



INTRODUCTION

Rockdale is located in the southern portion of Milam County, Texas, which is a rural community located within the heart of the Texas Triangle. Rockdale is situated where State Highway 79 and State Highway 77 join, providing direct access to Interstate 10, Interstate 35, and Interstate 45, providing connectivity to all parts of the nation. Rockdale is advantageously centrally located less than one hour's drive from three metropolitan areas; Waco, Austin, and College Station. Moreover, Rockdale is less than a two-and-a-half hours' drive between three Major Metropolitan areas; San Antonio, Houston, and Dallas.

In late 2008, Alcoa, Inc. announced upcoming layoffs at their Rockdale Smelter that once employed 1,700 people in the Central Texas Region. Alcoa completed those layoffs and officially curtailed the plant in 2010, causing Milam County to reach an all-time high in unemployment rates at 12.5. This devastated the small town of Rockdale and all of Milam County. The Citizens of Rockdale knew that it was way behind the curve on what was happening and quickly began looking for a way to save the economic base of the City. Moreover, the City knew it needed something more than the traditional Economic Development Corporation (EDC) to accomplish their goal. They then decided to pursue the creation of the Rockdale Municipal Development District.

The Rockdale Municipal Development District (RMDD) was created by voters in May 2010 and began levying a 1/2 percent sales tax starting October 1, 2010, on all items in the district that are subject to the general sales tax. The MDD jurisdiction includes the City of Rockdale and its extra-territorial jurisdiction (that area that extends outward from the city limits to one mile). The RMDD spent much of the first two years educating themselves and the community on economic development while funds were being accrued to hire their first Executive Director in March of 2012. The past eight years, they have hit the ground running on recruitment efforts and establishing programs for small business retention and expansions.

PROJECTS

Whinstone US, Inc.

Whinstone US formed a unique solution that lies within the framework for tiered Data Centers. The firm shines in its ability to design and build quickly, provide custom design solutions, and navigate the complex world of large-scale electricity procurement. Whinstone US is a colocation partner serving cryptocurrency and graphics rendering clients. Its systems provide the best technology, design, and software to run large-scale computing facilities. With the company's extensive background in heavy construction, electrical engineering, and networking solutions, it plays a role in pushing this industry forward.



Rockdale has always been known for being the home to Alcoa, once the largest aluminum processing operations in the country, now it is the location of what will soon be the world's biggest data center. Chad Harris, the CEO of Whinstone US Inc., contacted the RMDD Office via email in mid-July of last year after reading on an article where Rockdale was featured in Wired Magazine that month. The article was about Rockdale and the experience that it had over the previous year after landing Bitmain, a Chinese company that makes specialized computers for "mining" cryptocurrency. That article was printed on July 11, 2019. On July 16, 2019, five days later, Whinstone executives Lyle Theriot and Ashton Harris drove from their office in New Orleans, LA, to Rockdale, TX. From mid-July through October, there were weekly visits from investors and partners from all over the world, including the 4th Whinstone Executive David Shatz.

On November 1, 2019, the Rockdale MDD did a Press Release stating, "The Rockdale Municipal Development District (MDD) confirms today; Whinstone US, INC., has announced its plans to build a 100-acre data mining facility in Rockdale, Milam County, Texas. The group has secured construction contracts for the Project featuring a capacity of 1 Gigawatt of electrical service, fortifying their interest to build the world's largest purpose-built data center dedicated to blockchain, video rendering, and artificial intelligence technology."

In three short months, the Rockdale MDD aided Whinstone US, Inc. in negotiating a long-term lease agreement with Alcoa Corporation for a 100-acre greenfield site located at Alcoa's former industrial complex, securing local contractors to complete the construction project and an agreement to build a substation onsite. A formal groundbreaking ceremony was held at the Rockdale site on Thursday, November 7, 2019. However, construction work had already begun and will continue in four phases. The initial capital investment includes the construction of buildings and other real property improvements for the data center. Additionally, it consists of furniture, fixtures, and equipment that consists of the installation of computer shelving, electrical equipment, security servers, and similar equipment to manage and maintain a data center in the first year. As additional utility infrastructure comes online, subsequent buildings will be added to the corporate campus-style design of the new Whinstone home in Rockdale. Phase one has already been completed and consists of a capital investment of 187 million dollars, 300 Megawatts powering 180,000 sq. ft. of computers, and the creation of 130 jobs. At full capacity, the Project will consist of a capital investment of 500 million dollars, 297 primary jobs, one-million-square-foot of buildings, and utilize over 1 Gigawatt of power. Phase two of the Project has begun, and Phase four is scheduled for completion in the 3rd quarter of 2022. Initial customers include two publicly traded companies using a significant share of the current capacity to perform cryptocurrency mining on the site.

Whinstone US is now one of only ten registered Qualifying Data Centers designated by the Texas Comptroller of Public Accounts Office (Comptroller's office). This designation



provides a temporarily exempt from the 6.25 percent state sales and use tax on Certain items necessary and essential to their operation, such as construction cost and electricity. This is a massive advantage to the company, considering how much power is consumed to run its operations. According to the Comptroller's office, a "data center" is a facility of at least 100,000 square feet in Texas that has been, or will be, specifically constructed or refurbished to house servers and related equipment for processing, storing, or distributing data. The Comptroller's office only certifies data centers that meet specific requirements related to square footage, capital investment, and job creation as "Qualifying Data Centers." The RMDD facilitating this certification was a huge win for the community. The savings that the company received from the State meant less investment required by the local community.

According to the RMDD's Impact DashBoard at the time of incentive negotiations, the Project would result in a total of 373.2 direct and spinoff jobs, 6.7 Homes being built, 44.4 relocations, and a net benefit of \$34,905,282.00 to the community over ten years. However, the Project has already superseded those numbers. As part of the incentive negotiations, the company was required to utilize as many local contractors as possible. In the last year, the Whinstone US project has used just about every local contractor in the area, and others have relocated to the community to be closer to the Project. Due to Rockdale's heavy and light industrial history, we have always had a great presence of contractors. Since the closure of Alcoa and the Power Plant, many of them have had to find work elsewhere, typically in one of the metroplex areas. This meant the local workforce spent many weeknights out of town and away from their families living part-time in hotels. When Whinstone agreed to hire locally first, it meant that Rockdale companies like Bland Construction, Ltd., Mine Service, Inc., Perry & Perry Builders, and Texas Electrical Services could bring hundreds of local employees back home to work.

Furthermore, these companies have had to hire new employees just to meet the demand consistently. When Rockdale had reached its compacity to fulfill the project needs, Whinstone brought in multiple other contractors such as; Power Lines Solutions, Priority Power Management, Draco, Lancium, Seamless, Advanced Solutions, US Net, which continue to fill our hotels, restaurants, and retail establishments. Moreover, due to continued needs from individual contractors and vendors, Rockdale MDD has been able to secure the relocation or expansion of three other companies named ProEnergy, Precision Arc & Laser, H&K Electrical Contractors.

In the past six months, most communities have suffered dramatically due to the Covid-19 pandemic—especially the industry layoffs, small "Mom and Pop" retail, restaurants, and the hospitality industry. In contrast, Rockdale is thriving, unemployment is low, shops and restaurants are blowing and going, and the hotel's parking lots are full of vehicles every night. To that point, residential development plans are underway and scheduled to start construction by the end of the year; the Rockdale MDD's sales and use tax is up 23.32% this month over last August and up 10.82% for the calendar year.



Bland Construction, Ltd., Mine Service, Inc., Perry & Perry Builders, and Texas Electrical Services

Bland Construction, Ltd., Mine Service, Inc., Perry & Perry Builders, and Texas Electrical Services are a few of many local contractors that have been in the Rockdale community for 30 plus years. This Project and the spinoff projects have bought new life to these companies. Each one has grown in size and revenue exponentially over the past year, and there is no end in sight. Almost all of them have doubled in size, some even more so. The smallest of all the local contractors working the Project was Texas Electrical Services. The owner, Tim Story recently stated that in the first half of 2019, they were having one of our worst years in history until Whinstone came to town. They ended up having a strong 2nd half and came close to topping their all-time sales record, and 2020 has started strong. He said he was shocked at how their service work not only didn't decrease during the first few months of COVID-19, but it increased.

In Mid-2019, the Rockdale MDD awarded Texas Electrical Services with a Rental Assistance Grant so they could move their business out of their home office and rented storage units to an HWY frontage commercial building. The RMDD also awarded them with a Façade Improvement Grant to assist them in the renovation of the derelict building. At the time, the move was crucial because they had just reached the then height of employment with six electricians and journeymen. Over the past year, the company has grown 350% and now employs 27 people.

ProEnergy, Precision Arc & Laser, H&K Electrical Contractors

ProEnergy, Precision Arc & Laser, H&K Electrical Contractors are in Rockdale for good! These three companies have developed partnerships or entered into long term contracts for products to serve Whinstone US. They have all decided to either move their entire company to Rockdale or expand their existing operations to Rockdale MDD's Industrial and Business Park. H&K Electrical Contractors moved its operations to Rockdale in the 4th quarter of 2019 and brought with it an estimated 25 employees. ProEnergy, Precision Arc & Laser, LLC, is relocating from an 8,000 sqft rented space to a 25,000 sqft facility in Rockdale. Relocation efforts are planned to complete by year-end 2020. The Project will have a capital investment of \$1,781,700 and create a total of 74 jobs within the first year.

Just about any city in the State of Texas could offer the same incentive package and business facilitation as Rockdale. Every County and City in Texas is permissible to provide tax abatement incentives, and all locations are eligible for Qualifying Data Centers designation. The thing that may not be transferable is the innovativeness to create the needed partnerships between several entities to develop a plan that works best for everyone involved. The company got the required cost reduction to move forward with a lease agreement on the property; the citizens of Rockdale have hundreds of new jobs.