

# Community Benefit Agreement — Term Sheet

*Muncy Data Center — John Brady Drive, Muncy Township*

Pennsylvania law exempts data-center equipment from local property tax (53 Pa.C.S. § 8811(b)) and from state sales tax (Act 25 of 2021). Equipment is most of the project. Property tax alone — even at full assessment with no abatement — only captures land and shell, on the order of \$2–7 million a year for a 300 MW campus. The fair value of everything the state exempts has to be captured contractually, through a Community Benefit Agreement negotiated *before* any conditional-use or land-development approval.

The Pennsylvania Uniformity Clause (Art. VIII § 1) forbids special data-center tax rates, and the Municipalities Planning Code forbids monetary exactions inside zoning. A CBA is the right instrument: a separate, binding contract given in exchange for the community’s support on a discretionary permit. Walk away from these terms and the project does not get the support it needs to be built.

## STATUS

**Draft for solicitor and bond-counsel review.** Opening negotiating positions, not a signed instrument. Numbers below are per MW of contracted IT load unless stated otherwise. Total project capex is the developer’s certified all-in capital investment.

## COUNTERPARTY

**Applicant:** DANKO Holdings II LP / Fishlips LLC (The Liberty Group, Daniel Klingerman).

**Site:** John Brady Drive near Yetter Road, Muncy Township, Lycoming County, PA — approximately 699,574 gross square feet.

**IT load:** Not yet disclosed by applicant. Disclosure of contracted megawatt load is a condition precedent under §1 below.

## § 1 CONDITIONS PRECEDENT

### What the applicant must do *before* any approval.

No conditional-use approval, no land-development approval, no building permit, and no foundation work shall be authorized until the applicant has, in writing and to the County’s reasonable satisfaction:

- **Disclosed contracted IT load** in megawatts, by phase, with a cap on total site MW.
- **Disclosed beneficial owner or tenant** with a parent guarantee or equivalent credit support for all monetary obligations below.
- **Executed a large-load rate-class agreement** with PPL Electric Utilities consistent with the March 2026 PPL rate-case settlement and the PA PUC’s May 12, 2026 large-load tariff order (Docket M-2025-3054271), ensuring residential ratepayers do not subsidize this facility’s T or D costs.

- **Filed a Susquehanna River Basin Commission** consumptive-use pre-application, a one-mile hydrogeologic study, and a drought-response plan, and coordinated with the Lycoming County Water & Sewer Authority on capacity.
- **Posted financial security** as set out in §11.

#### WHY THIS MATTERS

Without these disclosures, the community is negotiating in the dark. The Muncy filing does not list an IT load, an end-user, or a generation strategy — all three are required.

## § 2 RECURRING PAYMENTS

### Annual community payments, per MW.

Paid quarterly in advance, escalating **3% annually with a CPI floor**, for the operating life of the facility. Per-MW figures are applied to contracted IT load disclosed under §1.

- **Host Community Fee** → **Muncy Township**: \$15,000 / MW / yr. Unrestricted general fund.
- **Education & STEM Fund** → **Muncy School District**: \$5,000 / MW / yr, supplemental to property tax, restricted to classroom and STEM use.
- **Ratepayer Relief & Weatherization Fund** → **Lycoming County**: \$3,000 / MW / yr, restricted to residential bill credits and efficiency retrofits.
- **Emergency Services Operations** → **host VFC and EMS**: \$1,500 / MW / yr, split per a service-area allocation reviewed every 5 years.
- **Environmental & Water Monitoring** → **independent monitor**: \$500 / MW / yr, paying the developer-funded, county-selected monitor.
- **Workforce Endowment** → **Penn College**: \$300,000 / yr *fixed* (not per MW), restricted to data-center, cyber-physical, and electrical-engineering tracks plus dual-enrollment.

**Total recurring: \$25,000 / MW / yr + \$300,000 / yr fixed.** Land and building-shell property tax under 53 Pa.C.S. § 8811(b) is owed separately at full assessment with no abatement (see §5).

## § 3 UP-FRONT PAYMENTS

### One-time payments at execution and at commercial operation.

- **Community Benefit Trust**: **1.5% of total project capex**, in three tranches (40% / 30% / 30%). Held by the First Community Foundation Partnership of Pennsylvania with a citizen-majority Community Advisory Board.
- **Emergency Services Capital**: \$7,500 / MW one-time, *plus* a fully-equipped Class A pumper (current PA pricing \$750k+) and a lithium-fire response trailer, delivered before commercial operation.
- **Penn College Program Endowment**: \$2,000,000 one-time at execution, on top of the \$300,000 / yr recurring.
- **County Signing Payment**: \$1,000,000 one-time at execution, to the County general fund.

#### WHY A PERCENTAGE OF CAPEX

Capex is the only honest proxy for the value the state has exempted from local property tax. A 1.5% trust on a \$1.5 billion campus is \$22.5 million up front.

#### § 4 IN-KIND

### In-kind contributions.

- **Dark fiber:** 4 strands delivered, terminated, and maintained at the township building, each fire and EMS station, every public school in Muncy and Hughesville districts, and one designated rural anchor.
- **Utility upsizing:** any water, sewer, broadband, or road upsizing required by the project is at developer cost, with no special assessment or tap-fee waiver passed through to neighbors.

#### § 5 ENERGY & GRID

### The developer pays its own grid costs.

- **100% of transmission, distribution, and interconnection costs** attributable to this facility are borne by the developer, consistent with the PA PUC's May 12, 2026 large-load tariff order.
- **Service under a separate large-load rate class**, consistent with PPL's March 2026 rate-case settlement. Residential ratepayers shall not cross-subsidize this facility.
- **Bring or build the generation** needed to serve the load, consistent with Governor Shapiro's GRID Standards (May 27, 2026). Co-located generation must be solar-ready and meet model-ordinance emissions standards.
- **No peak shaving, no grid arbitrage.** Backup generators are for backup; they may not be operated to clip wholesale price peaks or sell into the market.

#### § 6 WATER

### Closed-loop, monitored, capped.

- **Closed-loop cooling required.** Evaporative or open-loop cooling is prohibited.
- **No private wells or stream withdrawals** where public water is available within the meaning of the County's utility planning.
- **SRBC permit, 1-mile hydrogeologic study, and drought-response plan** on file before any approval (see §1).
- **Annual consumptive cap** with overage penalties on a step-function schedule.
- **Real-time public dashboard** for water draw and discharge, on the County's website.

#### § 7 NOISE, AIR, LIGHTING

### Neighbors keep their nights.

- **40 dB(A) overnight (7p–7a), 45 dB(A) daytime**, at the property line.
- **Generator testing daytime weekday only**, with an annual run-hour cap and 72-hour public notice for any scheduled maintenance run over 30 minutes.
- **Full-cutoff, dark-sky compliant lighting**, with vegetated berms and setbacks per the model ordinance.

## § 8 DECOMMISSIONING

### Cleanup is funded before day one.

- **150% surety bond**, CPI-escalated, re-estimated every 5 years, covering full demolition, site remediation, and regulated-materials removal.
- **Change of control triggers a successor bond** within 60 days.
- **Regulated materials** (batteries, transformers, dielectric fluids) removed and disposed of within **180 days** of cessation of operations.
- **Adaptive reuse first option** for the County and Township before demolition.

## § 9 WORKFORCE

### Hire here. Train here. Buy here.

- **Local-hire and local-procurement targets**, reported annually to the County with subcontract-level detail.
- **Prevailing wage** on construction.
- **Penn College track** plus dual-enrollment support with Muncy and Hughesville school districts.

## § 10 TRANSPARENCY

### The community can see what is happening.

- **Real-time public dashboard** for water, noise, energy, and emissions metrics.
- **Independent monitor** — developer-funded under §2, county-selected, with audit and site-access rights and a direct reporting line to the County Commissioners.
- **Annual public compliance report** presented at a noticed public hearing.

## § 11 ENFORCEMENT

### Teeth.

- **Evergreen letter of credit or surety** equal to **2 years** of recurring payments under §2, replenished annually.
- **Default → cure → penalties → acceleration.** Missed payments trigger a 30-day cure, then daily penalties at 2x the missed amount, then acceleration of the LOC.
- **Change of control** requires successor assumption of all CBA obligations *and* fresh security within 60 days.
- **Most-favored-community clause:** if the operator or its parent enters into a more favorable CBA with any other host community in PJM during the term, Muncy automatically receives the better terms.

- **County audit rights** on capex, operating data, and all payment calculations.
- **Binding arbitration in Lycoming County**, with developer paying the community's reasonable costs if the community prevails.

## § 12 COMMUNITY COMMITMENTS

### **What the community commits in return.**

Only while the applicant is in compliance with this CBA and the model ordinance:

- Support, and refrain from opposition to, the conditional-use and land-development approvals contemplated by this agreement.
- Reasonable cooperation on permitting timelines.
- No additional duplicative monetary demands beyond ordinary taxes and the fees set out in this CBA.

## § 13 TERM, ESCALATION, ASSIGNMENT

### **Built to last as long as the buildings.**

- **Term:** operating life of the facility.
- **Survives sale** and is binding on successors and assigns.
- **Recorded against the property** in the Lycoming County Recorder of Deeds.
- **Escalation:** 3% annually with a CPI floor on all per-MW and fixed-dollar amounts.

## What the package is worth at different sizes.

Pending the applicant’s disclosure of contracted IT load under §1. Property-tax figures assume Muncy Township’s 2025 combined millage of 26.22 against land plus an illustrative building-shell assessment; equipment is exempt under 53 Pa.C.S. § 8811(b).

SCENARIO	CBA RECURRING	PROPERTY TAX	ANNUAL TOTAL	ONE-TIME AT EXEC.	~25-YR TOTAL
<b>100 MW</b> \$1.0B capex	\$2.80M	~\$1.56M	<b>\$4.36M / yr</b>	\$18.8M (trust \$15.0M)	~\$121M
<b>150 MW</b> \$1.5B capex	\$4.05M	~\$1.56M	<b>\$5.61M / yr</b>	\$26.6M (trust \$22.5M)	~\$174M
<b>250 MW</b> \$2.5B capex	\$6.55M	~\$1.56M	<b>\$8.11M / yr</b>	\$42.4M (trust \$37.5M)	~\$281M

Recurring figures escalate 3% annually with CPI floor; 25-year totals reflect that escalation. Property tax is illustrative and depends on the County assessor’s final treatment of land plus building shell.

### ¶ WALK-AWAY FLOOR

## What “no deal” looks like.

The community walks if the developer will not commit, in writing, to *all* of:

- **No abatement.** Full property tax on land plus shell from day one. Non-negotiable.
- **Separate large-load rate class**, with the developer paying 100% of its own grid and water costs. Non-negotiable.
- **Signed and secured CBA** at no less than approximately half of the illustrative values above, with substantially intact water, noise, decommissioning, and transparency provisions.

#### BELOW THE FLOOR

Without the three pillars above, the township captures roughly **\$150,000 / yr** in property tax on a 300 MW campus while absorbing higher electric bills, contested water draw, traffic, and lost rural character. That is not a deal. That is a giveaway.

## § 14 SIGNATURES

### Parties.

This term sheet, once finalized as a definitive Community Benefit Agreement, is to be executed by and among:

- **The Board of Commissioners, Lycoming County, Pennsylvania.**

- **The Board of Supervisors, Muncy Township, Pennsylvania.**
- **The Board of School Directors, Muncy School District.**
- **The Applicant** — DANKO Holdings II LP / Fishlips LLC and any parent guarantor identified under §1.
- **The end-user / occupying tenant** identified under §1, as guarantor of operational obligations.

First Community Foundation Partnership of Pennsylvania to be named as trustee of the Community Benefit Trust under §3 by separate trust instrument.

## **Demand all three. In writing. Or decline the project.**

Full taxation with no abatement. A binding requirement that the developer pay 100% of its own grid and water costs. An aggressive Community Benefit Agreement tied to total project investment. That is the deal worth making. Anything less is the deal worth walking away from.

### **KEY AUTHORITIES**

1. 53 Pa.C.S. § 8811(b) — PA local-tax equipment exemption — <https://www.palrb.us/pacode/secure/data/053/chapter88/s8811.html>
2. Act 25 of 2021 — PA sales-tax exemption for data-center equipment — <https://www.legis.state.pa.us/cfdocs/legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2021&sessInd=0&billBody=H&billTyp=B&billNbr=952&pn=2218>
3. PA PUC Docket M-2025-3054271 — large-load tariff (May 12, 2026) — <https://www.puc.pa.gov/>
4. Lycoming County 2025 millage — <https://lycomingcountypa.gov/Documents/Government/Departments/Treasurer/Current%20Year%20Tax%20Info/2025%20Millage.pdf>
5. PA DEP 2026 Data Center Ordinance Guide — [https://files.dep.state.pa.us/PublicParticipation/Citizens%20Advisory%20Council/CACPortalFiles/Meetings/2026\\_05/2026%20Data%20Center%20Ordinance%20Guide.pdf](https://files.dep.state.pa.us/PublicParticipation/Citizens%20Advisory%20Council/CACPortalFiles/Meetings/2026_05/2026%20Data%20Center%20Ordinance%20Guide.pdf)
6. Virginia JLARC 2024 Data Centers study — <https://jlarc.virginia.gov/landing-2024-data-centers.asp>
7. HB 2151 (PA, 2025) — data-center community-protection bill — <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2025&sInd=0&body=H&type=B&bn=2151>