



**James A. Carter**  
*Mayor*

## **CITY OF PIKEVILLE**

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**Reggie Hickman**  
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### **WHAT THE CITY IS EXAMINING AND WHY**

*City of Pikeville statement on the proposed data center at the Kentucky Enterprise Industrial Park*

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#### **Why this opportunity came to Pikeville**

The Kentucky Enterprise Industrial Park did not attract this interest by accident. The developer identified specific characteristics that made Pikeville stand out: the quality of the park's infrastructure, the presence of the state-certified Build-Ready site with its completed building pad, and the availability of power capacity within the park that could support the initial phase of this project without requiring new transmission infrastructure. This makes the potential project one that could reach operational status more quickly than sites requiring new transmission infrastructure.

These are assets this community built and paid for over more than a decade. The question the City is now working through is whether this particular use of those assets, on what terms, is the right decision for Pikeville.

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#### **What the MOU does and does not do**

The Memorandum of Understanding signed by both parties on April 20, 2026, commits the City to negotiate exclusively with MD Squared Power LLC for 120 days while both parties work to determine whether a Development Agreement can be reached. Either party may walk away once that period has run with no penalty and no obligation to the other. Both parties may also extend the period by mutual agreement if additional time is needed.

The MOU identifies certain parcels within the Kentucky Enterprise Industrial Park as property that may be involved in any Development Agreement, though the specific scope of any transaction remains entirely subject to negotiation. The MOU is explicit that it does not constitute an agreement to negotiate or an agreement to convey or transfer any interest in land. No land has been transferred. No terms have been agreed upon.

*The City of Pikeville is an Equal Opportunity Employer*

The full MOU is available at [pikevilleky.gov](http://pikevilleky.gov).

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### **Who MD Squared Power is**

MD Squared Power LLC is a Lexington-based development company focused on data center and digital infrastructure. As a developer, their role is to identify sites, develop infrastructure, and work with end users to bring facilities into operation. MD Squared has not yet finalized an agreement with an end user for this facility, as that negotiation is ongoing.

The MOU describes the intended development as an industrial and/or commercial use. Data centers are classified as industrial uses under Kentucky law and Pikeville's zoning code.

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### **What scale of development is being discussed**

The developer's current plan describes an initial deployment of approximately 25 to 30 megawatts of computing capacity. The developer has interest in growing this facility to 75 to 100 megawatts in the event additional power capacity becomes available.

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### **What we are examining**

**Whether this is the right use for this land.** The Kentucky Enterprise Industrial Park is the product of more than a decade of public investment. Level, buildable ground is genuinely scarce in Eastern Kentucky, and decisions about how it is used are not easily undone. We are working to engage independent advisors to evaluate whether a data center is the appropriate use for this park, how its presence would affect the park's ability to serve other industrial employers, and what realistic alternatives exist for this land. We will not rely on the developer's own assessment of these questions as a substitute for an independent one.

**The economic impact.** The developer has projected over 190 construction jobs during the build phase and 40 permanent full-time positions when the initial phase reaches full operation, with wages described as significantly above the Pike County median household income. The projected capital investment for the initial phase exceeds \$250 million, a significant portion of which represents computing equipment that would be subject to standard Kentucky personal property tax assessments. We are working to commission an independent economic analysis to evaluate whether these projections are consistent with what comparable projects have actually produced in similar communities, and to examine the realistic range of economic outcomes for Pikeville.

On local taxes: any development here will be expected to meet its full local tax obligations. We will not reduce or eliminate local tax revenues as an incentive for any tenant. The state of Kentucky maintains a separate incentive program for data center equipment purchases that operates at the state level through sales tax treatment. That program is administered by the state and does not affect local government revenues.

**Job commitments.** The employment figures above are the developer's projections. The City's position is that projections are not the same as enforceable obligations. We are examining what meaningful, measurable job creation requirements look like, how compliance should be defined and measured, and what the real consequences of not meeting those requirements should be. If a final agreement is reached, the job commitments in it will need to be backed by real enforcement mechanisms, not aspirations.

**How we protect existing utility customers.** Two of the most consistent questions we are hearing concern electricity costs and water.

On electricity: Kentucky Power's rates are set by the Kentucky Public Service Commission, whose authority the City cannot override. What we can examine and are examining is what any Development Agreement the City enters into can accomplish to ensure the cost of serving this facility does not fall onto existing residential and commercial customers. We want to understand what protections are genuinely achievable and enforceable before we agree to anything. We also recognize that utility cost questions affect communities across Eastern Kentucky, not just Pikeville, and we are taking that regional perspective seriously.

On water: the City operates its own municipal water system and is responsible for it on behalf of all customers. Based on the water usage the developer has described for the initial phase and potential growth, we are satisfied that our system can comfortably meet that requirement. We are having the developer's usage projections independently verified regardless, and we are examining what any Development Agreement must require to ensure that existing customers are not asked to subsidize a large industrial user and that system reliability is not compromised.

**Environmental questions.** Data centers use backup power systems that are tested on a regular schedule. We are examining the noise and air quality implications of those systems in the geographic context of our industrial park. Water for our water treatment plant comes from the Levisa Fork of the Big Sandy River. Our already approved water withdrawal permit provides capacity well above the projected needs. We are also examining stormwater management, potential impacts on water quality, and any other environmental dimensions relevant to this site and the surrounding area.

**Protecting the public's investment regardless of future ownership.** Any agreement the City enters into must work not just with the current developer but with whoever may own or operate this property in the future. We are examining how to ensure that commitments made to this community are tied to the land and the use, not just to the party signing the

agreement today, so they cannot be erased by a future sale or corporate restructuring. We are also examining what recourse the City retains at every stage if development does not proceed as agreed. A development agreement is only as good as what happens when its terms are not met.

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### **What comes next**

The City Commission is working toward authorizing independent legal counsel and an independent economic and site analysis at an upcoming meeting. As that review proceeds, additional expertise may be identified and engaged. We will communicate as the work develops.

Before the City Commission votes on any final Development Agreement, the complete terms of that agreement will be made available for public review. No vote will be taken before the community has had the opportunity to see exactly what is being considered and why.

The Kentucky Enterprise Industrial Park is one of this community's most significant public assets. Deciding what comes next there deserves careful, independent, and transparent work, and that is what the City of Pikeville intends to provide.

Questions and comments may be directed to [datacenter@pikevilleky.gov](mailto:datacenter@pikevilleky.gov).

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