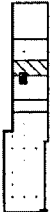
<b>Suite 200</b> <b>12650</b> <i>Directors Row</i> <b>Level 01</b>	
	
Suite Location:	
Suite Area: <b>4,758 NRSF</b>	
Project Number: <b>1008.CB</b>	
Scale: <b>1/16"=1'-0"</b>	
Sheet Number: <b>AB-200</b>	

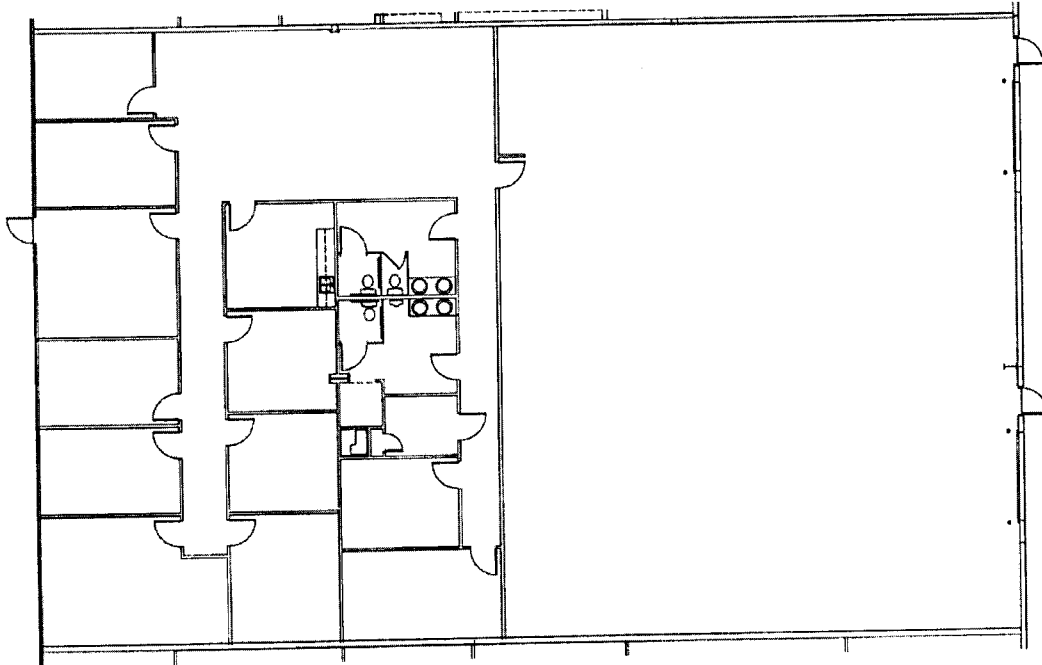


<p><b>Suite 400</b></p> <p><b>12650</b></p> <p><b>Directors Row</b></p> <p><b>Level 01</b></p>	 <p><b>Radian</b></p> <p>ARCHITECTS</p> <p>1200 11th St NW</p> <p>Seattle, WA 98101</p> <p>TEL: 206.461.1000</p> <p>FAX: 206.461.1001</p>	 <p>Suite Location:</p>	<p>Suite Area: <b>9,383 NRSF</b></p> <p>Project Number: <b>1008 CB</b></p> <p>Scale: <b>1/16"=1'-0"</b></p> <p>Sheet Number: <b>AB-400</b></p>
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11.05.2007 Existing Electrical and Telephone Locations not verified at this Suite



<p><b>Suite 450</b></p> <p><b>12650</b></p> <p><b>Directors Row</b></p> <p><b>Level 01</b></p>	 <p><b>Madian</b> ARCHITECTS 12650 Directors Row Suite 450 Dallas, TX 75244 Tel: 214.750.0000 Fax: 214.750.0001</p>	 <p>Suite Location:</p>	<p>Suite Area: <b>6,077 NFSF</b></p> <p>Project Number: <b>0708 CB</b></p> <p>Scale: <b>1/16" = 1'-0"</b></p> <p>Sheet Number: <b>AB-450</b></p>
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<p><b>Suite Area:</b> 8,326 MRSF</p> <p><b>Project Number:</b> 0808CB</p> <p><b>Scale:</b> 1/16"=1'-0"</p> <p><b>Sheet Number:</b> <b>AB-500</b></p>	<p><b>Suite Location:</b></p>	<p><b>Padian</b> ARCHITECTURE 12650 Directors Row Suite 500 Dallas, TX 75244 Tel: 972.382.1000 Fax: 972.382.1001</p>	<p><b>Suite 500</b></p> <p><b>12650</b> <b>Directors Row</b></p> <p><b>Level 01</b></p>
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**ATTACHMENT 1**  
**RIGHT OF FIRST OPPORTUNITY SPACE**

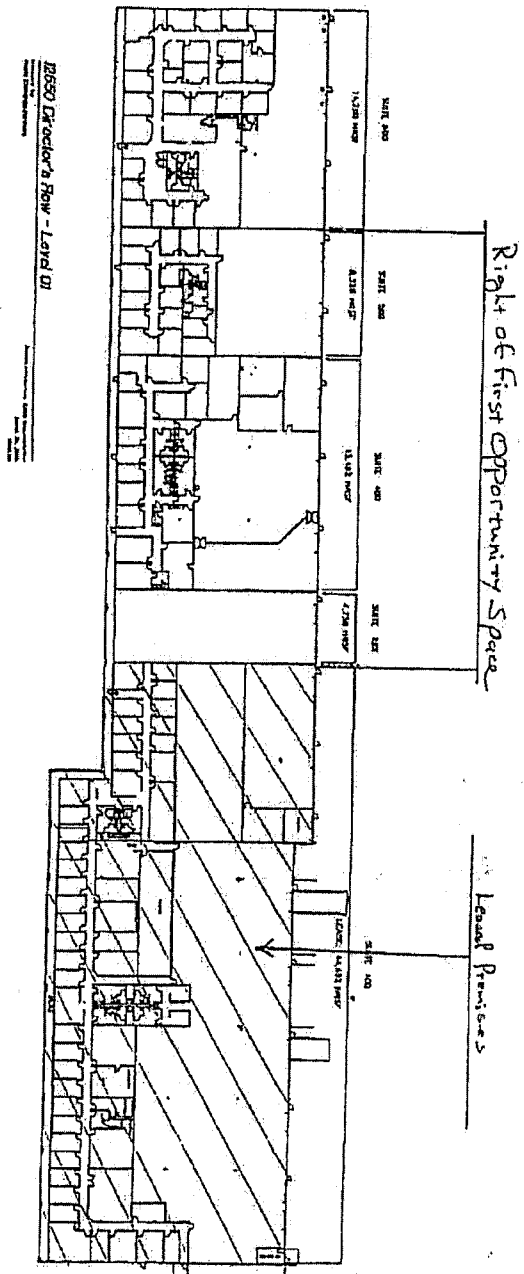


Exhibit B

## ADDENDUM

### (TO EIS/PROPERTY TAX ABATEMENT APPLICATION FOR HEXION SPECIALTY CHEMICALS)

Shortly after the Hexion EIS was submitted and effective October 1, 2010, Hexion has merged with Momentive Specialty Chemicals, Inc. The new combined company will take the name Momentive Specialty Chemicals, Inc. and all EIS data, abatement agreement references and responsibilities, and contact and notice data originally applicable to Hexion will transfer intact as Momentive Specialty Chemicals, Inc.



GREATER FORT BEND  
ECONOMIC DEVELOPMENT  
COUNCIL

#### ECONOMIC IMPACT STATEMENT QUESTIONNAIRE

### **Hexion Specialty Chemicals, Inc. Stafford, Fort Bend County**

*Based on the information you provide below, the Greater Fort Bend Economic Development Council (GFBEDC) will begin prequalification of your project. The information you provide will allow the GFBEDC to begin to develop your application and economic impact statement for presentation to the taxing entities for consideration of economic incentives. The following factors will be considered as a whole to determine the entire economic impact of the company: location of project, type of business, is the company in one of the city's target industries, number of jobs, skill level of each job, average salary, investment in building improvements or new building, value of taxable inventory, value of taxable personal property and equipment, sales tax revenue generated for the city, impact on local infrastructure, and impact (good or bad) on existing businesses in the County.*

- 1. Please provide a detailed summary statement about your company (its history, type of business and industry, etc.) and clearly describe its operations at the proposed facility in Fort Bend.**

Hexion Specialty Chemicals, Inc., a New Jersey corporation with predecessors dating from 1899, is the world's largest producer of thermosetting resins, or thermosets, and a leading producer of adhesive and structural resins and coatings. Thermosets are a critical ingredient in virtually all paints, coatings, glues and other adhesives produced for consumer or industrial uses.

Hexion was formed on May 31, 2005 by combining three Apollo Management, L.P. controlled companies: Resolution Performance Products, LLC, Resolution Specialty Materials, Inc. and Borden Chemical, Inc. Our business is organized in four reportable segments: Epoxy and Phenolic Resins, Formaldehyde and Forest Products Resins, Coatings and Inks and Performance Products. We have a broad range of thermoset resin technologies in our industry, with high quality research, applications development and technical service capabilities. We provide a broad array of thermosets and associated technologies, and have significant market positions in each of the key markets that we serve.

Our products are used in thousands of applications and are sold into diverse markets, such as forest products, architectural and industrial paints, packaging, consumer products and automotive coatings, as well as higher growth markets, such as composites and electrical components. Major industry sectors that we serve include industrial/marine, construction, consumer/durable goods, automotive, wind energy, aviation, electronics, architectural, civil engineering, repair/remodeling, graphic arts and oil and gas field support. The diversity of our products limits our dependence on any one market or end-use. We have a history of product innovation and success in introducing new products to new markets, as evidenced by more than 1,600 patents, the majority of which relate to the development of new products and processes for manufacturing.

Our research and development activities are geared to developing and enhancing products, processes, applications and technologies so that we can maintain our position as the world's largest producer of thermosetting resins. We focus on:



- developing new or improved applications based on our existing product lines and identified customer needs;
- developing new resin products and applications for customers to improve their competitive advantage and profitability;
- providing premier technical service for customers of specialty products;
- providing technical support for manufacturing locations and assisting in optimizing our manufacturing processes;
- ensuring that our products are manufactured consistent with our global environmental, health and safety policies and objectives;
- developing lower cost manufacturing processes globally; and
- expanding our production capacity.

We have over 450 scientists and technicians worldwide. Our research and development facilities include a broad range of synthesis, testing and formulating equipment and small-scale versions of customer manufacturing processes for applications development and demonstration.

More recently, we have focused additional research and development resources on “green product” initiatives to remain competitive and to address our customers’ demands for more environmentally sensitive product solutions. Our efforts have focused on developing resin technologies that eliminate emissions, maximize the efficiency and renewability of bio-based natural resources and promote safe, environmentally-friendly manufacturing processes.

We take a customer-driven approach to discover new applications and processes and provide customer service through our technical staff. Through regular direct contact with our key customers, our research and development associates can become aware of evolving customer needs in advance and can anticipate their requirements to more effectively plan customer programs. We also focus on continuous improvement of plant yields and production capacity and reduction of fixed costs.

Hexion’s Research and Development Laboratory in Stafford, TX (12650 Directors Dr, Suite 100, Stafford, TX 77477) was established in September 2007 as a temporary R&D laboratory to support ongoing product and process development for global Epoxy Specialty Business operations. Hexion is in the process of analyzing whether to expand this operation in Stafford, TX or consolidate/move it to Carpentersville, Illinois.

Laboratory operations include the following:

- New product development research, innovation, and commercialization
- Product technical support to existing product line and customers
- New manufacturing process development research
- Process engineering and scaleup
- Manufacturing technical support to existing production processes
- Product safety & regulatory compliance
- Patent legal
- Support of global customer base and manufacturing plants

**2. Information About Your Company**

Company Name: Hexion Specialty Chemicals, Inc.	
Contact Person: Mark Blawas	Title: Senior Manager, Ernst & Young LLP
Current Address: 1100 Huntington Center, 41 South High Street, Columbus, OH 43215	
Office #: 614-232-7518	Mobile #: 740-972-4976
Fax #: 866-396-3513	Website: www.hexion.com
Email Address: Mark.Blawas@ey.com	
The Company's Primary SIC Code: 2821	

**3. Type of project (check all that apply):**

- ☒ Existing business in Fort Bend County  
☐ New business to Fort Bend County  
☒ Expansion of existing facility  
☐ Construction of new facility  
☒ Company will lease facility  
☐ Company will own facility  
☐ Corporate/Regional Headquarters

**4. If the company will lease the facility, who will be the owner:**

CBC Holdings Ltd Partnership  
 10101 Southwest Fwy, Ste 500  
 Houston, TX 77074-1126

**5. Location of proposed site(s) in Fort Bend (street address, name of Business Park or other development, city, or name of area if unincorporated):**

12650 Directors Dr.  
 Suite 400  
 Stafford, TX 77477

**6. Scope of project:**

Size of new facility/expansion:	8,898 sq ft
Size of existing facility (if applicable):	N/A
Size of lease space in existing facility (if applicable):	44,822 sq ft
Number of acres at facility site:	N/A
Type of Construction (tilt wall, metal, concrete, etc.):	Interior renovation

**7. Please give detailed breakdown of operations within the proposed facility (i.e., 20% office; 25% distribution; 15% metal fabrication; 40% warehouse, etc.):**  
 100% Research and Development Laboratory facility

8. **Truck traffic to be generated (# daily or weekly):**  
N/A
9. **Targeted start of construction:**  
October 2010
10. **Targeted start of operations:**  
February 2011
11. **Market value (taxable assets) of the firm's property that would be located at the facility in Fort Bend (new property to Fort Bend):**

Land	Construction Costs of Building Improvements	Furniture & Fixtures	Equipment	Inventory	Total
\$ 0	\$ 3,333,400	\$ 0	\$ 2,100,000	\$ 0	\$ 5,433,400

12. **Estimated percent of inventory that would be Freeport qualified, if any: 0 %**  
*Freeport goods are inventories (raw materials, goods-in-process, and finished products) acquired by a business and held for no more than 175 days before being shipped out of state.*
13. **Does the company require a Foreign Trade Zone (FTZ)? If so, what percent of the inventory would be FTZ qualified: 0 %**

14. **Employment information:**

Number of new jobs to Fort Bend County	Number of existing jobs to be retained (if company currently located in Fort Bend)	Total Number of Jobs
16	36	52

15. **Average salary (before benefits): \$84,000**  
a. Note there are 42 current full-time and contract employees in the existing space. The average wage of the 36 full-time employees is \$91,000. The balance are contract employees.
16. **Amount of initial, annual local payroll to be created: \$1,100,000**
17. **What are the estimated annual total sales at the new facility? What portion of the total sales will be subject to local (city) sales taxes?**  
N/A
18. **Does the company own a corporate airplane that would be housed at a local corporate airport in Fort Bend (i.e., Sugar Land Regional Airport or Houston Southwest Airport)? If so, what is the plane's value:**  
N/A

19. Will the company's local business practices necessitate business travel that will bring clients or employees to the Fort Bend facility, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally:  
150
20. If your company currently has operations elsewhere in the State of Texas, please list the name of the communities:  
Brady, TX  
Baytown, TX  
Cleburne, TX  
Deer Park, TX  
Diboll, TX  
Ennis, TX  
Houston, TX  
Longview, TX
21. Employee benefit burden (percent of employee's salary that is invested by the company into the employee's benefits):  
30%
22. Current owner of real property (land/building) at the time of application:  
CBC Holdings Ltd Partnership  
10101 Southwest Fwy, Ste 500  
Houston, TX 77074-1126
23. Have you received or are you currently receiving tax abatement in Fort Bend:  
☐ Yes ☒ No
24. Is this land currently under Agriculture Exemption: ☐ Yes ☒ No
- a. If so, what will be the increase in taxes paid annually to taxing authorities: *To be answered by GFBEDC*
- b. What is the value of roll back taxes to be collected as a result of being taken out of Ag Exemption: *To be answered by GFBEDC*
25. What is the expected increase in value of the land once it is sold? (to be answered by GFBEDC)
26. Productive life of proposed improvements and/or initial term of lease:  
Productive life of assets is 15 years
27. Time of day activities will be taking place (i.e, # of shifts): 8AM-5PM
28. The costs to be incurred by local government to provide facilities or services directly resulting from the new improvements: N/A

29. If located in the city limits, do you (or your construction company) agree to declare "situs" for construction sales taxes at the construction site: Yes  
*When purchasing construction materials for the new facility from a company that is situated outside the city where the new facility will be located, the builder agrees to declare the situs (point of sale) of the materials as the construction site address so the local city receives the sales tax revenue.*
30. Please provide wastewater information, including activities, facilities, plant processes, products, services, chemicals, materials, and hazardous substances that may be used or that may result from the activities to be conducted within the proposed improvements: N/A
31. Explain any proposed pretreatment of wastewater prior to discharge into the sanitary sewer system: N/A
32. Will there be any proposed monitoring of wastewater discharge into the sanitary sewer system: Yes, annually
33. Public improvements to be made by the Company in which the public may benefit (please list if any): N/A
34. Will this business compete with existing businesses in the county? If so, please list local companies providing the same services: N/A
35. Are there possibilities for local businesses to become suppliers? Any new retail opportunities? Please explain. N/A
36. Do you anticipate your relocation to attract other new businesses to the area? Please explain: N/A
37. Does the business produce any type of emissions or are there any other environmental matters for the city/county to consider: No
38. The company agrees to participate in the continuing economic development process in Fort Bend County by becoming a Trustee member (\$6,000/yr) of the GFBEDC for a minimum period coinciding with the term of any County abatement agreement: ☒ Yes ☐ No  
 a. Hexion would be happy to participate at an appropriate level.  
*The County Commissioners' Court encourages the company's participation in the Council to support the continued economic growth in the County. The Court considers your decision in their evaluation of the project.*
39. By signing and submitting this application you certify that the company, its branches, divisions and departments (company) do not and will not knowingly employ an undocumented worker. An agreement with the company will require the company to repay the total amount of the public benefit received with interest at the rate and according to the terms of the agreement if the company is convicted of a

violation under 8 U.S.C. Section 1324a. Repayment will be due no later than the 120th day after the date the City/County notifies the company of the violation as provided in the agreement.

An undocumented worker is an individual who, at the time of employment, is not:  
a. (1) lawfully admitted for permanent residence to the United States; or  
b. (2) authorized under law to be employed in that manner in the United States.

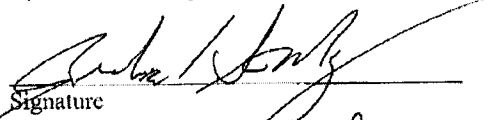
In order to prepare the documents creating the Reinvestment Zone, in which all eligible property placed therein would receive any property tax abatement, and the Abatement Agreement itself, a Site Plan and Legal Description, including a metes and bounds description is necessary. Please provide these as soon as possible if they are not available at the time this EIS is submitted.

#### CERTIFICATION:

##### I. APPLICANT:

Hexion Specialty Chemicals, Inc. does hereby certify that all statements and representations made herein are accurate to the best of their knowledge and agree to comply with these terms.

By Authorized Representative:

  
Signature \_\_\_\_\_ Date August 13, 2010  
Printed Name: Richard S. Myers  
Title: Chief Technology Officer

##### II. GFBEDC

The Greater Fort Bend Economic Development Council certifies that Hexion Specialty Chemicals, Inc. has met the standard requirements and is qualified for value added tax abatement in Fort Bend County.

\_\_\_\_\_  
Jeff Wiley  
President  
Greater Fort Bend Economic  
Development Council

\_\_\_\_\_  
Date

One Fluor Daniel Drive • Sugar Land, Texas 77478 • [www.fortbendcounty.org](http://www.fortbendcounty.org)  
Main (281) 242-0000 • Fax (281) 242-6739 • Toll Free (888) 500-5668

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