

Megasite Authority of West Tennessee Board of Directors

Meeting Date: May 21, 2025

Time: 10:00 a.m. – 10:50 a.m.

Location: Southwest Tennessee Development District Office, Jackson, TN

Attendees:

Clay Bright, CEO

Charles Tuggle, Chairman

Commissioner Bryson (absent)

Commissioner McWhorter

Commissioner Van Epps

Michael Banks

Gene Bowden

Jim Duke

Carolyn Hardy (absent)

Jeff Huffman

Chris Richards

Christy Allen, Legal Counsel

- Chairman Tuggle called the meeting to order at 10:05 a.m.
- CEO Bright performed the roll call. A quorum was present.
- Introductions
  - CEO Bright introduced two new board members: Commissioner Matt Van Epps, replacing Commissioner Branscom, and Mayor Gene Bowden.
- The first item on the agenda was approval of the September 18, 2024, meeting minutes.
  - A motion was made by Chris Richards
  - Seconded by Jim Duke
  - In a voice vote, the motion passed, and the minutes were approved.
- Approval of IGA for Supplier Property Taxes & Accompanied Resolution for IGA
  - Christy Allen introduced agenda Item IV, an Intergovernmental Funding Agreement (IGA) between the Megasite Authority and Haywood County for the provision of payment of PILOT dollars directly to the County for the suppliers. The first document is the Intergovernmental Fund Agreement with Haywood County; the board is asked to approve it in general form and substance. Some negotiations are ongoing, but the final agreement should look substantively like what is presented

today. The second item is a Resolution that authorizes Clay, as CEO, and Chairman Tuggle to continue negotiating and finalize the IGA so that it can be executed when completed. The Resolution provides that the general form, content, and provisions of the IGA are approved and then authorizes the CEO and the Chair to finalize and execute the form when completed.

- Chris Bowles advised that this is consistent with the discussions that have been had around the PILOT payments before, but an important component is to acknowledge the direction of the payments to the county. The remainder is to clarify the relationship between the county, the office of the assessor of the county, and the Megasite Authority staff as it relates to ensuring these assessments and payments are timely invoiced, calculated, and paid.
- CEO Bright stated that the main basis of this agreement was to define the MAWT's relationship with Haywood County, helping MAWT access the property. There are currently three suppliers on site, and CEO Bright has shared that information with Haywood County to come up with the property tax assessments. The Board is not being asked to decide exactly where those funds are going today; at some point, perhaps this fall, CEO Bright will come back to the board on how those funds will be directed.
- Chris Bowles confirmed and stated it is left open and at the discretion of the board to make that direction when the time comes. The vote has not been made, and the request is to memorialize it in an agreement prior to the vote.
- Chairman Tuggle asked if there was a motion to adopt the resolution.
- Motion made by Commissioner McWhorter
- Seconded by Chris Richards
- Chairman Tuggle asked if there were any discussions or questions.
- Mayor Huffman inquired whether the property is centrally assessed by the Division of Property Assessment in Nashville and if personal property is evaluated based on a depreciation schedule that decreases each year.
- Chris Bowles clarified that the PILOT agreements, with the suppliers at this time and the form that the board has approved, are based on a percentage of taxes that would have been owed had that entity been operating without the Megasite Authority's involvement, with assessments done locally by the Haywood County assessor. The treatment of the property would be the same as any other commercial or industrial property. When that assessment information is provided to the Megasite Authority, an invoice will be sent that applies the abatement percentage that is provided for in the applicable PILOT agreement with that supplier.
- Mayor Huffman questioned if a reduction in property tax during a reappraisal year would affect the PILOT payments.
- Chris Bowles reiterated that the assessment would be treated like any other industrial or commercial property within the county, subject to changes in the

property tax rate, reappraisals, and the depreciation on personal property that is reported. The same procedures that the county assessor would follow for any other business.

- Mayor Huffman asked if these numbers would be reappraised at the end of every cycle or kept at 100% of value every year, like centrally assessed properties.
- Chris Bowles stated it should go through the same reappraisal cycle and not treated as central assessed property.
- Mayor Huffman stated that, unfortunately, the sales ratio issue has been coming up, and it is not fair that centrally assessed properties are consistently maintained at 100% valuation compared to residential properties that are not.
- Chris Bowles Indicated he needed to look into it further.
- CEO Bright stated that the abatement or discount was approved when Sharon Kolb with ECD presented it about a year ago, based on the number of people the supplier employs and the capital investments. The intent was to treat the suppliers like the county would treat anybody else. The discount is then based on that individual supplier's CapEx and the number of people employed. CEO Bright will ask Haywood County and report back in the future on what the actual amount of dollars involved is, and to understand what the property taxes are before applying the discount.
- Chairman Tuggle asked if the board was ready to vote.
- In a voice vote, the Resolution for IGA was unanimously approved.
  
- Approval of Terms of Service, Policies, and Rates for Water and Wastewater
  - CEO Bright explained that at the first part of last year, he began working with a consultant to establish rates that would be charged to Ford for water and wastewater treatment. The document presented at this meeting outlines the rates, and the MAWT been billing Ford since January 1 of this year. Ford has been very timely with their payments. Discussions continue regarding Schedule 1, Item 4, Reconsideration. Based on recommendations from the Comptroller's Office, the rates are structured based on an 80% discount on depreciation for the first year. A revision will be presented to the board toward the end of the year. Discussions with Ford are ongoing regarding depreciation. The board is asked to approve something now, since Ford s being billed, and MAWT is operating a public water system.
  - Chairman Tuggle sked for a motion to approve the Terms of Service, Polices, and Rates, then have a discussion.
  - Motion to approve made by Michael Banks
  - Seconded by Jim Duke
  - Chairman Tuggle asked for discussion or questions.

- Michael Banks asked if MAWT agrees with Ford. CEO Bright stated there is agreement for now, other than the Reconsideration, and there will be further discussions.
- Mayor Huffman asked if there was an agreement on the minimum.
- CEO Bright explained that Ford required a design capacity before the final build-out for phases one and two. The rate is based on 20% of the capacity they required for the entire site, and it has fluctuated between 10% and 20% of that. The numbers will adjust towards the end of this fiscal year (July) to get MAWT to the point where it is not operating at a deficit.
- Mayor Huffman noted that the depreciation will be 80% of the total. He asked whether this amount will be discounted, or whether it is a deferral, with the remaining 20% added to the end of the schedule.
- CEO Bright explained that costs will not change significantly regardless of usage due to fixed operating costs other than chemicals and electricity. When the true costs are reviewed, the rates will be leveled up and adjusted based on the actual capacities and costs, and that could go either way.
- Chris Bowles clarified that the current structure is prospective, allowing for rate changes. The idea of a true-up has been discussed, but the expectation is that this Schedule 1 comes back at the July meeting, and the board will revote on it at that time. Ultimately, Ford is using water today, and they are being charged today.
- Chairman Tuggle asked for further discussion, and seeing none, asked for a vote.
- In a voice vote, the Terms of Service, Policies, and Rates for Water and Wastewater were unanimously approved.
- IDB Financial Overview

CEO Bright introduced Aaron Stewart , Executive Director of Brownsville Haywood County IDB, to provide an update.

Mr. Stewart noted that for the last 19 months, the IDB has built an organization from scratch, adopted bylaws and operating policies, implemented HR and procurement incentive policies, outsourced day-to-day accounting, and hired ATA in Jackson to perform third-party audit services. also It has also:

- Secured \$3,000,000 in site development grants and certified 160 acres of industrial park space;
- Working to recruit retail opportunities and grow the sales tax base;
- Created internal mechanisms needed to manage the day-to-day operations as these PILOT dollars continue to ramp up. Anticipating \$2.8 million this fall and maturing at almost \$7.5 million for the remaining 27 years;
- Working on closing nearly \$30 million in new hotel properties, adding about 170 new rooms at exit 56.

PILOT Dollars:

- Funded a future land use plan done by LRK out of Memphis and county-wide land use planning that will guide all strategic growth decisions;
  - Pledged \$2.4 million to Haywood County to help support the EMS facilities at Blue Oval City, \$1.2 million in FY25, and \$1.2 million in FY26;
  - Pledged \$1 million to the city of Brownsville for a new community and workforce center;
  - Spent \$80,000 to repair railroad tracks supporting 1000 manufacturing jobs;.
  - Allocated \$50,000 to relocate some running trails (if needed) for part of a site development grant;
  - \$100,000 towards wastewater infrastructure for one of the hotel projects, and that will open additional acreage for further development;
  - \$50,000 to its high school career technical education (CTE) for hospitality training;
  - The biggest piece of the investment pledged so far is debt service for up to a \$100 million investment in a new high school (\$5 million for land, \$95 million for construction) to support future occupations;
  - The FY26 budget includes about \$580,000 for internal operations and up to \$1.9 million going back to Haywood County, about \$700,000 above a year ago.
  - CEO Bright asked about the long-term direction of the majority of the funds going to the high school.
  - Aaron Stewart replied in the affirmative and noted that an investment that will pay dividends for decades is the young people who will be part of our future workforce.
- Supplier Track Update

CEO Bright asked Madison Haynes, MAWT outside counsel with Bradley, to review.

- In November 2023, the board approved delegation authority to CEO Bright, to allow him to execute the supplier PILOT document based on a set of forms that were presented to the board. Ms. Haynes provided a brief update as to where each supplier has landed and what tract, as well as provide a cheat sheet of the number of pledged jobs and the timing of that ramp-up.
- The three suppliers that would fall into that IGA that the board approved are:
  - Avancez – Tract 5
  - Magna Seating – Tract 6
  - Magna Structures (COSMA) – Tract 9

- The PILOT payments for those two smaller deals are equal to 90% of the applicable Ad Valorem taxes, that is a 10% discount. For the Tract 9-Magna -COSMA, that is a 50% PILOT discount/50% payment; the number of jobs committed was substantially more, as well as that capital investment is higher, a much bigger facility. They did not have any equipment onsite last year, the buildings were not finished, so there are no active equipment pilots with them, but those are expected by the end of the year.
- CEO Bright asked about Tracts 4 and 7.
- Ms. Haynes clarified that Tract 4 is the central utilities plant, and Tract 7 is not a supplier site – it is an empty site to the east of the battery plant.

○ Public Comments

Sabrina Taylor, Environmental Anthropologist and the newest staff member of Protect Our Aquifer (POA). Ms. Taylor explained her role is specifically focused on the West TN Recharge Zone. She expressed POA's commitment to employing smart science in water protection. POA believes it can safeguard groundwater while promoting regional growth in the area.

Ms. Taylor thanked the Megasite Authority and Ford for their leadership in developing a comprehensive groundwater monitoring well network. POA recommended this initiative over a year and a half ago, and the Megasite Authority's and Ford's actions have created a strong foundation for the long-term stewardship of the Memphis Aquifer.

POA has long advocated for TVA to build a water recycling facility. Ms. Taylor stated they are pleased to announce that xAI, a supercomputer company, has committed to constructing the water reuse facility. They are now moving forward with their operations, and public comments are currently being accepted. This critical infrastructure will enable xAI, TVA, and Nucor Steel to reduce their impact on the water system and alleviate strain on the water resources.

POA continues to encourage Ford and the Megasite Authority to lead in aquifer stewardship and innovation. One key step forward would be the development of a wastewater reuse facility at the Megasite. Ms. Taylor thanked Ford and the Megasite Authority.

○ Other Business

- Jim Duke distributed to board members a land photo with eight acres highlighted and indicated that at the next meeting, he plans to present a formal proposal for acquiring the land for a Sheriff substation and future county services.
- Chairman Tuggle asked if any other member of the board had any other business.
- Mayor Huffman announced that Tipton secured a TDEC Grant and is allocating \$3,000,000 to Stanton for wastewater sewer upgrades and line extensions estimated to be completed in 1.5 years.
- Mayor Huffman asked about electrical substations and wondered whether there is a way to calculate what the benefit to the Megasite or Haywood County is going to be from the Southwest Electric substation. The assessor might be able to determine

an estimate by looking at other substations comparable in size and comparing numbers.

- CEO Bright indicated he would contact the county assessor and follow up on both those pieces of property and provide an update.

CEO Bright provided the following updates.

- Pretreatment Program
  - At the last meeting. The board was updated regarding the pre-treatment program, which is in the Governor's office and their policy group. From there, it goes to the AG's office for review.
- Johnson Property
  - CEO Bright stated terms have been agreed upon, and the matter is with the title company. They're working to close on the property with the family soon.
- Wellhead Protection Plan
  - CEO Bright reported that work continues with Ford on some odds and ends before the matter is ready for presentation to the board.

Chairman Tuggle asked if there was further business and, seeing none, asked for a motion to adjourn.

- Motion by Chris Richards
- Seconded by Mayor Huffman
- In a voice vote, the motion passed unanimously, and the meeting was adjourned.

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