PROJECT CHARTER • DOCUMENT 9 OF 40

Apex Data Center — Greenfield Build

Initiation Phase

DOCUMENT	9 of 40	PHASE	Initiation
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Section 1 — Project Title and Description

The **Apex Data Center — Greenfield Build** is a $185M capital infrastructure program to design, construct, commission, and operationalize a new 20-megawatt Tier III data center facility on a 12-acre parcel in the Dallas–Fort Worth Metroplex. This strategic initiative will replace Apex Technology Holdings' current third-party colocation arrangements at two aging sites, establishing owned critical infrastructure to support the company's managed services growth strategy while eliminating $14.2M in annual colocation costs. The project delivers a fully operational, Tier III-certified facility with 2N power redundancy, dual diverse fiber connectivity, and advanced monitoring systems, enabling zero-downtime migration of all client workloads by Q2 2028.

Section 2 — Project Purpose and Justification

This project addresses three critical business imperatives driving Apex's strategic infrastructure transformation. First, both existing colocation contracts terminate by Q3 2028 with no viable renewal options, creating an immovable deadline for infrastructure transition. Second, escalating colocation costs projected at 18% upon any renewal would consume $14.2M annually, significantly impacting managed services profitability. Third, current third-party facilities cannot support the power density requirements (10–15 kW/cabinet) necessary for modern client workloads including AI/ML and high-performance computing applications.

The owned facility eliminates external dependencies, provides customized physical security and compliance capabilities, and creates a long-term strategic asset supporting Apex's five-year growth plan targeting 40% expansion in managed services capacity. The business case demonstrates a 3-year payback period with net present value exceeding $125M over the facility's operational lifetime.

Section 3 — Measurable Project Objectives and Success Criteria

- **Deliver operational 20MW Tier III facility by April 30, 2028** with Certificate of Occupancy issued, Uptime Institute Tier III certification awarded, and all critical systems passing Level 5 commissioning validation.
- **Complete project within approved $185M capital budget** maintaining Cost Performance Index (CPI) ≥ 0.95 at each phase gate with no unbudgeted expenditure exceeding $5M without Board re-authorization.
- **Achieve Power Usage Effectiveness (PUE) ratio ≤ 1.45 under full production load** validated by independent third-party energy auditor within 90 days of commissioning completion.

- **Execute zero-downtime client migration** from both legacy colocation sites during Q1–Q2 2028 with 100% SLA compliance maintained and zero unplanned outage events during transition.
- **Realize $14.2M annual operational cost savings** beginning FY2029 through elimination of third-party colocation fees, validated by financial audit at 12-month post-occupancy review.

Section 4 — High-Level Requirements

- 20MW critical IT load capacity with physical infrastructure designed for future 40MW expansion without structural modification
- 2N redundancy in all critical power systems (UPS, generators, PDUs) exceeding Tier III minimum requirements
- Dual diverse fiber entry from geographically separate carrier POPs (AT&T and Zayo) with tested redundant connectivity
- Hot-aisle/cold-aisle containment implementation with cabinet-level power monitoring across all production rows
- DCIM platform integration (Vertiv Trellis or Nlyte) with BMS, UPS, PDU, and cooling systems providing real-time monitoring
- Full regulatory compliance with Texas building codes, NFPA standards, EPA Tier 4 Final, NERC CIP, and ADA requirements
- Pre-action wet-pipe and FM-200 fire suppression systems with integrated detection and control
- Biometric access control, CCTV surveillance, and man-trap physical security systems with 24x7 monitoring
- HIPAA and PCI-DSS audit readiness with dedicated compliance zones and enhanced access logging capabilities
- Comprehensive client migration planning with per-client runbooks, rollback procedures, and 72-hour post-migration monitoring

Section 5 — High-Level Project Description, Boundaries, and Key Deliverables

The project encompasses complete greenfield data center development including land acquisition, site preparation, building construction, and systems commissioning.

In scope: 120,000 sq ft purpose-built facility with raised floor computer room, mechanical/electrical yards, administrative wing; 20MW utility service with N+1 redundant power infrastructure; precision cooling with environmental controls; structured cabling backbone;

comprehensive fire suppression and physical security systems; DCIM platform deployment; network backbone build-out; Uptime Institute Tier III certification; complete client workload migration from existing sites; 24x7 Operations Center staffing and training.

Out of scope: Client-side IT hardware procurement; managed services platform software development; future capacity expansion beyond 20MW; existing colocation contract renegotiation; office fit-out beyond base building administrative areas; public cloud or hybrid-cloud architecture development.

Key deliverables: Tier III certified operational facility, migrated client infrastructure with zero downtime, trained operational staff, complete documentation package, and eliminated colocation dependencies.

Section 6 — Top 5 Project Risks

Risk ID	Description	P	I	Score	Top Mitigation
RISK-001	Utility interconnection delay beyond 18-month Oncor timeline	4/5	5/5	20	Immediate pre-application agreement execution with milestone penalties
RISK-002	Organizational inexperience with $185M greenfield data center construction	5/5	4/5	20	Senior external advisory engagement and enhanced governance structure
RISK-003	Long-lead equipment procurement delays affecting commissioning timeline	4/5	5/5	20	Accelerated vendor selection and owner-direct procurement options
RISK-004	Client migration complexity causing SLA breaches and revenue loss	4/5	5/5	20	Migration specialist consultant and extensive rehearsal protocols
RISK-005	Construction cost escalation exceeding 6.5% contingency reserve	4/5	3/5	12	Enhanced cost controls and value engineering throughout design

Section 7 — Summary Milestone Schedule

Phase 1 — Requirements & Design (May 1 – September 30, 2026): Architect and MEP engineering contracts executed, design development completed, all permits submitted, long-lead equipment orders placed, organizational readiness achieved.

Phase 2 — Site Preparation & Foundation (October 1 – December 31, 2026): Site clearing and foundation completion, structural steel erection initiated, utility pre-application agreement confirmed.

Phase 3 — Building Shell & MEP Installation (January 1 – September 30, 2027): Building envelope completion, all critical equipment delivery and installation, power and cooling systems rough-in, Oncor service entrance construction.

Phase 4 — Systems Integration & Commissioning (October 1, 2027 – March 31, 2028): Integrated systems testing, DCIM deployment, network commissioning, Uptime Institute Tier III certification completion.

Phase 5 — Migration & Operations Handover (April 1 – June 30, 2028): Client workload migration execution, operational staff transition, legacy site decommissioning, project closure.

Section 8 — Preapproved Financial Resources

Total Project Budget: $185,000,000 including $12,000,000 contingency reserve (6.5% of total budget).

Budget allocation includes design and permitting ($8.5M), site preparation and utilities ($12.2M), building construction ($48.3M), MEP systems and equipment ($89.4M), commissioning and certification ($4.1M), migration services ($3.2M), and project management and oversight ($7.3M).

Board authorization obtained March 2026 with requirement for re-authorization for any single variance exceeding $5,000,000. Monthly budget performance monitoring required with Cost Performance Index ≥ 0.95 maintained throughout project lifecycle.

Section 9 — Key Stakeholder List

Name / Role	Position	Interest	Influence	Stance
Michael R. Castillo	Chief Infrastructure Officer / Sponsor	High	High	Champion
Dr. Elena Ruiz	Chief Financial Officer	Medium	High	Skeptical Supporter
David Okonkwo	VP, Managed Services	High	High	Dependent Champion
Sarah J. Nguyen	Senior Project Manager	High	High	Accountable Owner
Oncor Electric Delivery	Utility Provider — 20MW Service	Low	High	Neutral Service Provider
General Contractor (TBD)	Construction Execution Authority	High	High	Risk-Averse Partner
Enterprise Clients (Tier 1)	Hosted Infrastructure Customers	High	Low	Highly Concerned
City of Dallas	Building Permit Approval	Low	High	Regulatory

Name / Role	Position	Interest	Influence	Stance
Permitting	Authority			Gatekeeper
Operations Center Team	Current 24x7 Facility Operations	High	Medium	Cautiously Supportive
Uptime Institute	Tier III Certification Body	Low	Medium	Professional Evaluator

Section 10 — Project Approval Requirements

Project governance follows a four-phase gate structure with formal GO/NO-GO decisions required at each milestone.

- **Phase Gate 1 (Design Completion):** Sponsor approval of all design deliverables, permit submissions, and long-lead procurement orders.
- **Phase Gate 2 (Construction Authorization):** Sponsor and CFO approval for construction commencement based on permit status and contractor selection.
- **Phase Gate 3 (Commissioning Authorization):** Sponsor approval for final systems testing and certification processes.
- **Phase Gate 4 (Migration Authorization):** Sponsor and VP Managed Services approval for client migration execution.

Budget variances >$1M require sponsor approval; variances >$5M require Board re-authorization. Schedule delays affecting critical path require immediate sponsor escalation with recovery plan approval. Change orders affecting scope or timeline follow formal change control board process with stakeholder impact assessment.

Section 11 — Project Exit Criteria

Successful project completion requires achievement of all five measurable objectives: operational Tier III facility delivery by April 30, 2028; budget performance within $185M envelope; PUE ratio ≤ 1.45 validation; zero-downtime client migration completion; and $14.2M annual savings realization confirmation.

Project cancellation triggers include: utility interconnection delays exceeding 24 months total timeline; budget overruns requiring >$25M additional Board authorization; inability to achieve Tier III certification after commissioning completion; client defection exceeding 25% of revenue base during migration; or force majeure events preventing facility completion by July 31, 2028.

Early termination requires formal Board resolution, comprehensive financial impact analysis, alternative strategy development, and client relationship protection plan execution.

Section 12 — Assigned Project Manager, Responsibility, and Authority Level

Sarah J. Nguyen, PMP is appointed as Senior Project Manager with full accountability for day-to-day project execution, schedule management, budget oversight, and risk mitigation.

Authority includes: vendor selection and contract management up to $1M individual commitments; schedule adjustment within critical path constraints; resource allocation across 22-person project team; escalation management for all project issues; client communication coordination with VP Managed Services; quality assurance and acceptance of all deliverables.

Reporting responsibilities: weekly executive sponsor updates, monthly steering committee presentations, quarterly Board progress reports, and immediate escalation of any issue impacting timeline, budget, or scope beyond established tolerances.

Section 13 — Name and Authority of the Sponsor

Michael R. Castillo, Chief Infrastructure Officer, serves as executive project sponsor with ultimate accountability for strategic alignment, resource authorization, and business outcome achievement.

Sponsor authority includes: final approval for all phase gate decisions; budget variance authorization up to $5M; vendor selection approval for contracts >$1M; issue escalation to Board level; strategic direction changes; and project cancellation recommendations.

Sponsor responsibilities: monthly project review and guidance, quarterly Board reporting, stakeholder relationship management at executive level, resource conflict resolution, and business case validation throughout project lifecycle.

AUTHORIZATION

Authorized by Michael R. Castillo, Chief Infrastructure Officer, on the basis of the business case and analyses set out in Documents 1–8 of this Initiation phase package.