Tuscaloosa County Economic Development Authority

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Contact: Justice Smyth
justice.smyth@tcoeda.com
(205) 349-1414

Project Highlands to Generate More Than $440 Million in New Funding for Tuscaloosa County, Including $131.5 Million for Schools

TUSCALOOSA, Ala. — The Tuscaloosa County Economic Development Authority (TCEDA), along with Tuscaloosa County, the City of Brookwood, and state and local partners, today announced Project Highlands, a new data processing center representing more than $3.2 billion in initial investment. Applied Digital will develop the site, with Kayvens LLC serving as the long-term tenant.

The project is expected to generate more than $440 million in community benefits payments and tax revenue over the next 20 years, including approximately $131.5 million for schools, whose taxes are not abated under the agreement.

"For our community, this project is about creating opportunities for local families, strengthening our schools and positioning Brookwood for the future," said Brookwood Mayor Joe Barger. "We anticipate that Applied Digital will be a good neighbor and a long-term community partner and expect this $3.2 billion investment to benefit Brookwood residents for generations to come."

Tuscaloosa County Probate Judge and Commission Chair Rob Robertson welcomed the investment, saying, “I’m pleased to see Applied Digital invest in the City of Brookwood, bringing next-era economic opportunity and significant new funding streams to our school systems and community.”

The educational tax revenue consists of approximately $101.6 million in property taxes and about $29.9 million in sales and use taxes over 20 years. These initial estimates do not include future equipment upgrades, added construction, or project growth, which would generate additional educational tax revenue.

“This project provides an opportunity to secure long-term financial resources for our local school systems,” said Tim Parker, TCEDA Chairman. “We anticipate approximately $131.5 million in new educational tax revenue from the initial capital investment alone over the next 20 years, which will fund ongoing curriculum and education improvements for our students.”

In addition to education tax revenue, the project will generate $270 million in community benefits payments. It is the first data center project in Alabama to include payments of this kind.

Under the agreement, the developer will make 20 annual payments of $13.5 million, beginning when the project is placed in service. TCEDA secured the payments through negotiations with the developer.

These payments will create a steady, predictable revenue stream that will be shared by the City of Brookwood, the City of Tuscaloosa, the City of Northport, Tuscaloosa County, the Tuscaloosa County Road Improvement Commission, and DCH Healthcare Authority. Each entity will receive a share that reflects how local taxes are traditionally divided.

In return for the large investment commitment, the community benefits payments, and mandatory construction specifications, TCEDA approved a non-educational tax abatement agreement for the project. No public money will be paid to the developer, and the agreement does not include any rebates or refunds.

"Delta Forge 2 reflects the model we are building across Applied Digital – repeatable AI infrastructure delivered at scale and built for the long term," said Wes Cummins, Chairman and Chief Executive Officer of Applied Digital. "But our success also depends on the success of the communities where we operate."

Over the 20-year term, the project is estimated to receive approximately $314.5 million in eligible abated taxes, made up of a property tax abatement and an abatement on sales and use taxes. Alabama law allows qualifying data center projects to receive these abatements for as long as 30 years. TCEDA approved a 20-year term, which is 10 years shorter than the maximum allowed.

The approved tax abatements apply only to the planned 160-acre project campus. Although the developer has acquired approximately 1,283 acres north of the 17000 block of Brookwood Parkway, the remaining property is not covered by the abatement agreement.

Any future data center campus, added construction, or major new investment on the remaining land would require separate review, negotiation, and approval, including a new abatement agreement and a new community benefits agreement. Nothing beyond the initial campus has been approved by TCEDA.

Cummins continued, "We partner with communities where our investment genuinely matters, and where the resulting jobs, tax base, and long-term economic activity can have a measurable impact. We have a proven track record of delivering on our commitments to our host communities, and we look forward to bringing that same commitment to Brookwood."

The agreement requires the project to use a closed-loop water cooling system. The system will move liquid coolant through sealed pipes to carry heat away from computer equipment, meaning the facility will not rely on drawing continuously from the water supply outside of the normal day-to-day operations that support the employees onsite.

TCEDA also reviewed how the project would affect the electric power availability and costs to residents, existing businesses, or future employers in the area. In Alabama, data centers and other large-load customers are required to pay the full cost of serving their energy needs, so costs are not shifted to other Alabama Power customers.

Additionally, to limit noise pollution, the agreement requires that the project's backup generators be enclosed within the facility.

“Applied Digital has established a strong reputation for innovation and excellence, and we are excited to see that commitment reflected in the design and development of this state-of-the-art facility,” said TCEDA Executive Director Justice Smyth. “We believe this project will be an important addition to Brookwood and to the broader Tuscaloosa County community.”

Construction is expected to begin in October 2026 and to be completed by the end of 2028. The project will employ more than 1,000 construction workers, and that workforce is expected to support local businesses through spending on lodging, food, fuel, retail, and other goods and services.

Once complete, the campus is expected to cover approximately 1.3 million square feet and to create over 100 permanent jobs.

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