Crypto Mining Data Center Lease and PPA

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Summary

- DME was being approached by several crypto mining prospects
- DME issued an RFP for the lease of city property and available distribution capacity located at RD Wells Substation in the Airport Industrial Park
- Negotiating Lease and PPA language with top runner for the last 12 months
- Next steps would be to finalize and get authorization for Lease and PPA along with development review process

Project Location

Modular Data Center

- High Speed Computing (BitCoin)
- 20 MW
- Very small footprint behind RD Wells

Layout

Direct Benefits to City of Denton

- Aligned with Denton's Economic Development Strategic Plan.
  - 2A.2: Attract New Investment.
  - 2C.2.1: Identify business that are high electricity users.
- Estimated Net Income to DME $2.5 Mil over 5 years
  - Assumes April 1st 2024 start date
- Estimated Revenue to the City in ROI and Franchise Fees $4.8 Mil over 5 years

Major Terms and Conditions

- 5-Year Lease
- 5-Year Renewal Term (Option)
- Lease rate
  - $12,500 / Year
  - Market base rate
  - CPI escalator upon renewal
- Expected revenue stream will be fully collateralized and a prepay account will be established to eliminate risk to DME

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Request for Direction

Option 1

- Move Forward
- Project is beginning to work through development services
- Rezoning of the property will add to timeline
- Lease and Power Purchase Agreement approval will be next
- Staff will bring to City Council and PUB when ready, potentially early March

Option 2

- Deny moving forward

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Questions

Bill Shepherd – Executive Manager of Business Services

Denton Municipal Electric