MEGASITE AUTHORITY
OF WEST TENNESSEE

Megasite Authority of West Tennessee Board of Directors
Meeting Date: April 8, 2026
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)
Commissioner McWhorter
Commissioner Kidd (virtual attendee)
Michael Banks
Gene Bowden
Jim Duke
Carolyn Hardy (virtual attendee) joined after roll call
Jeff Huffman
Chris Richards
Beth Henderson, Legal Counsel

- Chairman Tuggle called the meeting to order at approximately 10:08 a.m.
- CEO Bright conducted the roll call, and a physical quorum was confirmed.
- The first item on the agenda was approval of the January 14, 2026, meeting minutes.
    - Motion to approve by Mayor Huffman
    - Seconded by Mr. Banks
    - Motion carried in a voice vote.
    - Note: Prior to the voice vote, Ms. Richards stated there was no record in the January 14, 2026, minutes regarding her concerns that neither Tipton County nor Fayette County had been given an opportunity to present their needs. Requested to see the minutes reflect that. Chairman Tuggle recommended that the minutes from the prior meeting be approved as presented and that Ms. Richards's concerns be recorded in the minutes of this meeting.
- <u>Supplier PILOT Tax Allocation Discussion</u>
    - Mr. Banks reported that the Town of Stanton has passed resolutions to borrow against the income allocations approved at the previous meeting. As Mayor Huffman noted at that meeting, the amounts are relatively small because they are only the real property PILOT; substantially larger revenues will come from personal property PILOTs, which are expected to level the field when that schedule comes up.
    - Ms. Richards, my concern is not about the allocation itself, but rather about ensuring that everyone who has an interest in this matter has the opportunity to express their needs. I want to make sure that the minutes accurately reflect my

comments to that point and that anyone who wishes to make a presentation can, which may affect how we view personal property.

- Chairman Tuggle asked whether the motion to approve the previous minutes required amendment or whether the Board understood that the prior minutes were approved as presented. He stated that the current minutes will reflect Ms. Richards's concerns. He further expressed the Board's intention to invite all interested parties to present their views and needs when future personal property tax allocations or other sources of revenue are considered. He asked whether this approach was acceptable. Ms. Richards thanked the Chairman and confirmed that it was.

- <u>Supplier Approval of TVA Transmission Line Easement</u>
  - CEO Bright presented the Board with a request for two TVA transmission line easements. He noted that the images in your meeting packet show the proposed locations. The easements extend from TVA's substation located on Highway 222 to the five-acre parcel previously transferred to Chickasaw Electric for the construction of a future power substation. CEO Bright stated the ask today is for a motion to approve the TVA easements.
    - Motion made to approve by Mayor Huffman
    - Seconded by Jim Duke
  - Mayor Huffman asked if the State was selling this easement. CEO Bright confirmed two separate easements and that compensation would be approximately $200,000.
  - Chairman Tuggle, hearing no other questions or comments, called for a voice vote.
    - All present voted in favor, none opposed, motion carried unanimously.

- <u>Approval of BOSK Related Amendments/Consents for PILOT Documents</u>
  - CEO Bright reviewed the materials provided in the Board packet, noting that members had received the original document last week and two updated versions placed at their seats today: a clean and a red-lined version. He stated that the proposed changes were primarily minor. CEO Bright introduced Chris Bowles, outside counsel, to the Megasite Authority, who joined the meeting virtually to provide legal context and answer questions.
  - Mr. Bowles explained that the resolution before the Board stems from initial negotiations regarding certain changes to a variety of contracts involving Ford and BlueOval SK (BOSK) in connection with Ford's anticipated divestment in its ownership interest in BlueOval SK. Under the proposed transaction, Ford would convey its interest to SK's U.S. subsidiary, resulting in BOSK becoming wholly owned under SK's corporate structure. The substantive changes include:
    - <u>Revision of the "Joint Venture" Definition</u>: The current definition in the facility lease references an entity jointly owned with Ford, which will no longer be accurate following the divestment. The amendment would update the

definition to reflect the change in joint venture to a description of SK's single ownership under the parent corporate structure.

        - <u>Clarification of Permitted Uses:</u> The existing lease restricts the facility to an electric-vehicle battery manufacturing operation. Given current plans, the request was to broaden the permitted use. After negotiation, the recommended amendment allows for battery manufacturing generally, with any additional or alternative uses requiring future Board approval.

    - Mr. Bowles emphasized that any future changes beyond the narrow amendments presented would be required to return to the Board.

    - Mayor Huffman confirmed that the amendments do not change the allocation or amount of PILOT payments, nor any job-creation obligations. Mr. Bowles confirmed.

    - Chairman Tuggle restated for clarity that in the consent form, we are authorizing the CEO, with counsel's input, to negotiate and execute the narrow amendments to the PILOT and lease documents necessary to reflect the Ford divestment, with all substantive future changes remaining under Board authority. Mr. Bowles confirmed and stated that this is why we tried to keep this extremely narrow. Mr. Bowles stated that he relayed to SK the minor changes described by Chairman Tuggle as non-substantive, and he made it clear, in no uncertain terms, that anything broader would need to come back to the board for approval.

    - Mr. Duke inquired about responsibility for job creation if targets are not met. Noted in the original agreement, there was a financial component for each job. Mr. Bowles explained that the surviving entity of BlueOval SK would remain responsible, with potential additional leverage through the prime lease, noting that Ford could retain certain risk exposure as the prime lessee. Mr. Duke asked if it reverts to the original start date in the original document. Mr. Bowles confirmed.

    - Mayor Huffman asked whether future changes in manufacturing operations at the battery plant would require further Board action. Bowles clarified that any use beyond battery manufacturing would require Board approval and would not be delegated to the CEO.

    - Commissioner McWhorter confirmed that the State had no concerns, noting that no changes were being made to performance-related provisions.

        - Mayor Bowden moved to approve the consent

        - Seconded by Commissioner McWhorter

        - All present voted in favor, none opposed, motion carried unanimously.

- <u>Approval of Keeling Road Easement</u>

        - CEO Bright requested approval for an easement connecting Keeling Road to Fredonia Loop. We are working with Ford; it is on their leased property where CSX is building rail access to the Ford rail yard. He explained the easement would secure direct access to the wastewater treatment plant. Currently, access is possible via Fredonia Loop Road, but its sharp 90-degree turns make it difficult for semi-trucks delivering materials.

- Mayor Huffman moved to approve the Keeling Road easement.
- Seconded by Mr. Banks
- Hearing no questions or further discussion, Chairman Tuggle called for a voice vote.
- All present voted in favor, none opposed, motion carried unanimously.

- Treatment Plant Capacity Discussion
  - CEO Bright reviewed the chart outlining current water and wastewater treatment plant capacities. As we have discussed with Ford and Mayor Huffman in the past about a regional authority that would take over the plant's operations, they need to know the plant's available capacity. Reiterated that the way the statute is written, the Megasite Authority can only serve the Megasite property tenants. He explained that the facilities were originally designed for 7 million gallons per day (MGD) of water capacity and 5.1 MGD of wastewater capacity. Ford previously committed to long-term usage needs of approximately 4.3 MGD (water) and 3.2 MGD (wastewater) for Phases 1 and 2. He noted that early on, we had discussions with a potential data center user that indicated additional needs of 2.0 MGD (water) and 1.6 MGD (wastewater). Whether the remaining capacity is enough for a regional authority is something their engineers will have to decide.
  - CEO Bright stated that the Board must carefully consider that if we give up our 2.0 and 1.6, we give up our opportunity to develop the property that is still available on the east side of SR22 and therefore give up the ability for property taxes for the county. It also enables the regional facility to expand and take on the initiative that Mayor Huffman has been working on for a long time. He stated these were two good options; we just need to be careful about how we decide whether to give up what we have and what is written in the statute.
  - Mayor Huffman provided an update on efforts to establish the West Tennessee Regional Authority and noted that the group should present formally to the Board. He explained that having access to the state's treatment facility could accelerate the regional authority's timeline by as much as 10 years, provide immediate customer base growth, and lead to more customers paying bills. He expressed concern that committing 1.6 MGD to the east property would significantly reduce available capacity.
  - Mayor Huffman further described federal appropriations of $85 million authorized. They are breaking it up into pieces and appropriating it out and have also been going through an extensive environmental process for the past couple of years. At some point, we have to decide whether we can access the existing wastewater treatment plant and the benefits that come with it, or whether there is not enough excess capacity to do so.

- Chairman Tuggle asked, hypothetically, if the regional authority didn't have access, what would the alternative be? Mayor Huffman responded that without access to the state's plant, the regional authority would need to pursue independent construction of a new facility, tie-ins to municipalities, and future pipeline buildout.

- Commissioner McWhorter noted that previous discussions about potential capacity needs were hypothetical and did not materialize, but they provide useful guidance for evaluating future users. He emphasized that at the end of the day, we should ultimately do what the community wants and where the greatest overall benefit lies. We are not actively recruiting anything for this east property right now.

- Ms. Richards questioned the data center information. Commissioner McWhorter replied that the data center discussion was a few years ago, and that was the need identified by the prior data center inquiry. There may be opportunities for something else that could be utilized on that site, which would use less power and water while still providing capacity for a regional approach.

- Ms. Richards emphasized the need for regional capability to have their wastewater and water services provided is overwhelming. She asked that, if any proposals are presented to us, please ensure they are well-documented so we can understand the process. She stated that all these communities have wastewater treatment at the top of their list.

- CEO Bright stated that Ford's engineers are currently reviewing all capacity information. He clarified that the earlier data center figures were based on preliminary discussions held four years ago. Additionally, he explained that recent improvements, including the addition of a TVA peaking plant and ongoing discussions with a company about a facility for storage batteries, may make the concept of a data center more viable now than it was in the past. Ms. Richards expressed her appreciation for the explanation. She emphasized her concern that, if this issue comes to us for a decision, we should hear feedback from the regional authority, the communities, and the proponent of the data center.

- At the conclusion of the discussion, Mayor Huffman recommended that the Western Tennessee Regional Authority provide a full presentation to the Board.

- No action was requested or taken at this time.

- <u>Review of Financials</u>
  - CEO Bright presented the financial report for FY25, focusing on the water and wastewater treatment plant operations. The state closed FY25 sometime in January, and this is the first opportunity to present to the board. He highlighted two items.

    - Page one, Item 1, the $6.4 million in cash and cash equivalents includes $2.5 million conveyed by the General Assembly as potential start-up funding for plant operations—funds that were ultimately not needed and will be returned to the State in future budgets.

    - Page two, Item 2, operating expenses, noting $4.5 million in total revenue and $2.54 million in operating expenses. He explained that the $5.7 million depreciation figure (determined by F&A) reflects the treatment facility's approximately $220 million asset value. CEO Bright noted that if you take $4.511, subtract $2.540, what is left is $1.971, which is what goes to fund depreciation. After accounting for a retroactive rate adjustment requiring a $1.366 million credit back to Ford, probably occurring sometime this year, I know it's not in the same year, but for perspective, that approximately $600,000 was effectively collected toward depreciation, roughly 10% of what F&A said we were supposed to.

- Michael Winston, Fiscal Officer for General Services. He noted that the figures presented were specific to the water and wastewater treatment plant operations and that there is a separate account for the Megasite Authority Board. Our offices provide monthly reports that cover both accounts. He offered to answer any questions the Board had.
- No questions were raised.

- <u>Review of Supplier PILOT Payments Distribution</u>
  - CEO Bright reviewed the supplier PILOT payment distributions and noted that the amounts paid to Tipton and Fayette counties for the current year reflected the previously approved round-number allocations of $50,000 and $100,000. He asked the Board to consider, at a future meeting, whether distributions should remain fixed at round amounts or be based on percentages.
  - CEO Bright reviewed the overall snapshot of what funds are being generated from the Megasite at this time. The top one includes all supplier PILOTs decided at the last meeting, and below that are payments from Ford and BlueOval SK for the past three years, and total PILOT payments for the next 30 years. There are also payments from DTE (operating a central utility plant on site) and Magna Cosma, those were invoices sent directly from Haywood County to the users and paid directly back to the county – they did not go through us because there was no PILOT. He noted that $5.5 million in PILOT-related taxes were generated for the community in FY26. Just informational, and if there are any strong feelings about how we handle the next nine years.
  - Mr. Banks discussed future adjustments and, with it being real property, expects it to appreciate, and if we keep it in dollar form, then we could end up with a surplus if it does increase. CEO Bright confirmed that it's possible, and we could decide what to do with any surplus at the time.
  - Members also noted that adopting percentage-based distributions could automatically account for such changes.
  - This item was presented for information only, and no action was taken.

- <u>Future Funding of the Authority</u>
  - CEO Bright noted that Michael Winston briefly referenced this earlier. We have an operations fund to run the authority and an enterprise fund to run the water and wastewater treatment plant. Discussed the long-term funding of the authority,

especially considering the potential transfer of the water and wastewater treatment plant to a regional authority. The main thing the authority is charged with by statute is to run the water and wastewater treatment plant. Concerns were raised about funding the operation if we don't have the option to be part of the treatment plant. Just thinking about how we will pay for it. Mayor Huffman asked for a ballpark cost, won't hold you to it, to which CEO Bright thought it would be less than $1million.

    - Ms. Richards commented that, as she recalls, not only are we supposed to be here for 30 years, but at some point, we are supposed to be self-supporting and not requiring funds from the state. CEO Bright noted that the statute says the water and wastewater treatment plant cannot operate at a deficit after December 2026, which is approaching and will be discussed at the July meeting. Added: he's not sure if that pertains to the operation. At the end of the day, the Megasite was mainly just to run a water and wastewater treatment plant.

- <u>Public Comments</u>
    - There were no additional public comments.

- <u>Other Business</u>
    - CEO Bright gave an update on RateStudies. He announced that the financial figures for March are expected by mid-April. These figures will cover most of the fiscal year and will be forwarded to the consultants to finalize the study. They anticipate having the completed study ready within four to six weeks. The proposed rate recommendations will be shared with Ford and other stakeholders by the end of May, with formal Board consideration scheduled for the July meeting.
    - Ms. Richards requested that there be legal input from the State and any feedback from Ford when presenting the rate study, particularly concerning depreciation requirements prior to the vote.
        - Chairman Tuggle asked if there was any further business. Hearing none, he called for a motion to adjourn.
            - Motion made by Mr. Banks
            - Seconded by Ms. Richards
            - In a voice vote, the motion passed, and the meeting adjourned.

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