



CONCURRENT SESSION II: B

Storing Data – Bits and Bytes About Data Center Developments

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THE DATA CENTER LANDSCAPE

Key Characteristics:

- Fast-paced, multi-billion-dollar, multi-transactional deals requiring intensive engineering, legal, government affairs, and public relations guidance
- Time to "shovels in the ground" is the driving force in the market
- Speculation is rampant—only a select few have the experience, teams, and capital to deliver a data center development

Stakeholders at the Table:

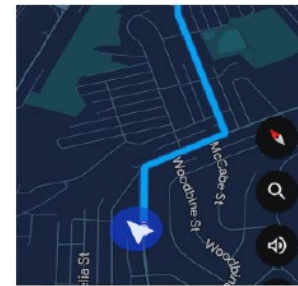
- Land owners, developers, utility companies, local and state officials, neighbors, end user, contractors, and capital provider

WHY DATA CENTERS? INFRASTRUCTURE FOR THE FUTURE

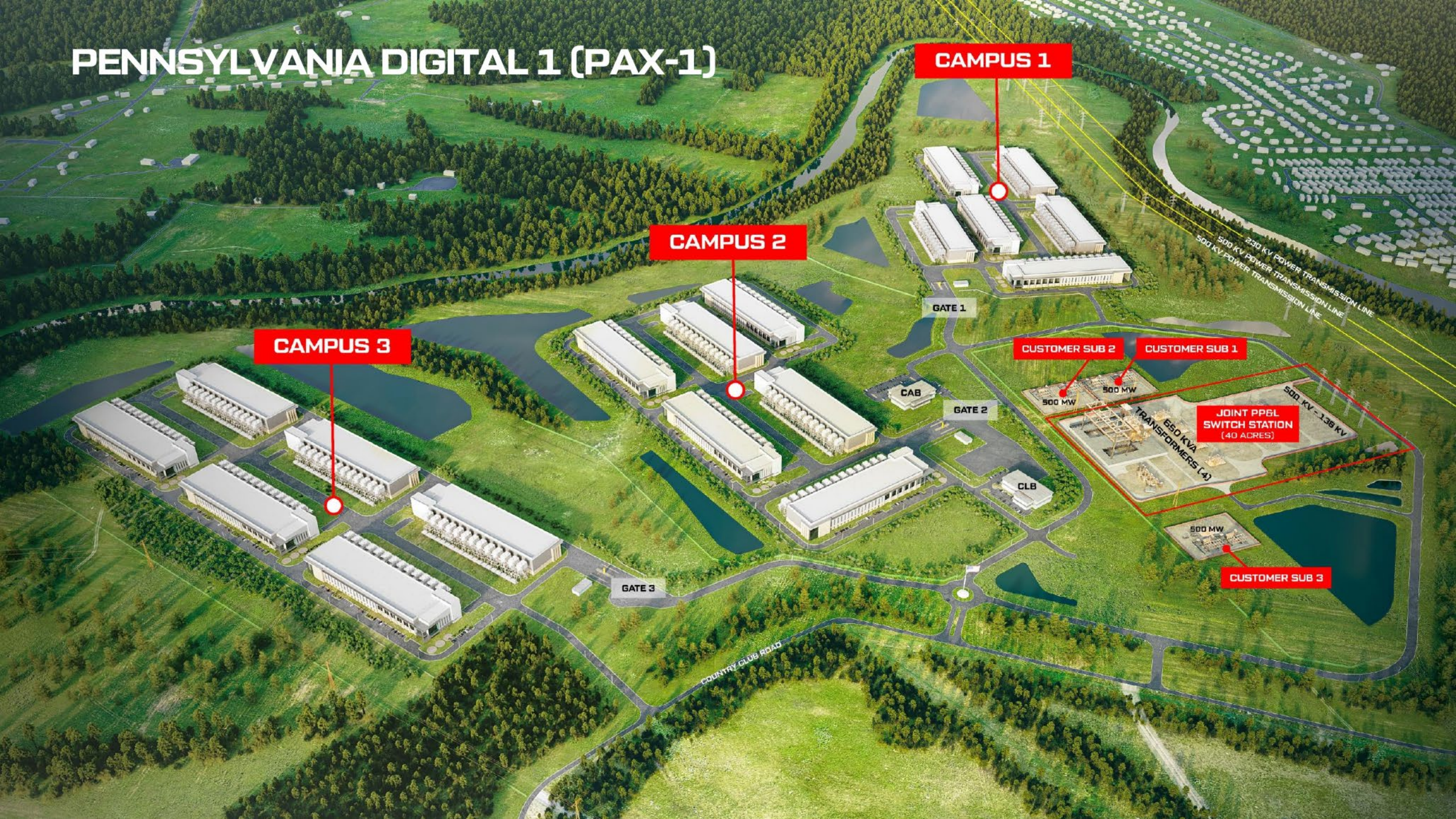
Current data center demand is primarily cloud-based IT services for everyday business and consumer applications with demand for AI data centers expanding exponentially in the future

Where the demand for data centers comes from:

- INTERNET & MOBILE USE
- NAVIGATION & SOCIAL MEDIA APPS
- CLOUD SERVICES
- FINANCIAL SECTOR
- GOVERNMENT & HEALTHCARE
- ARTIFICIAL INTELLIGENCE



PENNSYLVANIA DIGITAL 1 (PAX-1)



CAMPUS 1

CAMPUS 2

CAMPUS 3

GATE 1

GATE 2

GATE 3

CUSTOMER SUB 2

CUSTOMER SUB 1

CUSTOMER SUB 3

CAB

CLB

JOINT PP&L SWITCH STATION (40 ACRES)

650 KVA TRANSFORMERS (A)

500 MW

500 MW

500 MW

500 KV POWER TRANSMISSION LINE

230 KV POWER TRANSMISSION LINE

COUNTRY CLUB ROAD



DATA CENTER TYPES & BUSINESS MODELS

- Enterprise vs. Colocation vs. Hyperscale vs. Neocloud
- Owner-occupied vs. Leased facilities
- Single-tenant vs. Multi-tenant structures

SITE SELECTION & DUE DILIGENCE – LAND CONSIDERATIONS

- **Acreage:** Usable acreage must be weighed against the user's building program, infrastructure requirements, and setbacks from neighbors
- **Clustering:** Users prefer to cluster for a variety of operational and connectivity reasons
- **Title and Survey:** Given the financial exposure, title companies require multiple layers of underwriting approvals; consideration should be given to whether separate title searches for oil, gas, and mineral estates will be required
- **Zoning Issues:** Data center uses do not fit squarely into industrial or light industrial use definitions, making text and map amendments prevalent



SITE SELECTION & DUE DILIGENCE – POWER & INFRASTRUCTURE



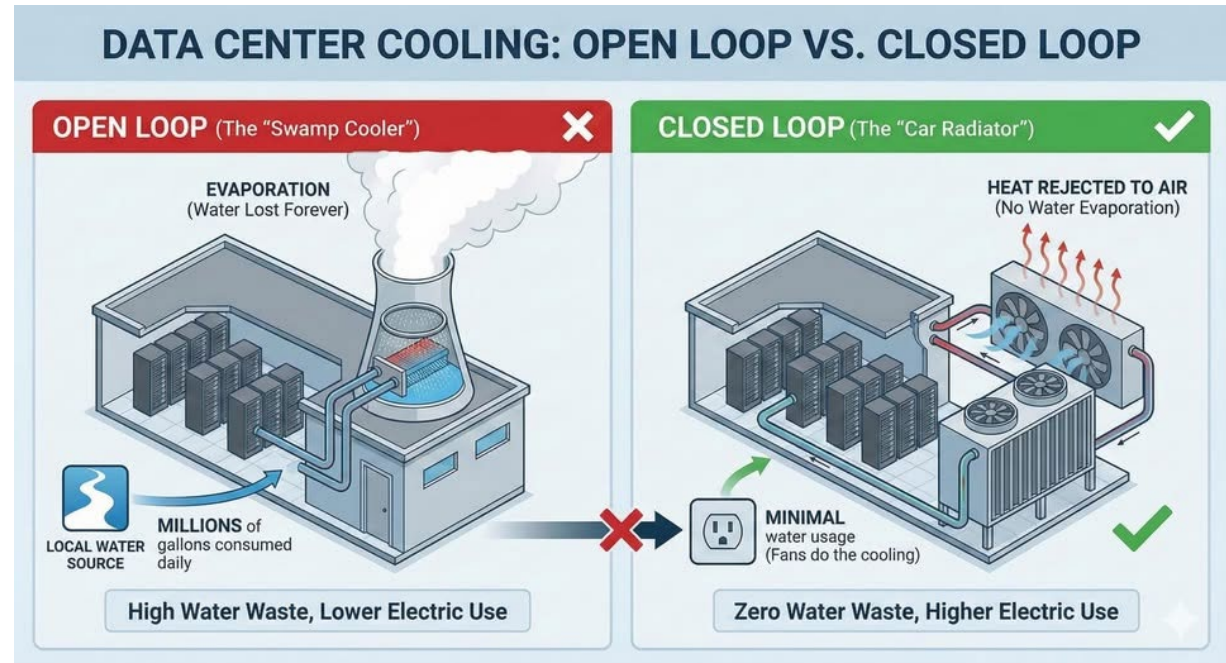
- **Power Availability:** Large power lines near a site do not guarantee sufficient power; transmission and generation must be factored in with load studies performed
- **Electrical Load & Redundancy:** Sites may require 100 MW to 1+ GW of power; redundancy options include N, N+1, and 2N configurations
- **Power Source Options:**
 - "In front of the meter" – electricity from the grid
 - "Behind the meter" – electricity generated onsite
- **Regional Opportunity:** Marcellus/Utica Shale formations offer significant natural gas for behind-the-meter generation, though deployment has been delayed
- **Power Purchase Agreements (PPAs):** Securing a long-term PPA from the utility provider is a necessity

SITE SELECTION & DUE DILIGENCE – ADDITIONAL FACTORS

Fiber Connectivity: Sufficient nearby fiber is critical; not all fiber is the same quality

Water/Sewer Needs: Data center water usage and sewer needs are changing in real time

Long Lead Items: Developers are ordering supplies on a speculative basis given the emphasis on speed to market



Current Trends & Dispelling Myths

Topic	Reality
Development Incentives	Capital stacks do not need alternative sources
Vested Zoning Rights	Deal certainty is critical; appeal periods must be factored into timelines
NIMBYism	Opposition is organizing and becoming more sophisticated, similar to shale development
Noise & Water Concerns	Typically overstated
Power Grid Issues	Data centers increase grid resiliency; volatile pricing will continue until grid is updated
Onsite Solar	Generally not a viable primary power source
Behind-the-Meter Turbines	Will face air and noise regulatory concerns
Bubble Concerns	Inexperienced and undercapitalized developers will soon fall out of the running

DATA CENTER LEASING – UNIQUE CONSIDERATIONS

- **Security and Access:** Robust physical security measures required
- **Assignment Provisions:** Leases often restrict landlord's ability to transfer the facility without tenant consent
- **Service Level Agreements (SLAs):** Lease should detail metrics for each component; establish clear penalties for noncompliance (rent or service credits), with repeated violations potentially resulting in termination rights
- **Building Management Systems (BMS):** Tenant should review and approve landlord's management systems reports for electrical, cooling, and mechanical systems; lease should include regular maintenance schedule to minimize downtime
- **End-of-Lease Requirements:** In single-tenant facilities, tenants should negotiate purchase options, term extensions, or ROFR/ROFO rights

FINANCING & EQUITY/JV STRUCTURES

Financing Types	Equity Structures
Construction Loans	Direct Ownership
Term Loans	Programmatic Joint Ventures
Credit Facilities	Project-Specific Joint Ventures
Mezzanine Financing	REIT Structures
Equipment Financing	
Green Financing	

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PRESENTED TO:

2026 ICSC+LAW SYMPOSIUM OH/KY/IN/MI/PA
HILTON COLUMBUS/POLARIS
COLUMBUS, OH
FEBRUARY 26-27, 2026

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