

Megasite Authority of West Tennessee Board of Directors

Meeting Date: October 22, 2025

Time: 10:00 a.m. – 11:00 a.m.

Location: Tennessee College of Applied Technology, Stanton, Tennessee

Attendees:

Clay Bright, CEO

Charles Tuggle, Chairman

Commissioner Bryson (absent)

Sharon Kolb, Designee for Commissioner McWhorter

Commissioner Holmes

Michael Banks

Gene Bowden

Jim Duke

Carolyn Hardy

Jeff Huffman

Chris Richards

Christy Allen, Legal Counsel

- Chairman Tuggle called the meeting to order at 10:00 a.m.
- CEO Bright conducted the roll call, and a quorum was present.
- The first item on the agenda was approval of the July 23, 2025, meeting minutes.
 - Motion to approve by Mr. Duke
 - Seconded by Commissioner Holmes
 - In a voice vote, the motion passed, and the minutes were approved.
- Approval of Satisfaction of Universal's Abatement Conditions
 - CEO Bright invited Chris Bowles to explain the key points.
 - Mr. Bowles noted this was a unique lease and financing structure related to a warehouse facility operated by Universal Logistics on behalf of Ford Motor Company.
 - In the process of implementing the template of the supplier pilot agreements—approved by the Board—a structure that did not fit cleanly with either the affiliate lease model or the standard supplier lease was presented.
 - Mr. Bowles explained the reason was that Ford was looking to enter into a financing arrangement, and if not for the complexities of the PILOT (Payment In Lieu of Taxes), it would have likely been structured as a sale-leaseback under a design-build construction contract. Under this arrangement, Universal will operate the warehouse on Ford's behalf. To structure this, Ford entered into a separate facility lease under its supplier framework and subleased the facility to Universal Development of Tennessee, LLC (UDOT). UDOT is responsible for constructing and

financing the warehouse, which will then be subleased back to Ford under a capital lease—functionally a loan. Ford will then repay the financing and construction costs, along with a development fee, and will assume ownership of UDOT’s interest upon full repayment.

- Additionally, Ford is also entering into a services contract with UDOT to operate the warehouse, similar to other vendor contracts within the Megasite.
- The PILOT agreement was entered into with conditional terms allowing for either 0% or 100% PILOT payment depending on whether the property was a functionally Ford-owned property or functionally a supply chain vendor sublease. Because, at the time, August 12, 2024, there were not sufficient details to know which functional categories this fell into, the PILOT agreement was drafted to contemplate either, and required a series of deliverables to confirm the appropriate classification. We refer to that in the document as the initial abatement conditions, which include:
 1. **Board approval** of the conditional structure.
 2. **Accounting opinion** confirming the tax and accounting treatment of the composite sublease – meaning it would be treated as a loan and Ford-owned property.
 3. **Legal opinion** from Ford’s counsel confirming that the arrangement for UDOT to operate the facility as a vendor would be comparable to any other vendor coming on site.
 4. **Certificate from Ford** affirming the above.
- A final point negotiated was a **Commitment from Ford** that this structure would not be replicated on any other site within the Megasite.
- Mr. Bowles reported that all required documentation has been received. Mr. Bowles stated that as legal counsel, they reviewed and concurred with the conclusions of KPMG and Baker Donelson. They believe that Ford will be the taxpayer, and the investment is functionally Ford’s, with a relationship to operate similar to that of other vendors.
- CEO Bright recognized Sharon Kolb, representing Commissioner McWhorter, and invited her to share any comments with the board. Ms. Kolb noted that she had reviewed the documents with Chris Bowles and Madison Haynes yesterday. She confirmed that the information presented was accurate and that ECD is good with it.
- Mayor Huffman expressed difficulty understanding the presentation due to audio issues and requested additional time to review the materials. He asked whether deferring the item to the next meeting would cause any issues.
- CEO Bright confirmed deferring to the next meeting. He also noted he would share a summary document containing key points with members.
- There were no objections, and the item was deferred to the next board meeting without the need for a formal motion.

- Purchase Option Agreement for Tennessee Power Distribution Company
 - Chairman Tuggle introduced the next item on the agenda: a review of the real estate purchase option agreement with the Tennessee Power Distribution Company (TPDC).
 - CEO Bright noted that board members have a memo from Bradley outlining key points related to the agreement. He invited Mr. Bowles to walk through those. Mr. Bright also recognized Mike Knotts from TPDC, along with members of his legal team from Bass, Berry, & Sims, and representatives from the engineering firm Burns & McDonnell.
 - Mr. Bowles provided a summary of the proposal and draft agreement for the development of a natural gas peaking power plant on approximately 100 acres on the east side of Highway 222. Key terms include:
 - A two-year option period expiring December 31, 2027, during which TPDC may conduct due diligence (e.g., environmental, geotechnical, and survey work).
 - The Authority retains use of the land during the option period, but may not sell, lease, or encumber it with easements without consent from TPDC. There are a few provisions specific to those that allow for continuing or future farm leases as long as they are terminable on 30-day notice.
 - The Authority agrees to reasonably cooperate with TPDC in securing an easement for a natural gas pipeline, subject to coordination with other property stakeholders.
 - To ensure alignment with the public purpose of the Megasite, the agreement includes development milestones. These allow the Authority to terminate the option if progress is not made. The deadlines are extendable for a limited number of reasons, specifically if TVA's overall schedule for awarding PPAs changes, or if any action the Authority takes causes a delay.
 - Mr. Bowles noted there was discussion at the last meeting about whether it would be a lease or a purchase. By structuring it as a purchase, it ensures that the property taxes remain under the control of Haywood County. Although they are nonprofit and exempt from other taxes, they are required to pay property taxes. It also means that zoning would be at the county level rather than through the Authority.
 - Chris Richards asked for confirmation that the interconnection application had been filed in time to meet the required milestone. Mike Knotts confirmed that the application was submitted and awarded, contingent upon the project receiving site control approval by the Authority. There are no current timing issues. Ms. Richards expressed concern about the impact on the current farm lease and emphasized the importance of treating the lessee fairly, particularly if early termination is required.
 - Chairman Tuggle and CEO Bright acknowledged the concern and noted that similar arrangements had been used in the past, including during early site work for Ford.

The Board agreed on the importance of maintaining fairness to the current lessee and ensuring clear communication regarding any future impacts to the lease.

- Chairman Tuggle asked if any member of the public wanted to share their thoughts.
- Haywood County Fire Chief Dan Feathers addressed the board, requesting that safety considerations be taken into account. He mentioned noise and citizen complaints, as well as any specialized training that the department might require to address a situation at the location.
- Chairman Tuggle asked Christy Allen to read the motion. Mrs. Allen read the motion as follows:

The motion would be to approve the option agreement as substantially presented and to authorize the CEO to finalize the agreement and make any minor changes that may be needed in final review and in the best interest of the Megasite Authority before execution.

- Chairman Tuggle asked if there was a motion to adopt.
- Motion made by Mr. Duke
- Seconded by Commissioner Holmes
- In a voice vote, the motion passed.
- Chairman Tuggle opened the floor for discussion.
- Mayor Huffman asked whether the estimated property taxes payable to the county, as referenced in the report, could be discussed publicly. There was no objection raised, and Mike Knotts explained that the tax estimates included in the report were prepared using the same method the Comptroller's Office uses for state-assessed properties. The estimate you received is based on the state's assessment process for similar facilities, such as peaking plants, pipelines, and railroads. Mr. Knotts shared that legal counsel was available to answer any further questions.
- Erica Penley, Bass, Berry, and Sims, legal counsel for TPDC, added that the applicable tax treatment is governed by T.C.A. § 48-69-117, which requires cooperatives to pay ad valorem property taxes, with assessments determined by the Comptroller's Office.
- Michael Banks asked about the potential financial impact on Haywood County if TVA were to purchase the peaking plant in five or ten years. Mr. Bowles responded that he was not sure exactly how the PILOT is allocated among counties by TVA. CEO Bright added that these payments are prorated across all 95 counties and do not flow directly to the county; the wealth is spread.
- Mike Knotts reported that TVA is required under the TVA Act of 1933 to pay 5% of its revenues to the states in which it operates. The State then apportions that among the counties across the state based on the portion of TVA property in those places. TPDC intends to enter into a 20-year PPA with TVA, and TPDC would own and operate it for the duration of that contract and hopefully longer.

- Mayor Huffman asked about air quality monitoring. TPDC representatives confirmed that the facility will comply with all federal and state air quality requirements. Chad Swope of Burns & McDonnell explained that air dispersion modeling will be conducted as part of the permitting process to ensure compliance with EPA standards.
- Michael Banks shared some concerns he had heard about water usage and noise levels. Mike Knotts confirmed that the facility will use minimal water and generate limited waste. Regarding noise, the nearest home is over a mile away, and estimated sound levels at that distance would be approximately 40–50 decibels—comparable to the sound of a household refrigerator and below the typical sound level of a suburban neighborhood. These estimates are based on the specific turbines we plan to purchase.
- CEO Compensation
 - Chairman Tuggle introduced the next item and noted that details had been shared with the board via email.
 - Mayor Huffman moved to approve the compensation package as recommended.
 - Seconded by Mr. Banks
 - In a voice vote, the motion passed.
- Chairman Tuggle invited any final comments.
- CEO Bright thanked Dr. Davies, Todd, Justin, and the team at TCAT for allowing the Board to hold its meeting at TCAT. He shared that a second meeting had been tentatively scheduled for November, but it would be canceled since this special meeting had taken place. However, the regularly scheduled November 19 meeting will remain on the calendar, with potential agenda items to include the Satisfaction of Universal’s Abatement Conditions and a potential Zoning Amendment.
- Public Comments
 - There were no additional public comments.
- Other Business
 - Chairman Tuggle asked if there was a motion to adjourn.
 - Motion by Mayor Huffman
 - Seconded by Mr. Duke
 - In a voice vote, the motion passed.
 - Meeting adjourned

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