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Community Revenue Participation

The process, the instrument, and the framework they belong to

A structure that gives the host community a continuing economic interest in the success of a data center campus, and the process by which such an agreement is reached, offered as a working example of inclusive capitalism and as a proposal to be tested in a pilot.

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New in version 4.4. The base when there is no rent: how the deemed rent for an owner-occupied campus is set as a rent-equivalent per megawatt from comparable leases, and the specialist cloud operators, the neoclouds, placed among the parties as tenants who become landlords when they build. Working Paper No. 5 named as a companion. The instrument, the process, and the arithmetic are otherwise unchanged from version 4.3. **New in version 4.3.** The paper is reorganized into three parts, so that its two innovations, the instrument and the process, stand on their own; the brief now states both; the utility has a section of its own; and the roles distinguish the adviser a developer retains from the facilitator every party accepts. **New in version 4.2.** A section on the process that produces the agreement, drawn from the Data Center Summit convened by the Center for Rural Enterprise and Environmental Justice in Huntsville, Alabama, October 19–20, 2026; a treatment of the layers of campus revenue and the parties each brings to the table; the utility as a party; the expertise a pilot requires; all eleven figures redrawn to the house standard, and evidence from the site-selection industry and from Michigan on why the share, and the relationship, do the work the check cannot.

The Argument

A foreword by the author. What follows this page is the proposal, stated carefully. This page is what I believe. I spent forty years inside the institutions that build things: engineering and international business at GE, global markets and investment banking at Merrill Lynch, Goldman Sachs, and AIG. I know what a project looks like from the developer's chair and from the investor's and the lender's. I have also led a 122-year-old nonprofit whose members are contributors to their local communities across the country, and I know what a project looks like from the local side. The data center buildout is the first time in my career that those two views have come apart so completely that neither side can see the other.

Here is what the county sees. A facility arrives with a claim on the land, a claim on the power, and a check. The check is large, it is one-time, and it is negotiated with people the residents did not elect to negotiate it. When Frederick County turned down $110 million on September 14, it was not being irrational. My reading is that it was refusing to sell something it had begun to understand it should own.

Here is what the developer sees. A project in negotiation, a tenant that is waiting, a lender that is ready, and a permitting process that can stop all three for reasons no one in the room can predict. Developers will tell you, and they told me, that the money was never the problem. The problem is not knowing whether the thing ever gets built, for reasons no one can predict. No check fixes that. A council can take the check and still say no.

I do not think America has a participation problem. I think it has a design problem. Markets do exactly what their institutions tell them to do. The economic-development model that took hold with the plant-location bidding wars of the 1980s had states and counties compete with abatements, accept a one-time benefits package or an impact fee, and treat the community's role as regulating the project and then stepping aside. Nobody decreed it at the time. But that model has run its course, and the site-selection business, the incentive statutes, and the community benefits agreements of today all still run on the assumptions of that earlier era. Then we are surprised when communities stop stepping aside. The remedy is not a bigger check and it is not a moratorium. It is to give the people who live next to the thing a standing interest in the thing succeeding, held in a form no politician can spend and designed to follow the campus to whoever owns it next.

A payment is a transaction. A stake is a relationship. That is the whole bet of this paper, and it is not a partisan one. It is how you would structure the deal if you had to sit in the developer's chair and the resident's chair at the same time, which is the only honest way to sit.

The paper that follows says this more carefully than I have said it here. Where the evidence is in, it says so. Where the numbers are illustrative, it says that, and it shows the arithmetic. Where the hard questions are still open, on lenders, on governance, on who counts as the community, it lists them rather than pretending they are settled. I asked for that discipline because the proposal deserves to be tested, not just admired. Judge it by one standard: whether one willing county and one willing developer would sign it. I believe they would.

> *A payment compensates a community for hosting. A stake makes it a partner in what gets built.*

Two Innovations in Brief

A data center campus pays a small, fixed share of its gross facility revenue, every month, for as long as it operates, to an entity that exists only to hold that right and pass the money to the households and community around it. That is the instrument.

The instrument is reached by a process, and the process is the second thing this paper proposes. The community organizes before the developer arrives: it draws the boundary of the households that will share, forms the trust, seats the first board, and writes down its priorities. The developer prepares before the first meeting, with an adviser who has formed a vehicle of this kind before. The toll gates, meaning water, the power tariff, air, and noise, are settled before any money is discussed, because they are not for sale. Only then is the share negotiated, inside a band the standard has already fixed, and the agreement is drafted last, as a record of what the parties built. A facilitator paid by the developer and accepted by every party holds the standard while they build it.

Those are the two innovations: a structure that gives the community a continuing interest, and a sequence that produces the agreement instead of fighting over it. Part One of this paper describes the instrument. Part Two describes the process. Part Three says who does what, what remains to be tested, and how Maryland's framework reads against both. The rest of this brief summarizes the instrument.

Who pays. The project company, the entity that owns the facility and collects rent from the technology tenant. The model default is one percent of gross revenues, priced the way ground rent is priced. The tenant, the lenders, and the developer's equity are not parties to the payment.

Who receives. A Community Revenue Vehicle, a single-purpose company owned by a community trust and administered by a regulated fiduciary. The money never enters the county budget.

What residents get. A contractual right to a share of revenue, not equity in the project. On the illustrative campus in this paper, the default split produces about $3,000 a year per household across 3,000 eligible households, the realistic impact zone for a rural campus, once the campus is operating; spread across a suburban county's 10,000 households the same participation pays $900, with smaller payments during entitlement and construction if the optional advances are used.

Why a developer might agree. On the illustrative campus, a one percent participation is worth about $150 million, roughly four and a half percent of the project's net present value. Developers the Institute has spoken with say the core problem is not the size of a community payment but the uncertainty that a project proceeds at all. If a durable resident stake shortens the path to approval by about seven months, or raises the odds of completion by four or five points, it pays for itself. That is a rough sensitivity, not a rule, and it is the hypothesis a pilot would test.

What remains untested. Whether lenders will accept the obligation on workable terms; how the vehicle is owned, taxed, and governed; who counts as the community; whether the household benefit is large enough to matter; and whether any of it changes attitudes or outcomes. Those questions close the paper.

PART ONE

The Instrument

A share of what gets built, held by an entity the community owns, recorded in a document the industry already signs.

What Needs to Be Solved

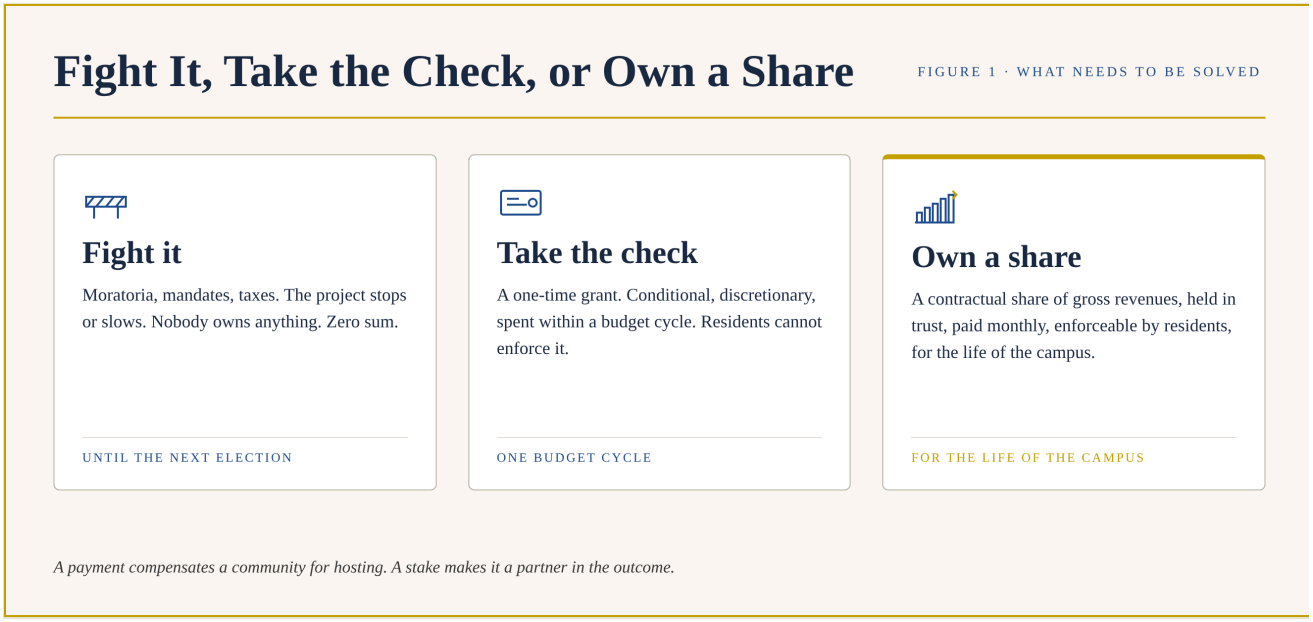


Figure 1. *Communities have been given two ways, fight it or take the check. The third is to own a share.*

The data center buildout is where the strain in America's social contract is most visible. A single campus is a collision of tax policy, land use, labor, energy, rapid technological change, and unequal wealth. Elsewhere those forces show up one at a time. Here they arrive together, in one county, on one parcel, often on one ballot.

The opposition is real and growing. Moratoria, rate cases, and referenda have spread from Northern Virginia to Oregon, and the pattern in the disputes is consistent: residents see large, well-capitalized facilities arrive with large claims on land and power, and they do not see a durable economic interest of their own in the outcome. Whatever else is in dispute, that absence is the fact this paper addresses.

Communities have been given two ways to respond: fight the project, or take the check. The check is the prevailing package, a one-time grant that is conditional, discretionary, and spent within a budget cycle. Without a continuing interest, the tools that remain are taxes and mandates, and both are zero sum. Maryland is the live example. On September 14, 2026, Frederick County rejected a $110 million development agreement, described by the County Executive as the largest of its kind in the country, because the benefits came chained to a zoning freeze. Applications are paused until July 2027. The 2027 session writes the rules.

The Russell Institute's proposal is to align the interests of the three parties who matter: the host community, the developer, and the technology tenant. The instrument is the Community Revenue Participation Model. The framework it belongs to is described next; readers who want the machinery can go directly to A Share of What Gets Built.

A Framework and Approach

The model sits at the bottom of a six-layer framework. Each layer answers one question, and each layer below it is the practical answer to the layer above. Read top down, it runs from a philosophy of institutions to a signed contract.

Figure 2. *A new approach: a structure and a process, each layer answering one question, from a philosophy of institutions to a signed contract and the sequence that produces it.*

Market Institutionalism is the philosophy. It holds that markets do what their institutions tell them to do. If the rules reward extraction, markets extract. If the rules reward shared prosperity, markets share. The design question is never whether to use markets. It is how to build the institutions around them so that private incentive and public benefit point the same way.

Inclusive Capitalism is the economic doctrine that follows. It asks who participates in the wealth markets create, and answers that participation should be open to anyone who chooses to access the power of the markets on the terms those markets are set up to operate. It is not a redistribution program. It is an access program.

The theory behind this layer is set out in the companion paper, **Working Paper No. 4, Paid in Status**. It names the five factors of ownership: capital, place, market, institutions, and technology. It shows that the American working majority, Black and white alike, was paid in a currency of status that could not be saved, lent, or compounded, and it argues that the remedy is a stake written into a contract and backed by judgment rather than by decree. This paper is where that stake gets written. The two can be read in either order: No. 4 says why a stake is owed, and this paper shows how one is drafted, held, and enforced.

Post-Partisan Pragmatism is the policy approach. Many people try to make this a political discussion. It is not one. The test of any proposal under it is whether it works, whether the parties can live with it, and whether it can be assembled across political differences. The data center model was built to pass that test: no new tax, no mandate on existing business, and a private contract rather than a public program.

The three layers below are the working machinery. The **Model** states what the community gets: a continuing economic interest. The **Vehicle** is the entity that holds and administers it. The **Contract** is the document that makes the developer's obligation real and enforceable. The rest of this paper takes each in turn.

A Share of What Gets Built

Community Revenue Participation gives the host community a small, continuing interest in the gross revenues of the campus for as long as the campus operates. A payment compensates a community for hosting. A stake makes it a partner in the outcome. The model default is one percent of gross revenues, paid monthly, priced the way a developer already prices ground rent.

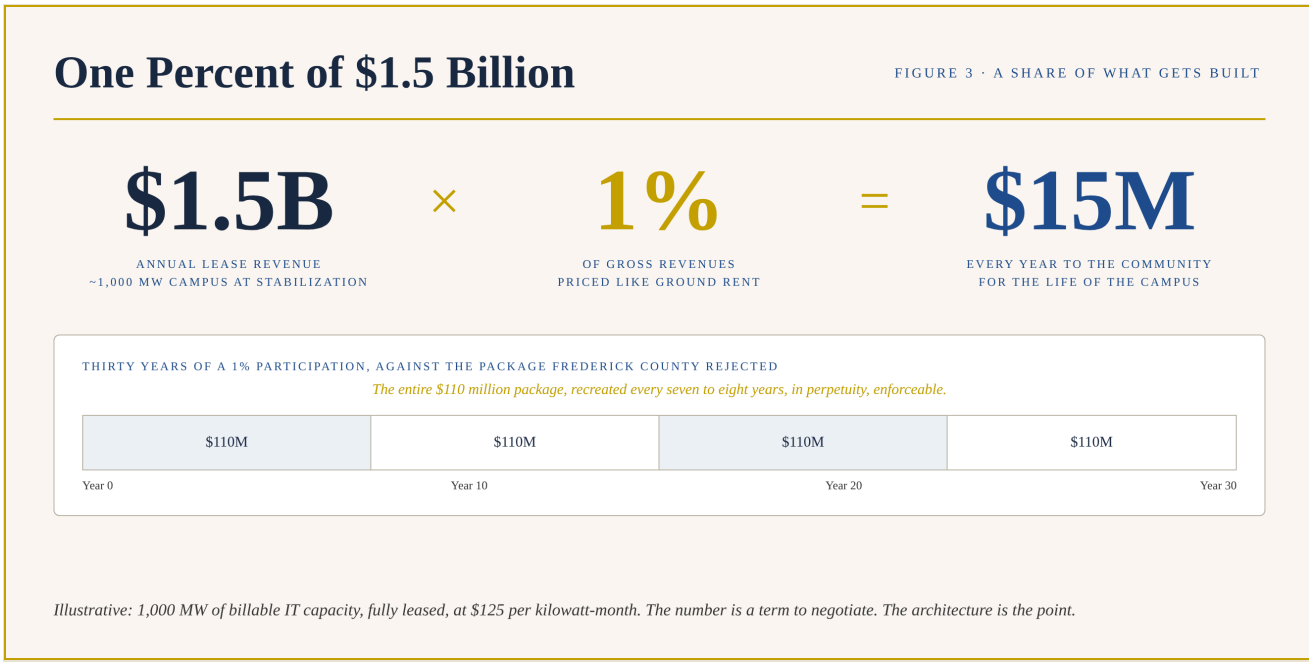


Figure 3. *One percent of $1.5 billion in annual lease revenue is $15 million a year: the rejected Frederick package, recreated every seven to eight years.*

The interest attaches to a defined revenue base at the project company, the entity that owns the facility and collects the lease payments from the technology tenant. It does not touch the tenant's computing business or the developer's equity. The project company keeps 100 percent of its equity and control and a clean capitalization table. What changes is one operating line.

The math, illustrated. A campus of roughly 1,000 megawatts of billable IT capacity, fully leased at stabilization at $125 per kilowatt-month, produces about $1.5 billion a year in facility revenue.

This is contracted IT load, not utility capacity, and the illustration assumes the campus is delivered in phases and reaches full lease-up about two years after construction starts, which compresses a phased build into a two-year ramp for the sake of the arithmetic. One percent is $15 million a year to the community for the life of the campus, rising with the underlying rents to the extent the lease escalates. That is the entire package Frederick County just rejected, recreated every seven to eight years, and enforceable. The figures are illustrative. The number is a term to negotiate. The architecture is the point.

The model answers the two flashpoint issues on their own terms rather than folding them into the stake. Utility rates are answered by a cost-causation tariff: large loads sit in their own rate class and pay their full incremental cost, and no participation deal proceeds without that tariff in place. Water is answered locally, in negotiated terms with the county water authority, written into the deal. The revenue interest is a stake on top of those protections. It is not compensation for rate or water impacts.

The developer's case is the mirror image of the community's. Every figure below is a present value at closing, on monthly cash flows discounted at a rate equivalent to 8 percent a year. A one percent participation is worth about $150 million: $1.25 million a month for thirty years, beginning two years after closing. The project itself, on the same assumptions, has a net present value of about $3.3 billion: $9 billion of capital in two equal annual draws, and

$100 million a month of operating cash flow for thirty years from the third year. The participation is therefore about four and a half percent of project value. It is not free. But if the whole project shifts by one month before closing, its value falls by one month of discounting, about $21 million. A month lost after the campus is built, when the capital is sunk and only the revenue moves, costs about $77 million in closing-date dollars, roughly $90 million in the dollars of the day it happens. The participation breaks even if it avoids about seven months of pre-closing delay, or if it raises the probability of completion by four or five points. That is a sensitivity, not a rule: it depends on the baseline probability and on whether costs fall only on success or on failure too. The appendix shows the arithmetic; a pilot would replace it with real underwriting.

PARTICIPATION RATE	PRESENT-VALUE COST	BREAKS EVEN IF IT AVOIDS	OR LIFTS COMPLETION ODDS BY
0.25%	$38M	about 1.8 months of delay	about 1.1 points
0.50%	$75M	about 3.5 months of delay	about 2.2 points
1.00%	$150M	about 7 months of delay	about 4.5 points

Assumptions: 1,000 MW of billable IT capacity at $125 per kW-month; 80 percent operating margin; $9 billion of capital in two equal annual draws; a 30-year operating term beginning two years after closing; all cash flows monthly, discounted at a monthly rate equivalent to 8 percent a year; every present value stated at closing. Delay is measured as a one-month shift of every remaining cash flow. See the appendix. Every input is adjustable in the companion model.

The Community Organizes Its Interests

The Community Revenue Vehicle (CRV) is the single-purpose company that holds the Revenue Participation Agreement and administers the community's interest. It has one job: receive the payment and pass it to the community under rules fixed in its founding documents. The money never enters the county budget, and no elected official can spend it, pause it, or redirect it.

The CRV is formed by the county when the development agreement is signed, before any money moves, the way a lender requires a special-purpose entity to exist before a real estate closing. It is single purpose, carries no debt, conducts no other business, and is structured to be bankruptcy-remote. Its only asset is the participation right. The county forms it, then steps out of the money.

Three documents govern the structure, and each answers one question. The Revenue Participation Agreement, between the project company and the CRV, creates the payment right. The CRV's operating agreement makes the Community Trust its sole owner and the professional fiduciary its manager. The trust instrument fixes the distribution formula, seats the resident board, and names residents as beneficiaries. Nothing important lives outside those three documents.

A regulated trust company or bank trust department serves as the fiduciary. The county selects it by public request for proposals against criteria fixed in the model term sheet: minimum fiduciary assets under administration, no conflicts with the developer or the county. The fiduciary serves a fixed term, can be removed for cause by a supermajority of the resident board, and its successor is chosen by the same public process. The fiduciary receives, accounts, invests, distributes, and publishes.

The Community Trust is the steward of the proceeds. Its distribution formula is set by the county and then locked in the trust instrument. The model default is 60 percent household dividend, 25 percent community projects, 10 percent reserve, 5 percent administration. Each county sets its own split. The model standard keeps a dividend floor, a majority to households, because the dividend is what gives residents a direct interest in the outcome. The developer negotiates the size of the check, never its division. A small board of resident members on staggered terms plus independent professionals, with no sitting elected officials, sets policy and chooses projects inside a formula it cannot change. The county appoints the first resident trustees; their successors are elected by the beneficiaries on a schedule set in the trust instrument, the board fills vacancies between elections, and the board, not the county, administers any replacement of the fiduciary under the same public criteria. An independent audit is published every year.

The vehicle has to be able to afford itself. At the model split, 5 percent of $15 million is $750,000 a year for administration once the campus is operating, and 5 percent of $6 million in construction payments is $300,000 a year before that. Whether those sums cover resident verification, payments, legal work, and audit at this scale, and what a smaller campus can support, is a question for a fiduciary administrator and is listed among the pilot's questions.

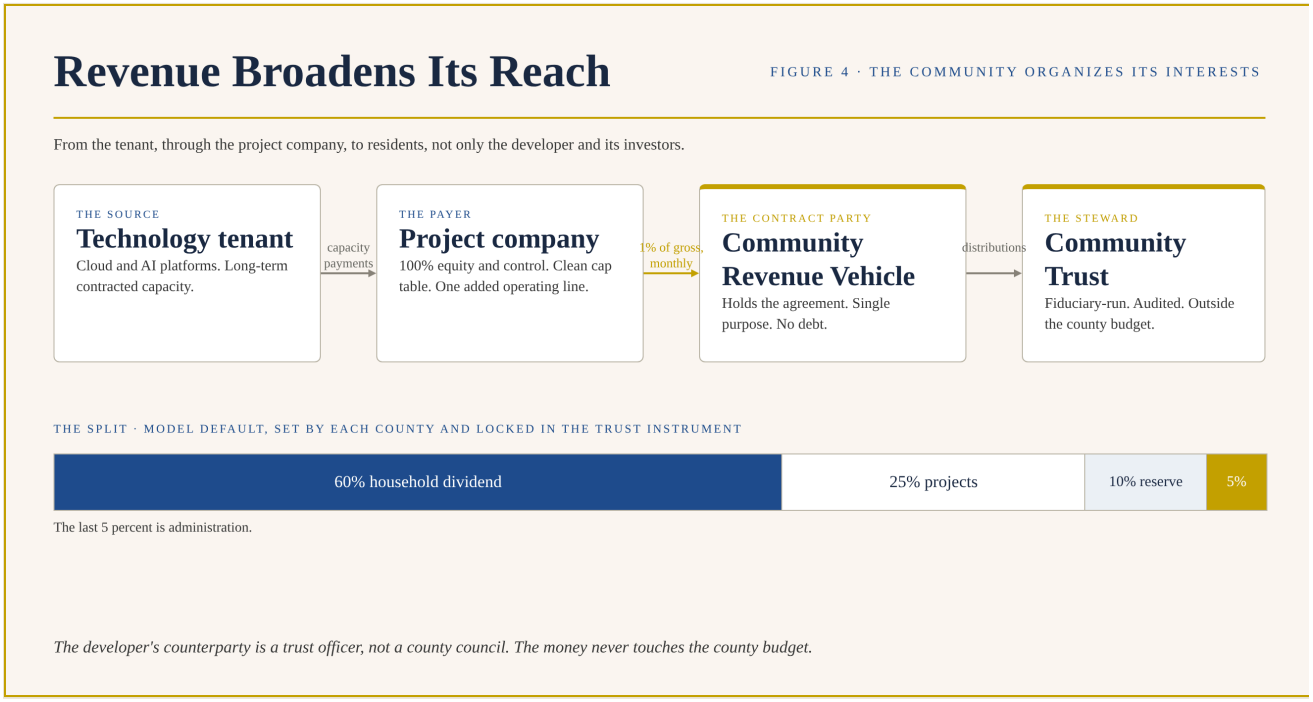


Figure 4. *Revenue broadens its reach: from the tenant through the project company to residents, under a locked split, not only to the developer and its investors.*

> *Every piece of this exists somewhere already: the employee-ownership trustee, the ground-lease entity, the Alaska Permanent Fund dividend, the community foundation. Nothing needs to be invented. It needs to be assembled.*

What a household receives. The size of the dividend is set by the boundary as much as by the share. The campuses now being sited are going to rural counties, where the households within a few miles of the fence number in the low thousands, not the tens of thousands, and the same participation that pays a suburban household $900 a year pays a rural one $3,000. The paper uses 3,000 eligible households as its default from here on. A small zone makes the dividend large and the constituency small; the county's political arithmetic wants the opposite. The likely answer in practice is a two-tier zone, a larger dividend inside a few miles of the fence and a smaller one countywide, and the pilot's term sheet will have to draw it.

ELIGIBLE HOUSEHOLDS	ANNUAL DIVIDEND PER HOUSEHOLD	A MONTH	THE CASE
1,000	$9,000	$750	A small rural impact zone, the households within a few miles of the fence
3,000	$3,000	$250	A rural impact zone; the paper's default
10,000	$900	$75	A suburban impact zone, or a small rural county in full
100,000	$90	$7.50	A large suburban county in full

Illustrative: 60 percent of a $15 million participation, $9 million a year, before household taxes. Alaska's Permanent Fund dividend, for comparison, has run between roughly $1,000 and $1,700 a year.

The Document That Reflects the Relationship

The Revenue Participation Agreement (RPA) is the document designed to turn the community's interest from a promise into an enforceable, recorded right. To be precise about what is owned: it is a contractual right to a defined share of a defined revenue base, not equity in the project. "Own a share" is the plain-language version. The agreement does three things: it establishes the payment obligation, it defines the revenue base the payment is measured against, and it grants the rights that make the obligation enforceable. The developer signs it at closing. The CRV holds it.

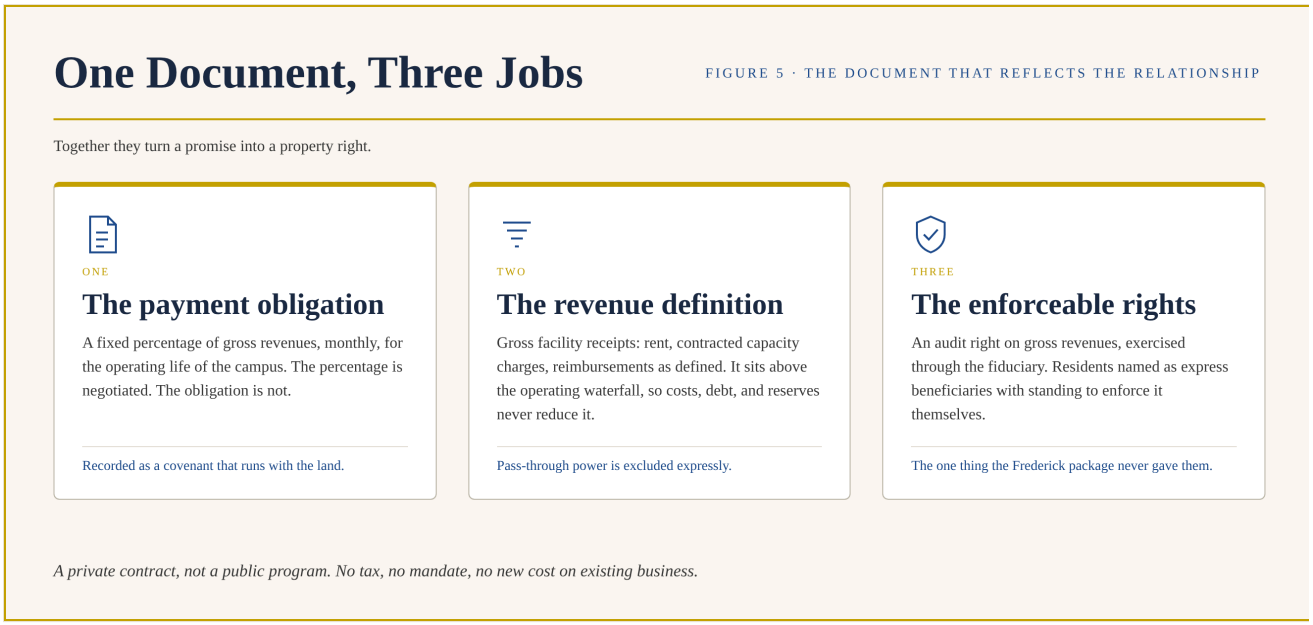


Figure 5. *The Revenue Participation Agreement establishes the payment obligation, defines the revenue base, and grants enforceable rights.*

The payment obligation. The project company pays a fixed percentage of gross revenues to the CRV, monthly, for the operating life of the campus. The percentage is a negotiated term. The obligation is not. It is recorded as a covenant that runs with the land, so it is intended to survive any sale, refinancing, or change of control. How it survives a foreclosure or a bankruptcy is a matter of negotiated documentation and state law, and it is one of the pilot's questions.

The revenue definition. Gross revenues means the facility receipts of the project company: rent, contracted capacity charges, and reimbursements as defined in the agreement. The definition sits above the operating waterfall, so the community's share is not reduced by operating costs, debt service, reserves, or the owners' distribution agreement. Power reimbursements that pass through the landlord without profit are excluded expressly. The definition must also survive changes in how the campus is held: if the campus is divided among several project companies, each is bound; if it is leased to an affiliate, rent is measured at market; if it is sold to or occupied by the tenant, a deemed rent at appraised market value applies. The obligation leaves the lender's lien intact but reduces cash available for debt service, so its priority relative to the lenders, and the lenders' consent, are terms to settle at closing.

What counts as revenue, and who therefore must be at the table. The revenue definition above was written for the simplest case: one project company owns the building and collects rent from one tenant. The largest campuses are not the simplest case, and the pilot will have to say which case it is in before anything else can be drafted in a live agreement.

A modern campus produces revenue in layers. At the bottom is the shell: the building, the power and cooling plant, and the land, leased by the project company to whoever operates inside it. That is the rent the paper has priced at $125 per kilowatt-month. Above it are the pass-throughs, power and water bought by the landlord and recovered from the tenant at cost, which the definition already excludes. At the top is the compute itself: the servers, and

above all the graphics processors, rented by the hour or the month to the companies that train and run artificial intelligence models. On an AI campus that top layer can be several times the shell rent, and it is paid by different customers to a different party. The project company may never see it.

Which layers are in the base is the most consequential term in the agreement, and it is consequential because it decides who must be a party to it. If the base is the shell, the landlord negotiates and the operator is a bystander. If the base includes the compute, the operator must sign, and on the largest campuses the operator may be a hyperscaler, one of the specialist cloud companies that rent processors by the hour, the so-called neoclouds, or an affiliate of the owner's own capital partners, none of which owns the building. The chip supplier is not a payer in any of these cases, but it is not a bystander either: on several of the largest projects it finances the operators who rent its processors, and its financing terms can shape what the operator is able to commit. A standard that applies to the biggest campuses will need its attention, even where it will never sign. A multilayered revenue stream may require additional parties at the table, and who represents each of them has to be decided up front, before site preparation begins.

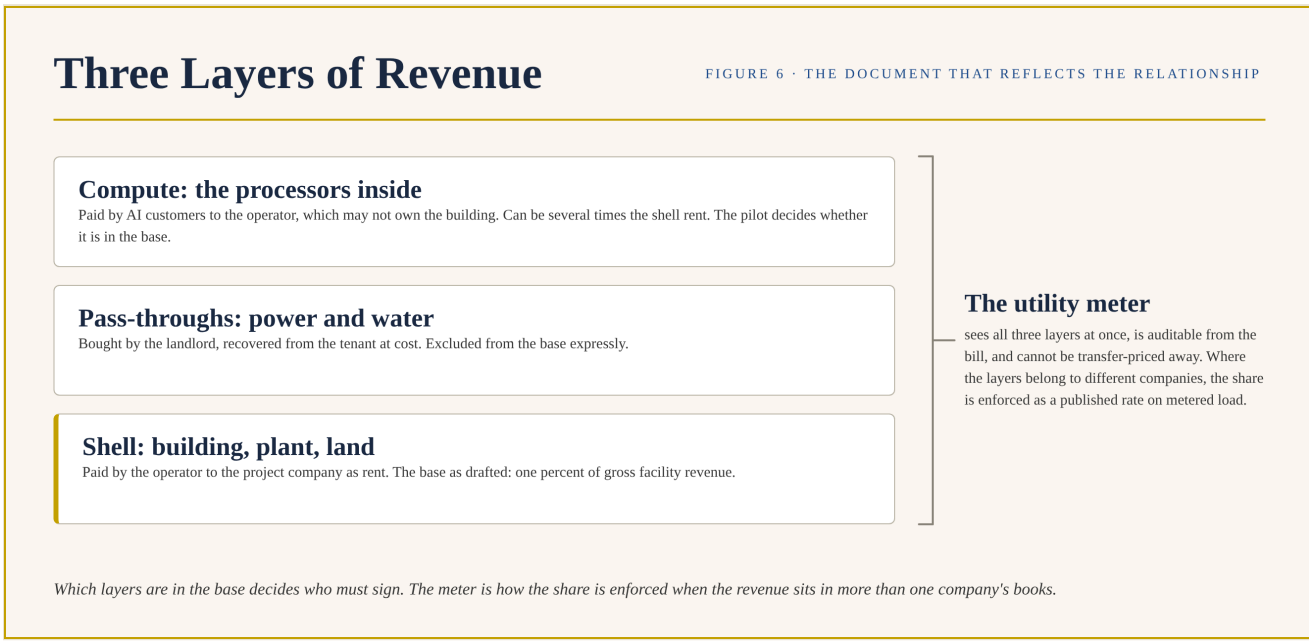


Figure 6. *Three layers of revenue: shell, pass-throughs, and compute. Which layers are in the base decides who must sign; the utility meter sees all three.*

The model's answer to the measurement problem is the meter. Energy delivered to the campus is metered by the utility, auditable from the bill, impossible to transfer-price away, and proportional to use across all three layers at once, because a processor that is rented is a processor that is drawing power. A participation can be stated as a share of gross and implemented, where the layers are divided among parties, as a published rate per megawatt-hour on metered load, with the rate set so that it approximates the agreed share at the campus's expected revenue. The contractual definition stays as drafted. The meter is how it gets enforced when the revenue sits in more than one company's books. The meter raises a question of its own: as processors grow more efficient, the campus will earn

more revenue per megawatt-hour, and a fixed rate on metered load would fall behind the share it was set to approximate. The rate therefore needs a periodic reset against actual revenue, or an index, and the pilot's agreement will have to say which.

The base when there is no rent. The participation is defined as a share of the rent the campus earns, because rent is the number a landlord already reports, a lender already underwrites, and an auditor already checks. Two kinds of campus have no third-party rent. The first is the campus a hyperscaler builds for itself. The second is newer: the campus built by one of the neoclouds, which lease from landlords in some markets and build their own in others. In both cases the owner is also the occupant, and there is no lease to point to. The revenue definition already provides for this with a deemed rent at appraised market value; this paragraph says how that rent is set. It is a rent-equivalent: an imputed rent per megawatt of contracted IT capacity, drawn from comparable leases in the same market. The agreement names the comparables at signing, from the three most recent recorded leases of similar size in the region or, where an exchange record of the kind Working Paper No. 5 describes exists, from that record. The imputed rent moves on the same schedule as the leases it is drawn from and is reviewed, not renegotiated, at each review date. The owner's cost of capital, the value of the equipment inside the building, and the price of the chips do not enter it. The base is what the building would rent for, not what it holds, and a county that signs with an owner-occupant receives the same one percent, measured the same way, as a county whose campus is leased.

The distinction matters more than it did a year ago. The owner-occupied share of new capacity is rising, and the neoclouds in particular are financed mostly with debt, raised at a pace the bond market began to question in the autumn of 2026. An owner whose financing is uncertain needs the county's certainty more than anyone, and a county that signs with one needs a base that does not depend on reading the owner's books. The parties do not change: when a neocloud leases, its rent is the base like any tenant's; when it builds, it holds the permit and is the counterparty like any landlord. Only the name on the signature line does.

The enforceable rights. The CRV holds an audit right on gross revenues, exercised through the fiduciary. Residents are named as express third-party beneficiaries. Enforcement follows a defined sequence: notice of a shortfall, a cure period, action by the fiduciary, and a right for a defined group of beneficiaries to act if the fiduciary does not within a set time. The developer holds no governance role in the vehicle or the trust: the fiduciary criteria in the term sheet fix the class of institution on the other side of the table.

Security and status. Two terms are borrowed from the community benefits agreements the industry already signs. The developer's obligations for any advances, and for a defined period of participation, twelve months in the model default, are secured. The model default is a bank letter of credit, which the fiduciary may draw on an uncured default so that household payments continue while enforcement runs; because it is the bank's own obligation, it pays regardless of the project company's condition while it remains outstanding. A parent guarantee is the common alternative and is weaker, since it is only as good as the parent, and the paper treats the two as different terms rather than substitutes. Lancaster's Article 8 accepts either, so security of this kind has precedent in the form. And the agreement disclaims partnership expressly: the community holds a contractual right to a payment, not an ownership interest in the project, and nothing in the arrangement makes the vehicle, the trust, or any resident a partner of the project company.

The agreement is a private contract, not a public program. It asks nothing of the state beyond a model form. Construction grants and trade protections are untouched. What it adds is one operating line, priced like ground rent, in exchange for a resident interest that lasts as long as the campus does.

The Agreement the Industry Already Signs

The model does not need a new form of agreement. It needs the form the industry already signs, with its financial provisions replaced and the corresponding amendments made elsewhere. The community benefits agreement is that form, and the draft agreement for the Lancaster AI Hub in Pennsylvania, between the City of Lancaster and three owner entities, is a fair specimen: thirteen articles, a twenty-year term, and a structure a developer's counsel could draft from memory. Most of those articles are the matters this paper says should be answered on their own terms: noise limits, air emissions, clean energy with liquidated payments, a water cap, landscaping, lighting, emergency management, e-waste, local hiring, and annual reporting. None of that changes. What changes is Article 8, the money, together with the provisions that give the money its character: enforcement, term, effectiveness, beneficiaries, security, and successor obligations, supported by the vehicle and trust documents described earlier.

Article 8 in the Lancaster form is fixed and gated. Each East campus owner pays $2.5 million to the county community foundation and $2.5 million to a city clean-energy fund at the construction financing date, and the same again when operations begin: $10 million per owner, $20 million for the two East campus buildings, all of it due by the start of operations within a twenty-year term, secured by a $20 million letter of credit or corporate guarantee, with a further $10 million letter of credit behind the clean-energy commitment. These are fixed contractual contributions, not discretionary gifts, and the distinction the paper draws is between fixed contributions and recurring revenue participation. Two things follow. The industry already pays at gates, financing and first operations, so the clock in the next section refines an existing practice rather than inventing one. And the scale is small against the revenue it accompanies. As a hypothetical comparison only, since the agreement states no capacity: a campus of 200 megawatts at this paper's rent assumption would produce roughly $300 million a year in facility revenue, and one percent of it is about $3 million a year, some $60 million over the same twenty years and rising with rents, against $20 million fixed.

TERM	ARTICLE 8 AS DRAFTED AT LANCASTER	ARTICLE 8 UNDER THE MODEL
Form of payment	Fixed sums at construction financing and at first operations, per building	One percent of gross facility revenue, monthly, for the operating life; optional advances at signing and during construction
Recipient	County community foundation and a city fund	A single-purpose vehicle owned by a community trust
Who directs the money	Foundation contributions: a six-member committee including two owner representatives, one city official, and a mayoral appointee; city fund: the City, in consultation with the owners	A regulated fiduciary under a formula locked in the trust instrument; no developer or elected officials
Who benefits	Programs and projects selected by the committee	Households first, by a dividend floor, then projects and reserve

TERM	ARTICLE 8 AS DRAFTED AT LANCASTER	ARTICLE 8 UNDER THE MODEL
Who may enforce	The City only; no third-party beneficiaries (Section 13.3); sole remedy for nonpayment is the letter of credit	The vehicle, and residents as express beneficiaries, with notice, cure, and a backstop
Duration	Twenty years	Operating life of the campus
On sale of the campus	Owner assigns, buyer assumes (Section 9.5.2)	Recorded covenant running with the land
When obligations begin	After every approval is final and unappealable and a construction loan closes (Section 10.2.1), except a $250,000 planning contribution due within thirty days of signing (Section 10.2.2)	Signing advance at execution; participation from first revenue
Security	$20 million letter of credit or corporate guarantee	Bank letter of credit for the advances and twelve months of participation (model default); parent guarantee as a weaker alternative
Status of the parties	No partnership (Section 13.2)	No partnership; a contractual payment right, not equity

Article 8 at Lancaster and under the model. Section references are to the City of Lancaster's published draft of November 2025.

One row deserves a word. The Lancaster term is twenty years. A campus of this kind can run for thirty or forty, and the model's term is the operating life of the campus because the community's interest should last as long as the thing it is an interest in. That is a difference in kind, not in degree: a fixed contribution is complete when paid, while a participation exists only for as long as the campus does.

Read down the right-hand column and the work is bounded: the financial provisions replaced, the related provisions amended to match, and two short companion documents for the vehicle and the trust. Everything else in the Lancaster form stays as it is. That is the practical case for the container, and it is a case about speed. A form the parties already know shortens everything that stands between a handshake and a closing: drafting, lender review, counsel review on both sides, and the underwriting of a structure no one has to price as novel. A county and a developer who have signed a community benefits agreement before can adopt the model without learning a new instrument, and a State model term sheet can be written as the replacement provisions, with the rest of the agreement left to local negotiation as it is today. The fastest path to the first pilot is a familiar form with new financial terms.

PART TWO

The Process

The community organizes first, the toll gates are settled before the money, and the agreement is drafted last, as a record of what the parties built.

The Agreement Is the Last Thing Built

Everything in this paper so far describes a contract. An agreement, a document, a share, a vehicle, a covenant, a form: something produced at the end of an intricate process in which the stakeholders have built a relationship and arrived at terms they can live with. The document is necessary, but it is not the central point. That became plain in Huntsville in October, at a summit of the people who fight these projects. In conversations with a managing director from one of the largest owners of data center campuses in the country, and with the environmental activists, academics, and organizers known to oppose these projects, what I heard after presenting the model was that I was not describing a transaction. I was describing a process. The agreement at the end of it was a physical record of what had been built in the weeks and months before. The more I listened to the other speakers and panelists, the more apparent it became, and this paper now says so.

Here is the distinction. A transaction is an exchange: you give me this, I give you that, we sign, we part company. A process is a sequence of activities that have to happen in order, between people who will still be dealing with each other after the agreement is signed. A data center campus will stand for thirty or forty years next to the people who live there with their families. The developer that treats the agreement as the finish line has mistaken the first day of a long relationship for the last day of a short one. So has the community that treats that day as the moment to extract everything it can from a rich interloper. Both are behaving rationally inside a model that was built for a different kind of deal, one that casts the two as opposing parties, and both lose dearly by it.

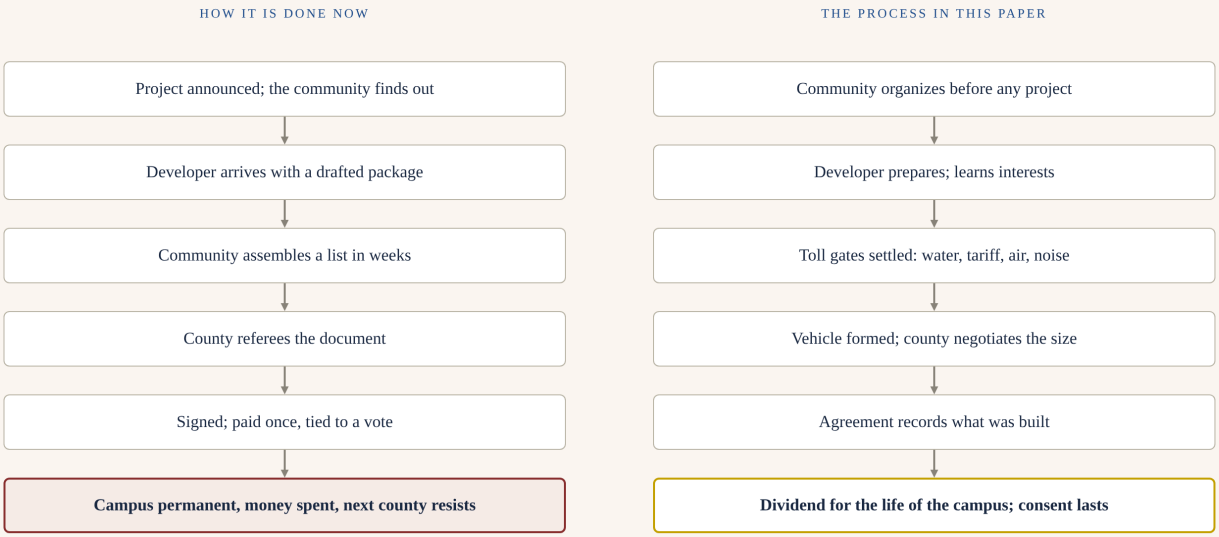
So the framework in this paper is two things, not one. It is a structure: the special-purpose vehicle, the community trust, and the Revenue Participation Agreement that binds them to the project. And it is a process: the vehicle collects, audits, and pays; the trust board allocates and spends; and a facilitator manages the cultivation of the relationship from the first conversation to the signed agreement. The structure organizes something that used to happen without structure. The process orders something that used to happen without order. And it is the process, not the contractual terms and conditions, that holds the parties together. The relationship, as codified in the agreement, is the asset that gets built. The agreement is where it is recorded.

Where the agreements fail. Having read community benefits agreements and listened to the people who negotiate them from both sides, I have concluded that the failures are not the failures of bad people. They are failures of sequence, timing, and preparation. The developer arrives with a package drafted by counsel who have drafted a hundred of them and have never been asked to learn this community, its people, what matters to them, or their core interests. The community arrives with a list, if it arrives with one at all, assembled in the weeks since the project became public by whoever had the time to assemble it. Politics and infighting may change the list during the negotiation, so the developer is aiming at a moving target. The county sits between them as referee and, often, as the only party with a lawyer who may have done this before. Everyone negotiates the document, because the document is the only thing on the table. The numbers are large and the terms are complicated. The developer wins most of them, because it has done this before and the community has not, or because the process has run long and everyone is tired. The county signs, because the package is large and the alternative is nothing. And then the campus is built, and the one-time money is spent, and the residents discover that the thing they consented to is permanent and the consideration was not. The next project in the next county meets a community that has heard about the last one, and it is practically dead on arrival. The industry knows this. The chair of the Site Selectors Guild told Politico in October 2026 that the opposition to data centers is the worst he has seen in twenty-five years of site selection, and that developers are now expected to "coinvest" in the community, in charities, health care, child care, and housing, and have become willing to. That is progress, and it is still a list. The industry has gotten as far as paying for things. It has not yet gotten to the community owning a stake, which is the step this paper proposes.

Frederick County, Maryland, Doña Ana County, New Mexico, and Saline Township, Michigan, are the same story in three variations. Nobody in any of them was acting in bad faith. Each was running the only process available, which is to negotiate a transaction at the end, and the process produced what it was designed to produce.

Same Six Steps, Faster and Better Results

FIGURE 7 · THE AGREEMENT IS THE LAST THING BUILT



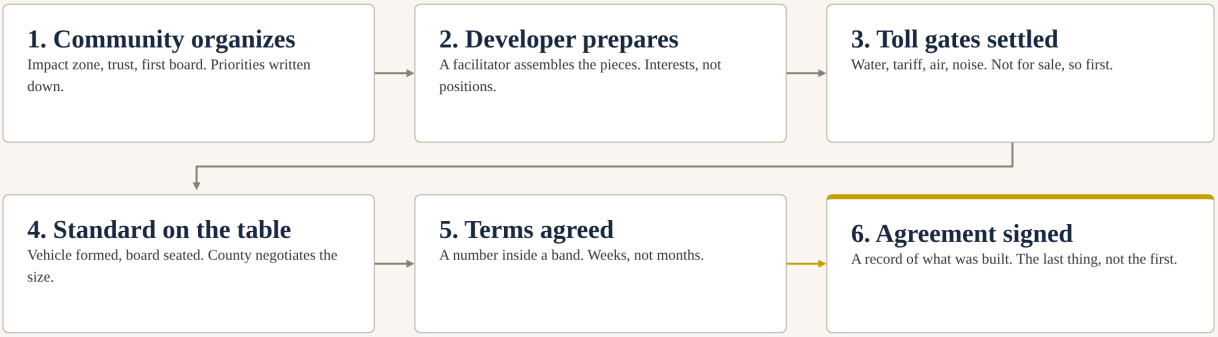
The prevailing process ends where this one begins. The community organizes last in one and first in the other.

Figure 7. *The same six steps in a different order: the community organizes first, and the agreement records what was built.*

The sequence. The model in this paper changes the terms. The process it belongs to changes the order. Read as a sequence, it runs like this.

Six Stages, the Agreement Comes Last

FIGURE 8 · THE AGREEMENT IS THE LAST THING BUILT



Six stages in order. Every term that could have been a fight is answered before counsel sits down to draft.

Figure 8. *Six stages in order, the agreement last. Every term that could have been a fight is answered before counsel sits down to draft.*

The best way for a community to prepare for a data center is to organize before the developer arrives. It defines the impact zone, meaning the boundary of the households that will receive the dividend; it forms the trust and seats the first board; it writes down its priorities for the community-projects share and the process by which projects will be chosen; and it retains someone who has negotiated against developers before. None of this preparation requires a live project. It requires a county that expects one, which in 2026 is most counties within a hundred miles of an electric transmission line.

The developer prepares before the first meeting. It assembles the expertise the process needs, which is not the same as the expertise a zoning case needs. The zoning case is the transactional view of the world, and it has not worked well for developers. What is needed is an adviser who can assemble the pieces on the developer's behalf: someone who has formed a community vehicle, someone who can speak to the lender about a revenue covenant, someone who understands the utility's tariff position, and someone who has run this sequence before. The developer also learns the community's interests, which are rarely the same as its positions, and learns the difference. A position is "no data center." An interest is "we don't want to be the last people to find out, and we don't want to be paid once for something permanent." The interest can be addressed, if someone understands it or bothers to ask. The position becomes the end result, an impasse or a failure, when no one asked about the interest.

The toll gates are settled while both sides build a working relationship. Water, the tariff, air, noise, the things the paper has said all along are not for sale. They come first because the community cannot hear anything about money until it knows its wellbeing is safe, and that its water and air will not be put at risk for profit. A developer that leads with the money is heard as offering money in exchange for the community's wellbeing.

The vehicle is formed and the standard is on the table. By now the developer is not negotiating with a crowd at a hearing; it is negotiating with an institution that has a board, a lawyer, a framework, and a published set of terms. The county holds the permit and negotiates the size of the check. The vehicle holds the right and is not a party to the argument about the check's size, because its interest is already fixed by the standard. What remains is a number inside a band, and the time it takes to agree on a number inside a band is measured in weeks. The speed comes from preparation on both sides, a relationship already built, and a framework whose important terms were agreed before the number came up. The relationship is also what holds the parties together until the agreement exists. A commitment tied to a zoning vote is hard to require and harder to enforce; a commitment given in a development agreement, in exchange for something the county controls, is sound. The gap between the two is the months in which nothing is yet signed, and what carries the parties across that gap is the relationship the sequence has built, not any paper.

The agreement records what was built. By the time counsel sits down to draft, every term that could have been a fight has been answered in the sequence above. The agreement becomes a transcript, not a battlefield. That is why the model fits in the form the industry already signs: the form was never the problem. The problem was the absence of relationships and of ownership.

The work has a name. The paper has said what the lawyer cannot do without saying what the job is. It is artful diplomacy. The facilitator moves between the developer's team, the county executive and the county attorney, the organizers who will fill the hearing room, the utility's rate staff, the lender's counsel, and the households inside the impact zone, none of whom speak the same language or want the same thing, and carries each one's interests to the others in terms they can hear. The facilitator manages the flow of information: who needs to know what, and when,

so that no one learns of a term from a newspaper and no one is asked to agree to something before the thing it depends on has been settled. The facilitator sequences the myriad tasks the process requires, the boundary, the surveys, the fiduciary search, the tariff position, the draft trust instrument, the board slate, the lender's consent, so that each is finished when the next one needs it. What the facilitator does not do is speak for anyone. The facilitator is not a lobbyist, not paid representation, and not a presence at the public hearing, where there may be dynamics in play that no one at the table knows about. The facilitator is the owner of the process and nothing more, with no authority over any party and therefore no responsibility for any party's position or for what happens in a room the facilitator does not control. Responsibility is not assigned where authority was not given. A lawyer is trained to win for one client inside a fixed set of rules. This work is to bring eight parties to a result all of them can live with while the rules are being written. That is a diplomat's skill, not an advocate's, and it is why the paper gives it a separate name and a separate seat at the table.

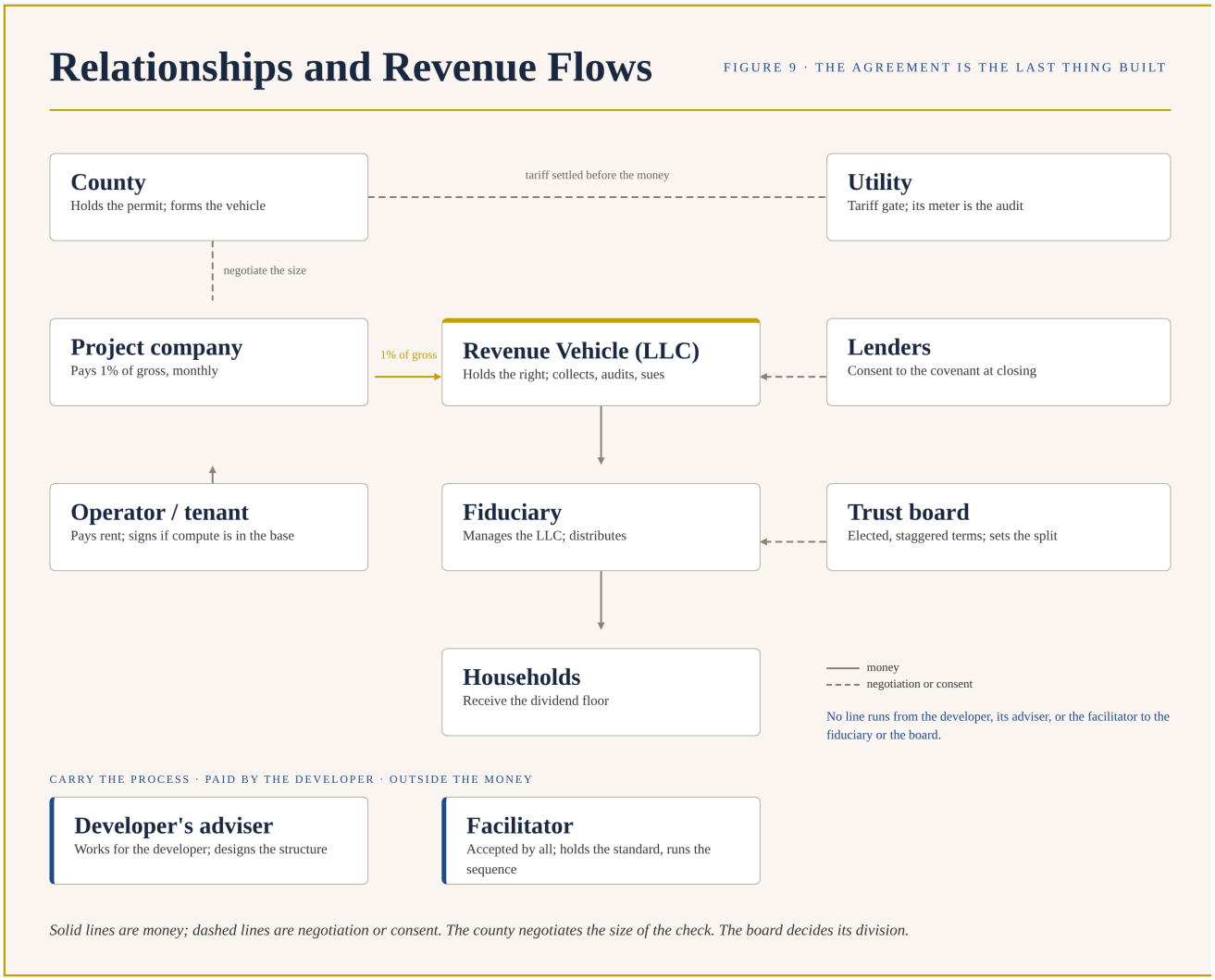


Figure 9. *Relationships and revenue flows: solid lines are money, dashed lines are negotiation or consent. The developer's adviser and the facilitator sit outside the money. No line runs from the developer to the fiduciary or the board.*

What the developer brings. Time, first. The developer that starts the process six to twelve months before it needs the permit has that time to build the relationship that will carry it through the permit. The one that starts when the application is filed has the hearing schedule. Expertise, second, and the honest statement is that most development teams do not have it in-house, because until recently it was not needed. A benefits agreement could be drafted by the same counsel who drafted the lease. A revenue participation inside a community-owned vehicle cannot, and asking the lease counsel to do it is how a sound structure gets turned back into a one-time payment with a new name, through no fault of the counsel, who was asked for a document and produced the one he knows. That is no criticism of counsel. A lawyer owes a duty to one client, and the duty is what makes the lawyer worth having; it is also what keeps the lawyer from bringing the parties together, however much some would like to. Someone has to hold the standard rather than a side. That is the facilitator's job, and it is why the facilitator, not the lawyer, runs the sequence. Two functions are at work here, and the paper keeps them apart. The developer retains an adviser of its own, who designs the structure, prices the participation, and prepares the developer's side of the sequence; that adviser works for the developer and says so. The facilitator is paid by the developer, as a party to a mediation pays the mediator, but is accepted by the county and the community before the work begins, and owes no duty of representation to any one party. What the facilitator owes is a process that reaches an agreement every party can live with. The community, for its part, has counsel of its own. Flexibility, third, on everything that is not the standard. The share is negotiable. The community's allocation of its share is not the developer's to negotiate; it is outside the developer's purview. The toll gates are not negotiable at all. A developer that knows which is which before the first meeting will not waste a month finding out. The community tells the developer its process, and by the time that process has run, the goal is that everyone's interests are aligned.

What the community brings. Organization, first, and before it is needed. A trust that exists on paper the day the developer approaches the county is a counterparty; a coalition that forms the week after the application is filed is an audience for a hearing, and already behind. The special-purpose vehicle, the board on staggered terms, the impact zone that bounds the dividend, the priorities for the projects share, and the rule for choosing among projects, all written down before there is money to argue over, because once there is money the writing-down becomes the argument, even among well-meaning board members. Expertise, second. The developer will bring counsel who have done this before. The community should too, and the model's own economics pay for it: the signing advance is the community's to keep whether or not the project proceeds, and one of the things it is for is a lawyer. Discipline, third. Decide the asks, decide the priorities, and hold both steady. Consistency strengthens the relationship, removes complexity, and removes unnecessary delay. The community that reopens its allocation every time a new voice arrives at a meeting is the community the developer can wait out, or walk away from altogether.

The investment and what it buys. All of this costs money and time before anything is signed, and most of the cost falls on the developer, because the developer has it. The question a development team will ask is whether the investment is worth it, and the paper's own arithmetic answers it. On the illustrative campus, a month of delay before closing costs the developer about $21 million. Seven months pays for the entire participation. A process that costs a developer six months of preparation and the fees of three or four professionals, and that removes seven months of hearings at the back end, is not an expense. It is the cheapest schedule insurance the project will ever buy. Every developer I have spoken with says the money was never the problem; the uncertainty of completing the project was. The framework's structure and process are how that uncertainty gets reduced or eliminated before the capital is at risk.

Every situation will be different. Community needs, county processes, developer preferences and capacities, tenant demands, and more will drive variation as these deals get done. There is no one size that fits all. What the paper can say is what must be true at each stage. What it cannot say is how to make it true in a particular county with a particular utility and a particular board, because that is not a matter of terms. The most successful at getting these done are the ones who have done them before.

The Utility Is the Fourth Party

Utility rates are answered first, and the order matters for a reason beyond ratepayer protection. The utility is a party with its own interest, and it can reach the community's benefit before the community does. A large-load tariff that charges the campus for its grid upgrades and then recovers more through rate design has moved money the community might have participated in into the rate base. An interconnection queue that the utility controls can delay first revenue, and with it the participation, for reasons that have nothing to do with the county's review. And where a campus proposes to generate or store its own power, which the largest now do, a utility that regards that capacity as competition has both the motive and the means to slow it.

The model protects the community in two ways. The participation is a share of the campus's revenue, not a line in the utility's rate case, so it cannot be redesigned away by the Public Service Commission. And the tariff toll gate comes before the money: the county settles the utility's position, including the treatment of on-site generation, before the community's share is on the table, so that the share is negotiated against a known cost of power rather than a contested one. Where behind-the-meter generation is part of the project, the pilot should treat the utility as a fourth party at the drafting table rather than a condition precedent, because its consent will be needed and its interests will not be the county's.

What a Month Costs

Getting the deal signed is one thing. Moving it through the county is another thing entirely. The core arrangement above pays nothing until the campus operates, which can be five years after signing. Residents are asked to wait, and the body that holds the pen on entitlements has no visible stake in the schedule. The clock is an optional financing feature that addresses the first problem and makes the second one transparent. It is separable from the core: a county can adopt participation without it.

Developers already know the schedule is where the risk lives. "If the community doesn't support the project, your timeline can just change dramatically or the projects just might not happen at all," the chief executive of one AI infrastructure company told Politico in October 2026; her firm now looks at community fit at the very beginning of site selection. The clock puts a number on what she is describing.

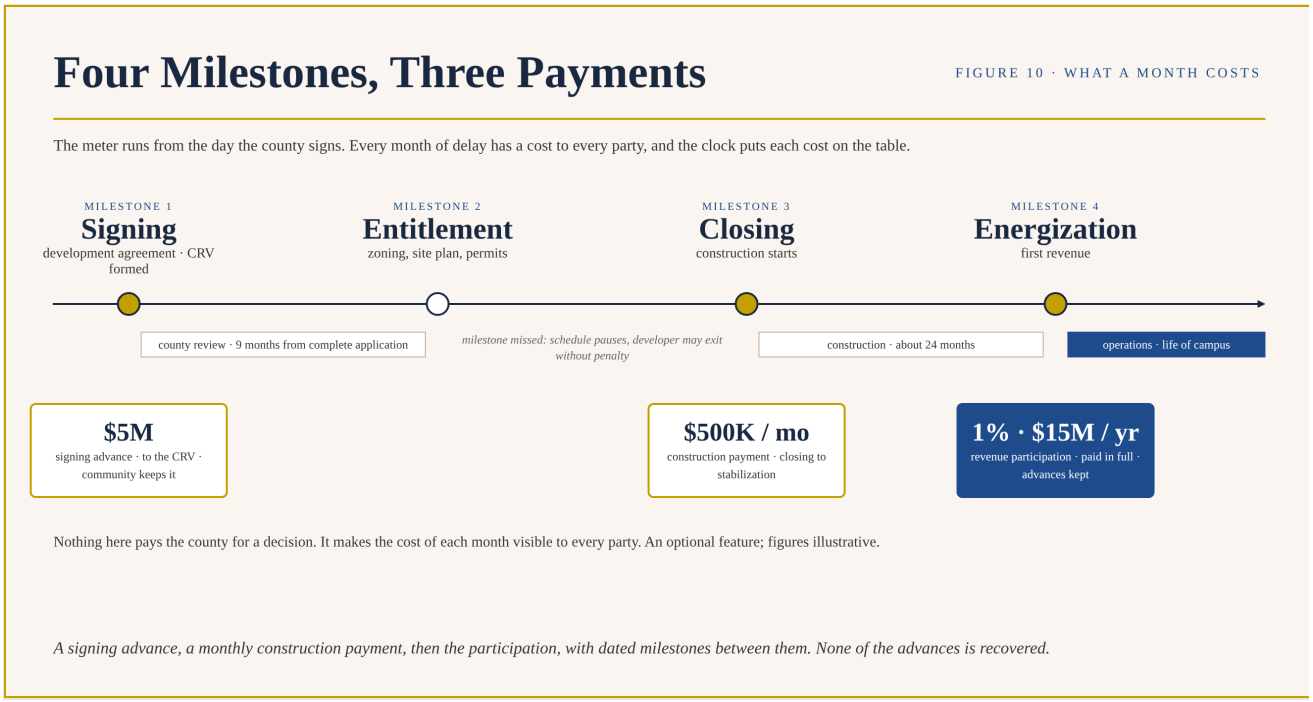


Figure 10. *Four milestones, three payments: a signing advance, a monthly construction payment, then the participation, with dated milestones between them.*

The structure borrows from the mineral lease, which solved the same timing problem a century ago with a bonus at signing, a rental while nothing is produced, and a royalty once it is. Here, a signing advance is paid to the CRV when the development agreement is executed. A fixed construction payment is made every month from closing until first revenue. Then the participation begins, and none of the advances is recovered from it.

Worked example, on the same campus. At signing, the developer pays a $5 million advance into the CRV, which the county formed for that purpose. It is the community's to keep whether or not the project proceeds. The county then has nine months, from the date it accepts a complete application, to act on zoning, site plan, and permits. When it does, the deal closes and the developer pays $500,000 a month into the CRV through a build of about twenty-four months, $12 million in all. The campus is delivered in phases, so the first building earns revenue before the whole campus is leased. To keep the community's check from falling during that ramp, the CRV receives the greater of the construction payment and the participation on actual revenue each month until stabilization, so the check never falls below the $500,000 floor once it has reached it. At stabilization the participation is $15 million a year at the illustrative revenue, and the community receives all of it from the first operating month: the $17 million in advances is never deducted from the participation. Those figures are a simplified scenario; with a phased ramp the payments follow the actual monthly cash flows, and the floor keeps the community's check steady until the whole campus is leased.

The advances are a cost to the developer, not a loan. Paying $17 million during signing and construction costs about $16 million in present value at an 8 percent rate, and the $5 million signing advance is at risk if the project fails. An advance that had to be repaid would be a loan against the community's own future share; one that is kept is

a stake from the first day. The amounts are terms: the signing advance can be smaller, or the construction payment lower, but neither is clawed back. What the structure buys is a dividend in year one and a visible monthly cost of delay.

STAGE	POOL AT THE 60 PERCENT SPLIT	PER HOUSEHOLD, 3,000 HOUSEHOLDS
Signing advance, $5 million	$3 million	$1,000, once
Construction payment, $500,000 a month	$300,000 a month	$100 a month
Advances in total, $17 million	$10.2 million, kept	$3,400 in total
Operations, from first revenue	$9 million a year	$3,000 a year

Before household taxes. The 60 percent split applies to all cash the CRV receives, the advances included. Who counts as a household is a central term, and the boundary drives the number: the same $9 million pays $9,000 a year to 1,000 households, $3,000 to 3,000, $900 to 10,000, and $90 to 100,000. A boundary drawn around the facility produces very different incentives from a countywide one. The term sheet must define the geographic boundary, the treatment of renters, residency requirements, what happens when households move, and whether the closest neighbors receive additional consideration.

The milestones carry dates, and each date names whose action is due. The entitlement clock starts when the county accepts a complete application and pauses for a developer redesign, a pending state or utility approval, or litigation, so that only county review time counts against it. If the county misses its date, the construction payments do not start and the developer may extend or exit without penalty. If the county hits it, the next payment releases. A delay during construction is different: the monthly payment continues, so the community's immediate loss is the gap between what it receives and what it would have received, $750,000 a month. Because the advances are not recovered, each added construction payment is also a cost the developer does not get back, so a delay during construction costs both parties, and the true comparison is between the scheduled and the delayed cash flows over the whole term.

The purpose is transparency, not pressure. Substantive review is preserved, and residents remain free to oppose a project. What the clock changes is that the economic consequence of each month, for every party, is on the table where the decision is made.

The developer is not the only party with a cost of delay, though its cost is the one most often calculated. The same month, on the same campus, has a cost to the community, the county, and the State.

WHO	A MONTH OF DELAY	HOW IT IS COUNTED
The developer	about $21 million before closing; about $77 million once built, both in closing-date dollars	The remaining cash flows shift one month: one month of discounting on a $3.3 billion net present value before closing, or on $12 billion of operating cash flow once the capital is sunk. Higher if the lease window is fixed.
The community	$500,000 before closing; $750,000 during construction; $1.25 million once operating	The construction payment that does not start; the gap between it and the participation; or one month of the $15 million participation.
The county	about $4 million of real property tax, deferred	One month of tax on roughly $4.5 billion of land and buildings at a rate near $1.11 per $100. Equipment is the tenant's personal property, taxed or exempted county by county. Deferred, not lost, unless the project is.

WHO	A MONTH OF DELAY	HOW IT IS COUNTED
The State	about $800,000, deferred	One month of State real property tax at $0.112 per $100 on the same base, plus the electricity franchise tax on roughly 8 billion kilowatt-hours a year. Income taxes on construction payroll and the operating company come on top.

Illustrative, at Maryland rates for a Frederick-sized county. Assessed values typically run below construction cost. The relevant public measure is incremental revenue less incremental public cost, which a pilot would estimate for the actual site.

Faster Review, Argued Separately

The clock makes delay visible. It does not, by itself, shorten review. Shortening review is a matter of public law, and it should be proposed and judged separately from the participation model so that a pilot can tell which one produced any benefit.

The proposal is this. A county that adopts the model term sheet may place its projects on a defined review track under state law: a published shot clock for each approval, independent third-party plan review paid by the developer and supervised by county staff so that staffing is less likely to be the bottleneck, and a stated consequence if a clock runs out, whether that is escalation to a state board or, in the strongest form, deemed approval. Cost recovery for the county's own review staff is proper and ordinary. CRV distributions are separate from, and do not replace, property taxes, impact fees, infrastructure contributions, mitigation, or any other public obligation of the project.

Two cautions belong here. First, any link between a payment and a permit condition needs counsel's review. In Sheetz v. County of El Dorado (2024), the Supreme Court held that permit conditions imposed by legislation are not exempt from constitutional scrutiny; routing the money outside the county budget does not by itself settle the question. Second, deemed approval changes the character of the proposal from a private agreement to a change in public law. The Institute's recommendation is that the pilot test participation on its own, with the review track adopted, if at all, on its own merits.

PART THREE

What It Adds Up To

What the share does that the check cannot, who does what, what a pilot must answer, and how Maryland's framework reads against the model.

A Bill of Goods and a Bill of Rights

The comparison that matters is narrow. The prevailing arrangement, of which the rejected Frederick agreement is the largest example and the Lancaster draft the most typical, is a discretionary, one-time community grant negotiated with the county or city and paid into or alongside its budget. The proposal is a recurring, contractual participation held outside the budget. The table contrasts those two; it makes no claim about every community benefits agreement, many of which are enforceable and some of which run for years.

	DISCRETIONARY ONE-TIME GRANT (FREDERICK AND LANCASTER FORM)	RECURRING CONTRACTUAL PARTICIPATION (THIS PROPOSAL)
Form	A negotiated sum, often tied to a zoning action	A fixed share of a defined revenue base, in a recorded covenant
Duration	Paid once or over a short schedule	Operating life of the campus
Who holds it	The county	A single-purpose vehicle owned by a community trust
Who may enforce it	The county, under the agreement's terms	The vehicle, and residents as express beneficiaries
Survives sale of the campus	Depends on the agreement	Intended to; foreclosure and bankruptcy treatment to be negotiated
Developer's counterparty over time	The council, each time terms are revisited	A trust officer, under terms fixed at closing
What the money follows	Equipment that depreciates and is replaced: in Michigan, data center equipment is assessed at 60 percent of installed cost in its first year and 8 percent by its seventh, so counties have asked developers for payment guarantees to keep the take from falling	Campus output: a share of gross revenue needs no guarantee, because it never depreciated

	DISCRETIONARY ONE-TIME GRANT (FREDERICK AND LANCASTER FORM)	RECURRING CONTRACTUAL PARTICIPATION (THIS PROPOSAL)
Effect on project certainty	Untested	Hypothesis: improves it; the pilot's test

The prevailing arrangement against the proposal. The table makes no claim about every community benefits agreement.

The row on what the money follows deserves a word, because two findings in a Michigan local-government guide turn out to be one. Equipment is hard to value, changes every time the servers are refreshed, and runs down between refreshes, so a county that ties its benefit to equipment ends up asking the developer for a guarantee that the payment will not fall, as Dickinson County did. A share of gross needs no guarantee. It is measured from receipts or from the meter, it does not depreciate, and it rises with the campus rather than with the assessor's schedule. The measurement difficulty is the argument for the share.

The last row is the one that matters to the developer, and it is the paper's central hypothesis rather than its conclusion. Developers the Institute has spoken with say the core problem is not the size of the payment but the uncertainty that a project proceeds at all. A continuing stake gives residents a financial reason to want the campus to succeed. Whether that changes attitudes, and whether changed attitudes change outcomes, is what a pilot would measure. An upfront payment and a recurring participation can be set to the same present value, but they are not the same to a developer: liquidity, financing, and who bears revenue risk all differ, and those differences are terms. What developers say they are least willing to bear is process variability, which is why the review track above is proposed alongside, and separately from, the model.

The model is also different from a community benefits agreement in the ordinary sense. A benefits agreement lists things the developer will build or fund. It is a bill of goods. The Revenue Participation Agreement is a bill of rights: a defined share of a defined revenue base, held by an entity with standing to collect it.

Who Does What

The model is a creation of the Harvey C. Russell Jr. Institute for International Business & Strategic Coalitions, offered as a working example of inclusive capitalism. Maryland is the live example and the intended pilot. On September 23, 2026 the Governor signed an executive order setting the State's framework for data centers; the postscript that follows reads the model against it. The State's impact analysis, due September 1, 2026 under the 2025 law, had not been released at this writing, and the 2027 legislative session writes the rules.

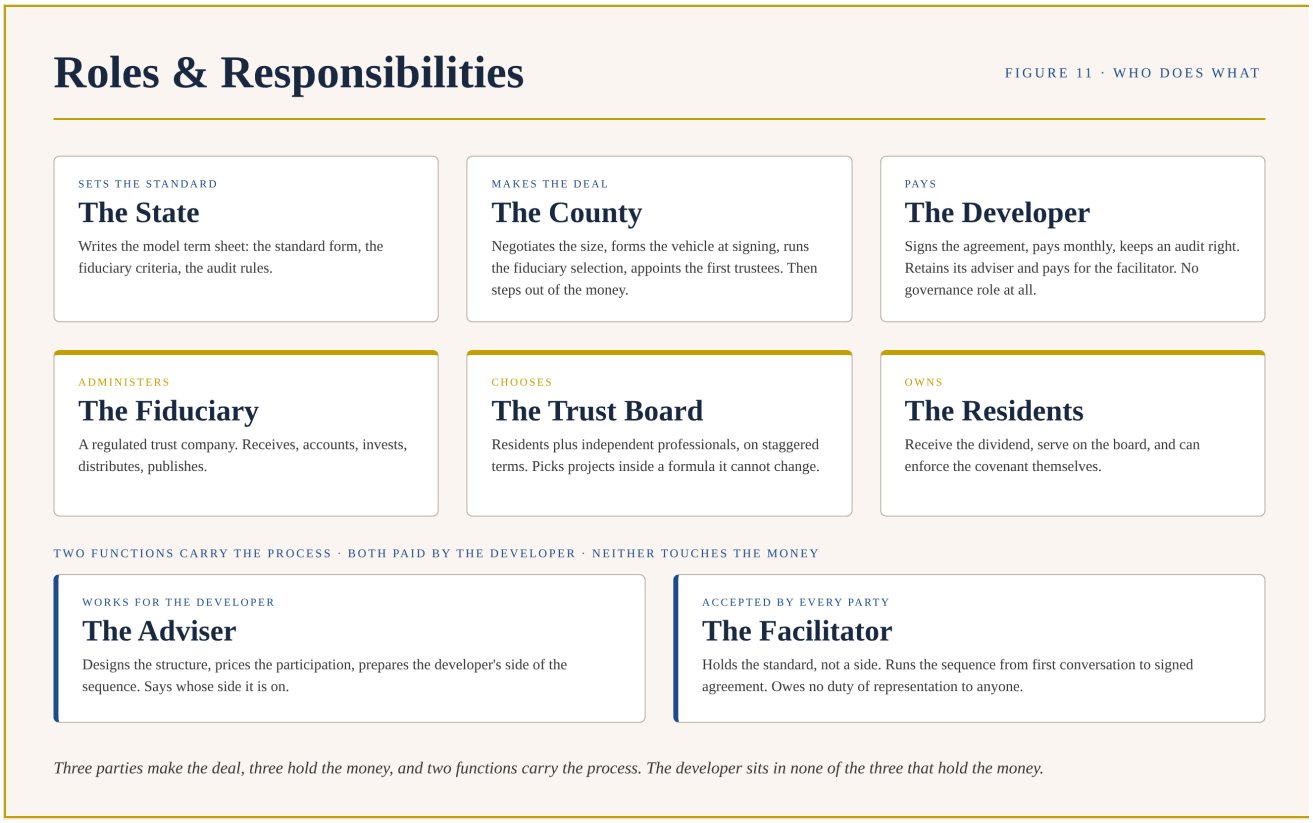


Figure 11. *Roles and responsibilities: three parties make the deal, three hold the money, and two professional functions carry the process. The developer sits in none of the three that hold the money.*

The path is a model term sheet, piloted with one willing county and one willing developer, before Maryland writes its rules. The State writes the standard form, the fiduciary criteria, and the audit rules. The county negotiates the deal, forms the CRV, runs the fiduciary selection, and appoints the first resident trustees. The developer signs the RPA, pays monthly, and keeps an audit right.

Who must be hired. The roles above are the parties. The pilot also needs people, and the honest statement is that most of them do not yet exist inside most development teams, because until recently the work did not exist either.

Six functions have to be filled. A sponsor inside the capital, someone senior enough at the owner or its investor to carry the pilot through an investment committee and defend the cost of preparation before there is anything to show for it. A county counterparty with authority to sign, which usually means the executive's office and the county attorney rather than the planning staff, who review but do not commit. Counsel for the community, separate from the developer's and from the county's, paid for in part by the signing advance, because a community that is advised by the other side's lawyer has not been advised. An environmental and social assessment of the kind lenders already recognize, so that the toll gates are settled on a record the bank will accept without a second study. A fiduciary selected against published criteria, which is the county's job but is the developer's problem if it takes a year. And two people the paper has already distinguished: an adviser to the developer who has structured a participation of this kind and prepares the developer's side, and a facilitator, accepted by every party, who has run the whole

sequence from the first conversation with the county to the signed agreement, and who knows which terms are the standard and which are negotiable, which order the conversations go in, and what each party will say before it says it.

Those last two functions are the ones that are missing, and the second of them, the artful diplomacy that moves a process between parties who do not yet trust one another, is the one no development team has ever been asked to staff. Development teams have lease counsel, zoning counsel, and lobbyists, and each is excellent at its job. None of them has formed a community-owned vehicle, placed a revenue covenant in front of a construction lender, or sat with a trust board on the night it decides its first allocation. The work is not harder than the work they do. It is different, and the difference is the whole reason these agreements fail: the sequence described in this paper has been left to lease counsel, who were asked to produce a document and did. Nobody was asked to produce a relationship. The first developer to staff the process properly will be the first to have a pilot that the next county cites as the one that worked.

The paper's ask of builders is unchanged: a candid read from people who price these projects, and their staff in the room when the term sheet is drafted. What the summit added is a second ask, of themselves. Budget for the process the way you budget for the permit, because it is the permit.

Two names, one instrument. In the political register the framework is The Third Way. In the developer-facing register it is the Community Revenue Participation Model, with the CRV and the RPA as its working parts. The words change with the audience. The architecture does not.

> *The question for the drafting table: under what conditions does a continuing community interest create more development value than it costs, and would one project test them?*

Questions for the Pilot

The arrangement is coherent enough to test and not yet proven. These are the questions a pilot with one county and one developer would have to answer, in the order the drafting table will meet them.

The lenders. On what terms will construction and permanent lenders accept a revenue obligation senior to equity distributions: priority in the waterfall, treatment on sale, foreclosure, and bankruptcy, and any covenant or reserve they require.

The entity. How the CRV and the trust are owned and taxed, who appoints and removes the fiduciary, who controls distributions, and which document governs each function. Whether the payments are deductible to the payer and taxable to households. Whether 5 percent of the participation is a viable operating budget at this scale, and what the minimum viable campus is.

The container. Whether the Revenue Participation Agreement is drafted as an article within a community benefits agreement, as the section on the agreement the industry already signs proposes, or as a companion agreement cross-defaulted to it, and how the two interact on term, security, and enforcement.

The structure. How the revenue definition holds if the campus is divided among project companies, leased to an affiliate, sold to its tenant, or built and occupied by a cloud operator, and how the rent-equivalent is set and reset in those cases, so that the community's interest does not depend on the original leasing structure.

The base. Which layers of the campus's revenue are in it, whether the share is enforced on receipts or on metered load, how a metered rate is reset as efficiency improves, and which parties must therefore sign.

The community. Who is eligible: the geographic boundary, renters, residency, household changes, and any additional consideration for the closest neighbors. A definition residents regard as legitimate matters more than the number, and a two-tier zone, a larger dividend near the fence and a smaller one countywide, is the likely compromise between a dividend large enough to matter and a constituency large enough to carry a vote.

The benefit. Whether $2,000 to $4,500 a year per household in a rural impact zone, or $900 in a suburban one, or the equivalent at the pilot's real numbers, is large enough to matter to the people receiving it, and how it compares with the alternatives on offer.

The effect. Whether participation measurably changes resident attitudes, hearing outcomes, review time, or completion, against a baseline from comparable projects without it.

The law. Counsel's review of the linkage between payments and permit conditions after Sheetz, of the covenant's survival through foreclosure, and of any state authorization the model form requires.

The money. Replacement of every illustrative figure in this paper with the pilot site's own: revenue, ramp, discount rate, assessment, tax rates, and the incremental public cost of the facility.

Postscript: The Maryland Order of September 23, 2026

After this paper was first posted, the Governor of Maryland signed Executive Order 01.01.2026.16, Responsible Data Center Development in Maryland. The order applies to every data center of 25 megawatts or more that seeks any State engagement, or is referred to the task force by a State agency, the Public Service Commission, or the host jurisdiction. It sets five principles: ratepayer and grid protection, economic benefit for Marylanders, community voice, environmental protection, and transparency and accountability. It creates a Data Center Accountability Task Force in the Governor's Office as the single point of contact, a public Dashboard updated monthly, and a Statement of Commitments that each developer is invited to sign, with measurable promises, milestones, and successor obligations, which becomes an enforceable term of any State incentive. And it directs the Department of Planning to publish a guide for counties containing a recommended community investment benchmark per megawatt, a model community investment fund, and model terms for community benefits agreements. The order does not repeal the sales and use tax exemption; the Governor said at signing that he will ask the General Assembly to do so.

Read against the order, the model in this paper satisfies what the order asks of a developer's agreement with a host county, and adds three things. The order calls for a community benefits agreement, written commitments that bind a successor, a financial contribution measured against a State benchmark, and annual public reporting of payments under the agreement. The model does all of that; it was drafted in the same instruments. What it adds is a contribution paid as a share of revenue for the life of the project rather than a lump sum per megawatt, a Community Revenue Vehicle owned by a community trust that holds the right alongside the county, and a dividend to nearby households. Each addition fits a slot the order names and leaves open: the model fund has no stated owner, the benchmark measures contributions against capacity rather than revenue, and no party in the order holds a right on behalf of the residents beside the facility. The one thing the model needs from the State's guide is a sentence allowing a revenue share to be counted against the per-megawatt benchmark at its value.

The order also fixes, for Maryland, a set of terms that any host agreement will now be expected to carry. Some come from the order, some from this paper, and several from both. Together they are the beginning of a standard, and a standard is the thing other states will copy. The table lists them.

TERM	FROM	WHAT IT DOES
Community benefits agreement with the host jurisdiction	Both	The instrument. Signed by the developer and the county; the order treats good-faith negotiation of one as a criterion for State support.
Written, measurable commitments with milestones	Both	Every promise carries a date and a number; the Statement of Commitments to the State and the county agreement carry the same ones.
Successor obligations	Both	Commitments run with the project and bind any buyer, assignee, or lender that takes the asset.
Financial contribution measured against a State benchmark	Order	A recommended amount per megawatt, set by the Department of Planning, that every county can negotiate from.
Revenue participation	Model	One percent of gross rental revenue for the life of the project, the benchmark's counterpart in annuity form.

TERM	FROM	WHAT IT DOES
A community entity that holds the right	Model	The Community Revenue Vehicle, owned by a community trust, with audit and enforcement rights of its own.
Household dividend	Model	Most of the participation paid directly to residents nearest the site, on a published formula.
Ratepayer protection first	Both	The developer pays for its own power and grid upgrades, with guarantees against stranded cost, before any community term is negotiated.
Community point of contact for the life of the project	Order	A named person the community can reach, from application to decommissioning.
Annual public report	Both	Energy, water, backup-generator hours, jobs and wages, payments under the agreement, and progress against each commitment, on a standard form.
Public dashboard, updated monthly	Both	The State's record of every project; the specification below proposes what sits on top of it.
No new non-disclosure agreements by State agencies	Order	Existing agreements are honored but not renewed; what the State publishes is subject only to the Public Information Act's protections.
Decommissioning plan and funding	Order	A funded plan to restore the site when the facility closes.
Remedies and periodic review	Both	Clawbacks in any incentive agreement and a performance review at least every five years are in the order; cure periods are the model's addition.

The terms a Maryland host agreement will now be expected to carry, and where each comes from.

Appendix: A Dashboard Specification

The order requires a Dashboard and lists what it must contain: the project, its owner and anchor tenant, its power and water use, every State request and its status, the Task Force's determination and reasons, the Statement of Commitments and performance status, annual reports, and a place for public comment. That is the record. A dashboard fulfills the order's accountability purpose only if, above that record, it compares what was promised with what was delivered and names who owes the difference. Project descriptions and forecasts are context; accountability is variance. The specification keeps the headline measures to five, one for each principle in the order, so that a resident, a county executive, and a developer's lender can read the same page in a minute and see the same thing. It should be on the internet, open to the public, and identical for every project in the State.

PRINCIPLE	MEASURE	WHAT IT SHOWS	WHAT IT REVEALS
1. Ratepayer and grid	Public costs covered	Project-attributable power, water, and infrastructure costs incurred; amounts paid by the developer, secured but unpaid, and unsecured.	Whether ratepayers are carrying costs the project agreed to carry, and whether security has become payment.
2. Economic benefit	Community value delivered	Benefits due by the reporting date against benefits delivered: local payroll, apprenticeships, training placements, community payments. Where a Community Revenue Vehicle exists: participation due, collected, distributed to households, unpaid.	Whether the benefits reach the people they were promised to, and keep reaching them after construction.
3. Community voice	Community responsiveness	Share of material concerns acknowledged within the agreed response period and resolved within the agreed resolution period, shown separately; age of the oldest unresolved item; resident confirmation of resolution.	Whether a say produces a response and a remedy.
4. Environment	Operating impacts	Actual electricity demand, water draw, noise, and backup-generator hours against agreed limits; violations and corrective-action status.	Whether the facility runs within the conditions the community accepted.
5. Transparency and accountability	Commitments kept	Material obligations due against delivered, shown separately for developer and county; every overdue item with responsible party, days outstanding, and next action.	Whether both parties do what they agreed to do, and whether the relationship can solve problems.

Five headline measures, one for each principle in the order.

Each entry follows one reporting unit: commitment, actual result, variance, responsible party, remedy and deadline. "Community engagement: green" tells a resident nothing. "Three material concerns overdue; oldest 47 days; developer response due October 15" tells them something they can act on.

Four rules keep the page short without hiding anything. Show the current position and its trend, because a missed commitment being corrected is different from one that worsens every month. Never average away a material failure; a hundred minor obligations met do not offset one unpaid community distribution or one serious environmental breach. Mark every figure as self-reported, county-verified, or independently verified, and print "not

reported" where nothing came in. Keep county performance visible without treating every delay as county failure; an incomplete developer submission, a staffing delay, and an open environmental question need different explanations.

For the quality of the developer-county relationship, observable conduct beats a satisfaction score: promises kept, decisions made on time, problems resolved, disputes left outstanding. The Community Revenue Vehicle gives the dashboard its most precise line, because a revenue right produces an auditable number: entitled, collected, distributed, unpaid.

Appendix: The Arithmetic

Every figure in the paper follows from the inputs below. They are illustrative and chosen for round numbers, not drawn from any actual project.

INPUT	VALUE	NOTE
Billable IT capacity	1,000 MW	Contracted, fully leased at stabilization
Facility rent	$125 per kW-month	$1.5 billion a year at full lease-up
Operating margin	80 percent	$1.2 billion a year of operating cash flow
Capital cost	$9 billion	Two equal draws, at closing and one year later
Operating term	30 years	Beginning two years after closing
Discount rate	8 percent a year	Applied as the equivalent monthly rate to monthly cash flows
Valuation date	Closing	Every present value in the paper is stated at closing
Participation	1 percent of gross revenue	$1.25 million a month from stabilization

The inputs behind every figure in the paper.

Project value. Operating cash flow of $100 million a month for 360 months, at a monthly rate equivalent to 8 percent a year, has a present value of $14.0 billion at the start of operations and $12.0 billion at closing. The present value of the two capital draws is $8.7 billion. Net present value at closing is about $3.3 billion. The same cash flows modeled as annual year-end amounts give $2.9 billion; a single capital draw at closing gives less again. The paper uses the monthly convention throughout so that project value, participation value, and delay cost are computed the same way.

Participation value. $1.25 million a month for 360 months at a monthly rate equivalent to 8 percent a year is $175 million at the start of operations, or $150 million at closing. The annual approximation, $15 million at each year end, gives $145 million; the paper uses the monthly figure because the contract pays monthly.

Cost of a month of delay. A one-month shift of every remaining cash flow reduces its present value by the factor 1 minus 1.08 to the power of negative one-twelfth, about 0.64 percent. Applied to the $3.3 billion net present value before closing, that is about $21 million. Applied to the $12.0 billion of operating cash flow once the capital is sunk, it is about $77 million in closing-date dollars, or about $90 million in the dollars of the day it occurs two years later. A delay partway through construction lies between those figures and depends on how much has been spent.

Break-even. The participation costs the developer $150 million. It pays for itself if it avoids about seven months of pre-closing delay ($150 million divided by $21 million), or if it raises the probability that the project proceeds by about four and a half points ($150 million divided by $3.3 billion). The probability figure is a sensitivity, not a rule: it assumes the payoff is unchanged and that costs fall only on success.

The advances. A $5 million signing advance plus $500,000 a month for 24 months has a present value of about $16 million at signing. None of it is recovered, so it is a cost to the developer on top of the participation; counting both, the break-even is about eight months of pre-closing delay ($166 million divided by $21 million), or about five points of probability.

Public revenue. County real property tax at $1.11 per $100 on $4.5 billion of assessed land and buildings is about $50 million a year, about $4.2 million a month. State real property tax at $0.112 per $100 on the same base is $5 million a year. The State franchise tax on electricity at 0.062 cents per kilowatt-hour on roughly 7.9 billion kilowatt-hours a year of IT load (1,000 MW at 90 percent utilization; more at the meter once cooling and losses are counted) is $4.9 million a year. Together, about $830,000 a month.

Notes and Sources

The Frederick County development agreement and its rejection on September 14, 2026, and the extension of the county's application pause to July 1, 2027, are from the county's public record and contemporaneous local reporting; the Institute's account is its own.

Community Benefits Agreement (draft), Lancaster AI Hub, among LPE 01 Propco LLC, Greenfield Road Owner, LLC, Harrisburg Place Owner, LLC, and the City of Lancaster, Pennsylvania, November 2025, published by the City at cityoflancasterpa.gov (wp-content/uploads/2025/11/Lancaster-CBA-Draft.pdf). Section references are to that draft; the executed agreement may differ. The 200-megawatt comparison is a hypothetical, not an estimate of that project.

Statements attributed to developers reflect the Institute's conversations with data center developers and operators in September 2026. They are not quotations and are not attributed to any firm.

Market assumptions. The $125 per kilowatt-month rent is at the low end of published large-block colocation rents, net of power pass-through (JLL, North America Data Center Report, Midyear 2025: an average of $129 for deployments over 20 megawatts), and is held flat for the term with no escalation or re-leasing risk. The $9 billion capital cost is a round figure; published greenfield benchmarks run higher (Cushman & Wakefield, 2026 Data Center Development Cost Guide: an average of $17.6 million per megawatt), which would lower the project's net present value and raise the participation's share of it, so the break-even ratios are sensitive to this input. The 80 percent operating margin is an assumption. Local moratoria and rate cases are tracked by Data Center Watch (datacenterwatch.org); Oregon's 2025 large-load rate legislation is Oregon House Bill 3546.

Frederick County's real property tax rate of $1.11 per $100 of assessed value is from the county's adopted fiscal 2026 budget and its published 2025–2026 rate sheet (frederickcountymd.gov). Maryland's State real property tax rate of $0.112 per $100 is set annually by the Board of Public Works and published by the State Department of Assessments and Taxation (dat.maryland.gov). The franchise tax on electricity delivered by public service companies, 0.062 cents per kilowatt-hour, is imposed by section 8-402.1 of the Tax-General Article of the Maryland Code, with the rate set in section 8-403; the sales and use tax exemption for qualified data center personal property, enacted 2020, is section 11-239 (all at mgaleg.maryland.gov). Assessment practice, personal property treatment, and county-level exemptions vary and should be confirmed for any actual site.

Sheetz v. County of El Dorado, 601 U.S. 267 (2024), No. 22-1074, opinion at supremecourt.gov, holds that permit conditions imposed by legislation, not only those imposed administratively, are subject to the Nollan and Dolan tests for unconstitutional conditions.

The Alaska Permanent Fund dividend, employee stock ownership trusts, ground-lease entities, and community foundations are cited as existing institutions whose mechanics the model borrows, not as precedents for this use.

Executive Order 01.01.2026.16, Responsible Data Center Development in Maryland: Protecting Ratepayers, Empowering Communities, and Ensuring Transparency and Accountability, signed September 23, 2026, and the Office of the Governor's press release of the same date. Section references in the postscript are to that order.

Kelsey Tamborrino and Francisco Camacho, "Data center real estate is getting hard to find," Politico, October 21, 2026, is the source for the remarks attributed to the chair of the Site Selectors Guild and to the chief executive of Dapple, and for the Guild's September 2026 survey finding that community opposition is now a major factor in slowing or stopping projects.

Sarah Mills and Ann Wilkinson, What Michigan Local Governments Should Know About Data Centers, Center for EmPowering Communities, Graham Sustainability Institute, University of Michigan, February 2026, is the source for Michigan's personal property assessment schedule for data center equipment (60 percent of installed cost in year one, 8 percent at seven years), for the Dickinson County property tax guarantee cited as a precedent for payment floors, and for the observation that benefits agreements are more enforceable when given in exchange for a public subsidy or a development agreement. The Saline Township settlement is Consent Judgment, RD Michigan Property Owner I LLC v. Saline Township, No. 2025-001577-CZ (Washtenaw County Circuit Court, October 15, 2025).

On the neoclouds. The companies that rent graphics-processor computing by the hour, among them CoreWeave, Nebius, Nscale, Lambda, and Crusoe, lease campuses from the landlords and increasingly build their own. The Wall Street Journal, "Money Tree for AI Boom Bears Less Fruit" (November 2, 2026), reports roughly $655 billion of AI-linked debt raised from January 2025 through mid-October 2026, a forecast near $1 trillion for 2027, and a cooling in the market for these companies' bonds and shares. The rent-equivalent base does not depend on those figures; it depends on the fact that these companies are tenants and, when they build, landlords. Working Paper No. 5, The Host Community Exchange (October 2026), describes the venue whose record the base may draw on, and treats these companies as members of it.

The Data Center Summit, convened by the Center for Rural Enterprise and Environmental Justice in Huntsville, Alabama, on October 19 and 20, 2026, was held under the Chatham House Rule. Observations attributed to the summit in this paper are the author's own; no remark is attributed to any participant.

This paper is a proposal of the Harvey C. Russell Jr. Institute. It has not been adopted or endorsed by the State of Maryland, the Maryland Economic Council, or any county, and the author's membership on the Council is noted for identification only.