ORDINANCE NO.

AN ORDINANCE OF THE CITY OF DENTON, A TEXAS HOME-RULE MUNICIPAL CORPORATION, AUTHORIZING THE CITY MANAGER TO EXECUTE A TEMPORARY CONSTRUCTION EASEMENT BETWEEN THE CITY AND CORE SCIENTIFIC, INC., A DELAWARE CORPORATION; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City and Core Scientific, Inc. ("Lessee") entered into that certain Lease Agreement, effective as of September 3, 2021 (the "<u>Initial Lease</u>") pursuant to which Lessee currently leases the Leased Premises (as defined in the Initial Lease) from the City; and

WHEREAS, the City and Core Scientific have agreed to terms and conditions for Amendment Number 3 to the Initial Lease ("Amendment No. 3") to enable conversion of Core Scientific cryptocurrency operations to High performance Computing ("HPC") in support of artificial intelligence applications; and

WHEREAS, Construction activities to accomplish the conversion will begin upon approval of Amendment No. 3; and

WHEREAS, Core Scientific, Inc. requires property adjacent to the HPC operation to facilitate construction and temporary storage of construction materials; and

WHEREAS, the City Council further finds that granting temporary construction easement to enable the construction of the HPC project is in the best interest of the customers of Denton Municipal Electric,

NOW, THEREFOR, THE COUNCIL OF THE CITY OF DENTON HEREBY ORDAINS:

<u>SECTION 1.</u> The recitations contained in the preamble of this ordinance are incorporated herein by reference as findings of the City Council.

<u>SECTION 2.</u> The City Council approves and authorizes the City Manager, or their designee, and City Secretary, or their designee, to execute, attest and deliver, respectively, the Temporary Construction Easement, attached as Exhibit "A", with Core Scientific, Inc.

<u>SECTION 3.</u> The City Council approves and authorizes the City Manager, or their designee, to take such additional actions as the City Manager, or the designee, determines to be necessary and advisable to continue to effectuate the purpose, terms, and conditions of Temporary Construction Easement.

<u>SECTION 4.</u> This ordinance shall become effective immediately upon its passage and approval.

The motion to approve this ordinance was made by ______ and seconded by ______, the ordinance was passed and approved by the following vote [______]:

	Aye	Nay	Abstain	Absent
Mayor Gerard Hudspeth:				
Vicki Byrd, District 1:				
Brian Beck, District 2:				
Paul Meltzer, District 3:				
Joe Holland, District 4:				
Brandon Chase McGee, At Large Place 5:				
Jill Jester, At Large Place 6:				

PASSED AND APPROVED this the _____ day of _____, 2024.

GERARD HUDSPETH, MAYOR

ATTEST: LAUREN THODEN, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM: MACK REINWAND, CITY ATTORNEY

BY: _____Marcella Lunn _____

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

TEMPORARY CONSTRUCTION EASEMENT

THE STATE OF TEXAS§§\$KNOW ALL MEN BY THESE PRESENTS:COUNTY OF DENTON§

This Temporary Construction Easement (this "<u>TCE</u>") is made as of the _____ day of _____, 2024 (the "Effective Date"), by and among CITY OF DENTON, a Texas home-rule municipal corporation ("Grantor") and Core Scientific, Inc., a Delaware corporation ("Grantee").

In consideration of the mutual promises and the terms and conditions below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Grant of Easement. Grantor, whose address is 215 E. McKinney St, Denton, TX 76201, grants and conveys unto the Grantee a temporary construction easement along, upon, over, and across the property in Denton County as depicted in Exhibit A (the "Property") for the sole purpose of project management offices, construction employee parking and staging equipment for the construction of a data center on property leased by Grantee owned by the Grantor; and for no other purpose. Grantee may use the easement area only for staging, parking, and temporary offices during construction activities but not for storage. No permanent structures or improvements shall be installed or kept on the Property. The Grantee, its agents, employees, contractors, workmen, and representatives shall have the right of ingress, egress, and regress along, upon, and across said Property for the purpose of construction activities for the adjacent data center. Grantee acknowledges and agrees that its rights hereunder are subject to any and all easements and other rights on, though, or over the Property of record. Grantee shall be responsible for maintaining any necessary temporary access points and temporary dirt road created to access the Property, including without limitation controlling any dust on the temporary roadway and/or the Property itself. Grantee acknowledges and agrees that it has independently inspected the Property to the extent that it deemed appropriate prior to the execution of this TCE and is accepting the Property in its "as-is, where is" condition. TO THE MAXIMUM EXTENT PERMITTED BY LAW, GRANTEE HEREBY RELEASES GRANTOR AND ITS AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, MANAGERS, MEMBERS, OWNERS, EMPLOYEES, AND AGENTS (THE "GRANTOR PARTIES") FROM ANY AND ALL LIABILITY ARISING OUT OF THE CONDITION OF OR USE OF THE **PROPERTY.** Grantee agrees that it shall not have any right to lien the Property. Grantor shall have the right, but not the obligation, at any time, from time to time, to enter, at its sole risk and cost, onto the Property at any time to determine if Grantee is complying with the terms of this TCE.

2. Term of Easement. The term of this grant shall commence on the Effective Date and shall expire forty-eight (48) months from the Effective Date. Upon such date this TCE shall no longer show of record on the Property and shall be of no further force or effect without any further action required by either party. In addition, in the event of any breach or default under this TCE by Grantee, Grantor shall have the right, but not the obligation, to terminate the TCE if Grantee has not cured a default within seven (7) days after receiving written notice of such default from Grantor. Upon any termination of this TCE, Grantee shall promptly: (i) yield, vacate, and surrender all use of the Property to Grantor; (ii) remove all machinery, equipment, and other personal property of any kind on the Property; and (iii) return the Property to reasonably the same condition in which it existed immediately prior to the commencement of this TCE. If there is any personal property on the Property as of the date of any termination of this TCE, then in addition to all other rights and remedies available to Grantor in law or in equity, (A) such personal property shall be deemed abandoned by Grantee and, at Grantor's election, shall be the property of Grantor, and/or (B) upon written demand from Grantor, whether at or after the termination of this TCE, Grantee, at no cost to Grantor, immediately shall remove all of such personal property from the Property.

Maintenance. Grantee covenants and agrees that it shall cause all activities 3. performed on the Property pursuant to this TCE to be conducted in a manner that does not unreasonably disturb or disrupt any of Grantor's activities on lands immediately adjacent to or in the close vicinity of the Property or unreasonably disrupt any of the activities of the Grantee in close vicinity to the Property; and taken with due care and in accordance with all applicable professional standards and the requirements of any and all applicable city, county, state, and federal laws, rules, regulations, and directives, as amended from time to time, applicable to Grantee's activities on the Property (collectively, the "Laws"), including but not limited to those relating to worker's compensation, immigration, occupational health and safety, waste disposal, storm water discharge/pollution prevention, dust control, environmental contamination, hazardous substances, pesticides, building and construction codes, contractor licensing, and all other laws, rules, regulations, and directives. For the purpose of this TCE, "close vicinity" shall mean within 100 feet. Grantee shall: (a) maintain the Property in good condition, free of all trash, weeds, debris, and any other unsightly material; (b) promptly repair any damage to the Property; and (c) be responsible for using commercially reasonable efforts to restrict access to the Property only to Grantee, its employees, and Grantee's authorized contractors, AND, TO THE EXTENT ALLOWED BY LAW, WILL INDEMNIFY GRANTOR FROM CLAIMS OF ANY DAMAGE OR INJURY BY ANY UNINVITED PERSONS (INCLUDING, WITHOUT LIMITATION, TRESPASSERS) WITHIN THE PROPERTY.

<u>4.</u> <u>Insurance.</u> During the term of this TCE, Grantee and its contractor shall maintain: (a) commercial general liability (CGL) insurance (ISO Form CG0001, or equivalent) written on an occurrence basis with limits not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, and \$2,000,000 products/completed operations aggregate), naming Grantor and Grantor Parties as additional insureds, utilizing ISO endorsement CG2026 (11/85 edition, or equivalent), which insurance shall include intermediate form contractual liability insurance applicable to this TCE; (b) \$1,000,000 auto liability insurance; and (c) worker's compensation insurance to the extent and in the amount required by Law. All such insurance policies shall: (a) be taken out with insurers with an A.M. Best rating of A-NIII or better; (b) be non-contributing and apply as primary and not as excess to, any other insurance available to Grantor and Grantor Parties with respect to

claims arising out of this TCE or use of the Property by Grantee; and (c) not be invalidated with respect to the interests of the Grantor and Grantor Parties by reason of any breach or violation by Grantee of any warranties, representations, declarations or conditions contained in the policies. Grantee, and its contractor, shall deliver to Grantor certificates of insurance with the above referenced additional insured endorsement: (i) prior to commencing any of the activities on the Property under this TCE, and (ii) updated certificates of insurance periodically. Grantee shall provide notice to Grantor at least thirty days prior to termination of any policy. No review or approval of any such insurance certificate by Grantor shall derogate or diminish Grantor's rights or Grantee's obligations. To the fullest extent allowed by law, Grantee, on its own behalf and on behalf of all of its insurers, hereby waives all rights of recovery, whether under subrogation or otherwise (INCLUDING THOSE BASED ON NEGLIGENCE, REGARDLESS OF WHETHER IT IS THE PARTIAL NEGLIGENCE OF GRANTOR), whether because of deductible clauses, self-insured retention amounts, inadequacy of limits of any insurance policy, limitations or exclusions of coverage or otherwise, against Grantor and Grantor Parties. Grantee also shall require that all insurance policies related to Grantee's activities on the Property include clauses providing that each insurance underwriter shall waive all of its rights of recovery, by subrogation or otherwise (INCLUDING THOSE BASED ON NEGLIGENCE, REGARDLESS OF WHETHER IT IS THE PARTIAL NEGLIGENCE OF GRANTOR), against Grantor and Grantor Parties.

5. <u>Compensation.</u> Grantee shall pay to Grantor \$5,198/month during the term of this Agreement. Payment of this TCE monthly charge will be billed by Grantor and due from Grantee in accordance with the terms and conditions of the Lease Agreement between City of Denton and Core Scientific Inc. dated September 3, 2021 authorized the Denton City Council by ORDINANCE NO. 21-1486, as amended.

6. <u>Notices</u>. All notices and communications required, necessary, or desired to be given pursuant to this TCE, including, but not limited to, a change of address for purposes of such notices and communication, shall be in writing and shall be deemed given and received (i) upon personal delivery (which shall include delivery by commercial overnight courier), (ii) three (3) days after deposit in the United States Mail, certified mail, return receipt requested, postage prepaid, or (iii) by confirmed facsimile. The addresses for notice are as follows:

Grantor:	CITY OF DENTON 215 E, McKinney Street Denton, TX 76201 Attn: Real Estate Department Phone: 940-349-8252
With a copy to:	CITY OF DENTON 215 E. McKinney Street Denton, TX 76201 Attn: Legal Department
Grantee:	Core Scientific, Inc.

Attn: General Counsel 2800 Northrup Way #220 Belview, WA 98004

1. <u>Miscellaneous</u>. This TCE may be amended only by an instrument signed by all parties. This TCE shall inure to the benefit of, and be binding upon, the successors and assigns of each of Grantor and Grantee; provided that nothing herein shall permit Grantee to assign this TCE without Grantor's prior written consent, which consent may not be unreasonably conditioned or delayed. All entities and persons entering the Property under this TCE and/or performing work on behalf of Grantee shall be agents of Grantee and shall be required in writing to comply with all terms of this Agreement, including without limitation the insurance provisions.

2. <u>Counterparts</u>. This TCE may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. A facsimile or electronic copy of this TCE shall be deemed an original for all relevant purposes.

The balance of this page intentionally left blank Signature page attached Agreed to as of the Effective Date set forth above on Page 1.

Grantor:

CITY OF DENTON

By: Sara Hensley, City Manager

ACKNOWLEDGMENT

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THE STATE OF TEXAS

COUNTY OF DENTON

This instrument was acknowledged before me on _____, 2024, by

Notary Public, in and for the State of ______ My commission expires: _____

ATTEST: Lauren Thoden, City Secretary

By: _____

THIS AGREEMENT HAS BEEN BOTH REVIEWED AND APPROVED as to financial and operational obligations and business terms.

Signature

Title

Department
Date Signed: _____

APPROVED AS TO LEGAL FORM: Mack Reinwand, City Attorney

By: _____

Grantee:

Core Scientific, Inc.

By:

ACKNOWLEDGMENT

THE STATE OF _____ §

COUNTY OF _____ §

This instrument was acknowledged before me on _____, 2024, by

Notary Public, in and for the State of ______ My commission expires: _____

APPROVED AS TO LEGAL FORM:

_____·

By: _____ Title:_____

Exhibit A

TEMPORARY CONSTRUCTION EASEMENT NO. 1

BEING a 2.434 acre tract of land situated in the Johnson, Green, Myers and Brummett Survey, Abstract No. 1699, City of Denton, Denton County, Texas, and being a part of Lot 1, Block A per the Minor Plat of Denton Energy Center Addition, as recorded in Document No. 2021-367 of the Plat Records of Denton County, Texas, and also being a part of that certain 340.469 acre tract of land described in a Deed to the City of Denton, as recorded in Document No. 2016-143882 of the Official Records of Denton County, Texas and being more particularly described as follows:

COMMENCING at a 5/8 inch iron rod with cap stamped "TNP" found for the Northwest corner of the above cited Lot 1 and lying in the dedicated South line of Jim Christal Road, a variable width right-of-way, said point also being in the East line of that certain 5.700 acre tract of land described in a Deed to Everette Newland, as recorded in Document No. 2012-19340 of the Official Records of Denton County, Texas;

THENCE North 89*21'52* East along the North line of said Lot 1 and the South line of said Jim Christal Road, for a distance of 419.23 feet to the POINT OF BEGINNING for the herein described easement;

THENCE North 89*21'52" East continuing along the North line of said Lot 1 and the South line of said Jim Christal Road, for a distance of 252.65 feet to a point

THENCE South 00°00'00" East departing the North line of said Lot 1 and the South line of said Jim Christal Road, for a distance of 510.11 feet to a point;

THENCE South 19"12'37" West for a distance of 132.91 feet to a point;

THENCE South 89"21'52" West for a distance of 81.29 feet to a point;

THENCE North 00°00'00" West for a distance of 400.08 feet to a point;

THENCE South 89"21'52" West for a distance of 100.01 feet to a point;

THENCE North 45°38'08" West for a distance of 35.36 feet to a point;

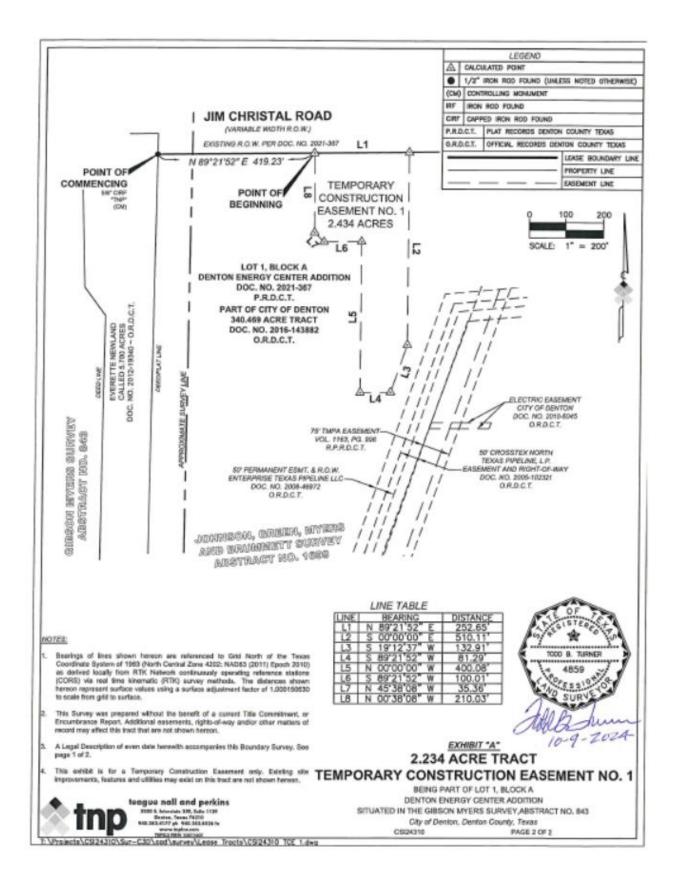
THENCE North 00"38'08" West for a distance of 210.03 feet to the POINT OF BEGINNING, and containing 2.434 acres of land, more or less.

SURVEY NOTES:

- Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone 4202; NAD83(2011) Epoch 2010) as derived locally from Allterra continuously operating reference stations (CORS) via real time kinematic (RTK) survey methods. The distances shown hereon represent surface values using a surface adjustment factor of 1.000150630 to scale from grid to surface.
- 2. An Easement Exhibit of even date herewith accompanies this Legal Description. See Page 2 of 2.

Todd B. Turner, R.P.L.S. Teague Nall and Perkins 3200 S. I-35E, Suite 1129 Denton, Texas 76210 940-383-4177 TBPELS Firm No. 10011601 Date: October 9, 2024





TEMPORARY CONSTRUCTION EASEMENT NO. 2

BEING an 8.057 acre tract of land situated in the Moses H. Davis Survey, Abstract No. 377 and the William Wilbum Survey, Abstract No. 1419, City of Denton, Denton County, Texas, and being a part of that certain 340.469 acre tract of land described in a Deed to the City of Denton, as recorded in Document No. 2018-143882 of the Official Records of Denton County, Texas and being more particularly described as follows:

COMMENCING at a 5/8 inch iron rod with cap stamped "TNP" found for the Southeast corner of Lot 1, Block A per the Minor Plat of Denton Energy Center Addition, as recorded in Document No. 2021-367 of the Plat Records of Denton County, Texas, said point being in the South line of the above cited 340.469 acre tract and the North line of that certain 116.154 acre tract of land described in a Deed to Mark Hicks Investments, LLC, as recorded in Document No. 2021-8595 of the Official Records of Denton County, Texas, from which a 1/2 inch iron rod capped "Varnoy 563-7101" found for an interior ell corner of said 340.469 acre tract and the most Northerly Northeast corner of said 116.154 acre tract bears South 89'50'49" East a distance of 322.05 feet;

THENCE North 09"56"56" East departing the South line of said 340.469 acre tract and the North line of said 116.154 acre tract, and along the East line of said Lot 1, for a distance of 96.31 feet to a 5/8 inch iron rod with cap stamped "TNP" found for the beginning of a non-tangent curve to the right;

THENCE in a Northerly direction, continuing along the East line of said Lot 1, and along said non-tangent curve to the right having a central angle of 00°35'33", a radius of 14310.00 feet, a chord bearing of North 06°42'58" East, a chord distance of 147.99 feet and an arc length of 147.99 feet to a 5/8 inch iron rod with cap stamped "TNP" found for the end of said curve;

THENCE North 09'00'45' East continuing along the East line of said Lot 1, for a distance of 410.85 feet to the POINT OF BEGINNING for the herein described easement;

THENCE North 09*00'45" East continuing along the East line of said Lot 1, for a distance of 202.44 feet to a 5/8 inch iron rod with cap stamped "TNP" found at an angle point;

THENCE North 06"09'44" East continuing along the East line of said Lot 1, for a distance of 100.69 feet to a point;

THENCE North 90°00/00" East departing the East line of said Lot 1, for a distance of 676.10 feet to a point;

THENCE South 00'00'00' East for a distance of 600.09 feet to a point;

THENCE North 90"00"00" West for a distance of 475.07 feet to a point;

THENCE North 00°00'00" West for a distance of 300.05 feet to a point;

THENCE North 90"00"00" West for a distance of 242.55 feet to the POINT OF BEGINNING, and containing 8.057 acres of land, more or less.

SURVEY NOTES:

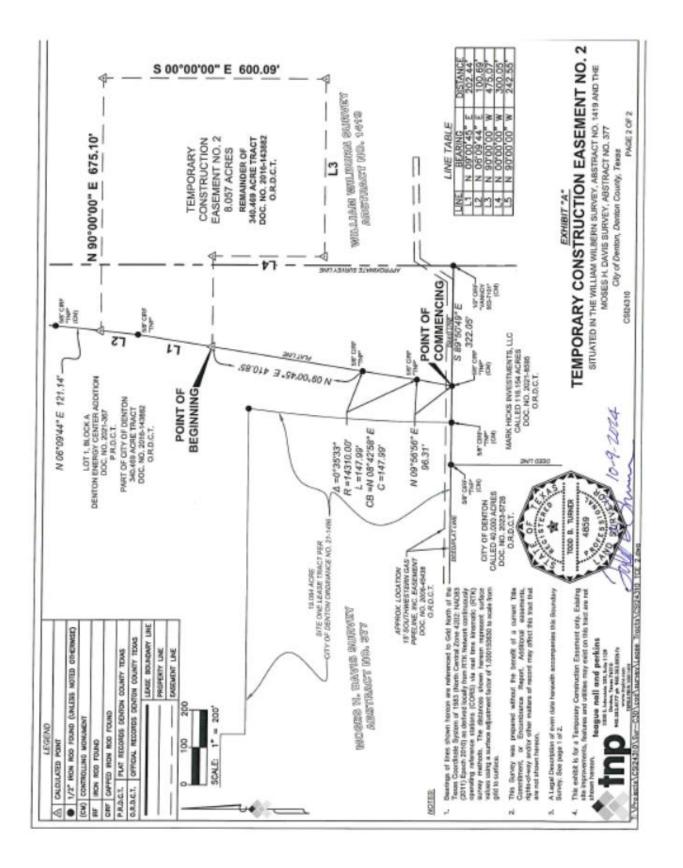
- Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone 4202; NAD83(2011) Epoch 2010) as derived locally from Allterra continuously operating reference stations (CORS) via real time kinematic (RTK) survey methods. The distances shown hereon represent surface values using a surface adjustment factor of 1.000150630 to scale from grid to surface.
- 2. An Easement Exhibit of even date herewith accompanies this Legal Description. See Page 2 of 2.

Todd B. Turner, R.P.L.S. Teague Nail and Perkins 3200 S. I-35E, Suite 1129 Denton, Texes 78210 940-383-4177 TBPELS Firm No. 10011501 Date: October 9, 2024



Legal Description - Temporary Construction Easement No. 2

Page 1 of 2



TEMPORARY CONSTRUCTION EASEMENT NO. 3

BEING a 2.086 acre tract of land situated in the Moses H. Davis Survey, Abstract No. 377, City of Denton, Denton County, Texas, and being a part of that certain 340.469 acre tract of land described in a Deed to the City of Denton, as recorded in Document No. 2016-143882 of the Official Records of Denton County, Texas and being more particularly described as follows:

COMMENCING at a 5/8 inch iron rod with cap stamped "TNP" found for the Southeast corner of Lot 1, Block A per the Minor Plat of Denton Energy Center Addition, as recorded in Document No. 2021-367 of the Plat Records of Denton County, Texas, said point being in the South line of the above cited 340.469 acre tract and the North line of that certain 116.154 acre tract of land described in a Deed to Mark Hicks Investments, LLC, as recorded in Document No. 2021-8595 of the Official Records of Denton County, Texas, from which a 1/2 inch iron rod capped "Vannoy 563-7101" found for an interior ell correr of said 340.469 acre tract and the most Northerly Northeast corner of said 116.154 acre tract bears South 89'50'49" East a distance of 322.05 feet;

THENCE North 09"56'56" East departing the South line of said 340.469 acre tract and the North line of said 116.154 acre tract, and along the East line of said Lot 1, for a distance of 47.54 feet to the POINT OF BEGINNING for the herein described easement;

THENCE North 09"56'56" East continuing along the East line of said Lot 1, for a distance of 48.76 feet to a 5/8 inch iron rod with cap stamped "TNP" found for the beginning of a non-tangent curve to the right;

THENCE in a Northerly direction, continuing along the East line of said Lot 1, and along said non-tangent curve to the right having a central angle of 00°35'33", a radius of 14310.00 feet, a chord bearing of North 08°42'58" East, a chord distance of 147.99 feet and an arc length of 147.99 feet to a 5/8 inch iron rod with cap stamped "TNP" found for the end of said curve;

THENCE North 09"00'45" East continuing along the East line of said Lot 1, for a distance of 258.95 feet to a point.

THENCE North 90'00'00' East departing the East line of said Lot 1, for a distance of 166.33 feet to a point;

THENCE South 00°00'00" East for a distance of 450.07 feet to a point;

THENCE North 90'00'00' West for a distance of 237.74 feet to the POINT OF BEGINNING, and containing 2.086 acres of land, more or less.

SURVEY NOTES:

- Bearings are referenced to grid north of the Texas Coordinate System of 1983 (North Central Zone 4202; NAD83(2011) Epoch 2010) as derived locally from Aliterra continuously operating reference stations (CORS) via real time kinematic (RTK) survey methods. The distances shown hereon represent surface values using a surface adjustment factor of 1.000150630 to scale from grid to surface.
- 2. An Easement Exhibit of even date herewith accompanies this Legal Description. See Page 2 of 2.

Todd B. Turner, R.P.L.S. Teague Nall and Perkins 3200 S. I-35E, Suite 1129 Danton, Texas 76210 940-383-4177 TBPELS Fam No. 10011601 Date: October 8, 2024



