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May 10, 2023

Ms. A. Shonta Dunston  
Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Room 5063  
Raleigh, NC 27603

Re: In the Matter of  
Joint Application of Bald Head Island Transportation, Inc. and Bald Head Island Ferry  
Transportation, LLC, for Approval of Transfer of Common Carrier Certificate to Bald  
Head Island Transportation, LLC, and Permission to Pledge Assets  
**NCUC Docket No. A-41, Sub 22**  
**Settlement Agreement and Stipulation with Regulatory Conditions**

Dear Ms. Dunston:

On behalf of Applicants Bald Head Island Transportation, Inc. (BHIT), Bald Head Island  
Limited, LLC (BHIL), and Bald Head Island Ferry Transportation, LLC (BHIFT),  
(collectively "Applicants"), and the Public Staff of the North Carolina Utilities  
Commission ("Public Staff") (collectively "Stipulating Parties"), we herewith submit a  
Settlement Agreement and Stipulation with Regulatory Conditions (labelled "Attachment  
A") for filing in the above-referenced docket.

If you should have any questions concerning this filing, please do not hesitate to contact  
me.

Sincerely,

*/s/ M. Gray Styers, Jr.*

M. Gray Styers, Jr.

A Pennsylvania Limited Liability Partnership

California Colorado Delaware District of Columbia Florida Georgia Illinois Minnesota  
Nevada New Jersey New York North Carolina Pennsylvania South Carolina Texas Washington

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Enclosure

cc: All Parties and Counsel of Record  
William E. H. Creech, Esq. – NC Public Staff  
Lucy Edmondson, Esq. – NC Public Staff  
Jessica Heironimus, Esq. – NC Public Staff  
Gina Holt, Esq. – NC Public Staff

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. A-41, SUB 22

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Joint Application of Bald Head Island	)	
Transportation, Inc., and Bald Head Island	)	SETTLEMENT AGREEMENT
Ferry Transportation, LLC, for Approval of	)	AND STIPULATION
Transfer of Common Carrier Certificate to	)	
Bald Head Island Ferry Transportation, LLC,	)	
and Permission to Pledge Assets	)	

Bald Head Island Transportation, Inc. ("BHIT"), Bald Head Island Limited LLC ("BHIL"), and Bald Head Island Ferry Transportation, LLC ("BHIFT" and collectively with BHIT and BHIL, the "Applicants"), and the Public Staff of the North Carolina Utilities Commission ("Public Staff), collectively referred to herein as the Stipulating Parties, through counsel and pursuant to G.S. 62-69, stipulate to and respectfully submit for consideration by the North Carolina Utilities Commission ("Commission") the settlement agreement terms set forth below for the above-captioned matter.

**I. BACKGROUND**

- A. Applicants filed an Application for Transfer of Common Carrier Certificate ("Application") on July 14, 2022. The Application identified BHIFT as a wholly owned subsidiary of Pelican Legacy Holdings, LLC (Holdings), and Holdings and BHIFT are managed by SharpVue Capital, LLC

("SharpVue").<sup>1</sup> On July 15, 2022, Applicants filed testimony of Charles A. "Chad" Paul, III, President of BHIT and Chief Executive Officer and a Manager of Bald Head Island Limited LLC ("BHIL"), BHIT's parent company; Shirley A. Mayfield, Chief Financial Officer of BHIL; and Lee H. Roberts, Managing Partner of SharpVue.

- B. The filing of the Application was followed by interventions of the Bald Head Island Association ("Association"), the Village of Bald Head Island ("Village"), and the Bald Head Island Club ("Club"). The Commission issued its Order Scheduling Hearing, Establishing Procedural Deadlines, and Requiring Public Notice on August 24, 2022.
- C. A public hearing was held November 1, 2022, in the Brunswick County Courthouse in Bolivia, North Carolina as scheduled.
- D. On December 14, 2022, the Association, Village, and Public Staff all filed witness testimony in support of their respective positions.
- E. On December 21, 2022, the Commission issued an order holding the evidentiary hearing in this proceeding (Docket No. A-41, Sub 22) in abeyance pending final decision in Docket No. A-41, Sub 21, which is a complaint proceeding filed by the Village against BHIT and BHIL. On December 30, 2022, the Commission issued its Order Ruling on Complaint and Request for Determination of Public Utility Status in Docket No. A-41, Sub 21. On January 20, 2023, the Commission issued its Order

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<sup>1</sup> As shown on Exhibit B to the Applicants' Amended Transfer Application, SharpVue is the manager of SVC Pelican Partners, LLC, which in turn is the manager of Pelican Legacy Holdings, LLC, which in turn is the manager of Pelican Real Property, LLC, Pelican IP, LLC, and BHIFT.



Rescheduling Hearing and Establishing Additional Procedures in the present docket.

- F. On January 24, 2023, Applicants filed an amended Application for Transfer of Common Carrier Certificate and Exhibits ("Amended Application"), along with the filing of amended testimony from the Applicants' witnesses.
- G. On February 20, 2023, the Village filed additional testimony, as did the Public Staff.
- H. On February 27 and 28, 2023, the Applicants filed rebuttal testimony.
- I. The evidentiary hearing in this matter was held from March 7–10, 2023.
- J. After the hearing, the Applicants, Holdings, SharpVue, and the Public Staff negotiated mutually acceptable Regulatory Conditions. With agreement as to Regulatory Conditions, there are no disputed issues among the Stipulating Parties. In any joint proposed Order, the Stipulating Parties will request the Commission agree that a rate base determination is not necessary at this time.<sup>2</sup>
- K. With regards to any real estate or infrastructure leases, the Stipulating Parties agree that BHIFT may acquire rights to possess and utilize the real estate and infrastructure assets used and useful in providing parking and barge services by long-term leases. The leases will be subject to advance approval by the Commission pursuant to N.C.G.S. § 62-153, which will

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<sup>2</sup> Should the Commission not agree and decide that it is necessary to establish a rate base for parking and barge operations, then the Stipulation should not be construed as a settlement between the Stipulating Parties on that issue, and each reserves the right to file alternative findings or conclusions pursuant to Section III. B *infra*.

occur prior to closing of the transfer and before any rents are paid. Such filing and approval should be a condition of the transfer. However, the Stipulation does not address or memorialize any agreement as to the reasonableness of any rent payments or other terms under such leases and does not in any way limit that Public Staff's right to take a position on those issues.

The Stipulating Parties hereby agree and stipulate to the following settlement terms:

II. SETTLEMENT TERMS

- A. The Stipulating Parties agree that, subject to the Regulatory Conditions discussed below and appended hereto as Attachment A ("Regulatory Conditions"), the transfer sought by the Applicants is in the public interest and will serve the public convenience and necessity. The proposed transfer satisfies the requirements of N.C.G.S. § 62-111 and should be approved by the Commission. It is the Stipulating Parties understanding that BHIT and BHIL are part of the Estate of George P. Mitchell ("Estate"), which is being liquidated with proceeds being distributed, and the Estate seeks to transfer BHIT and BHIL to new ownership. SharpVue, Holdings, BHIFT, Pelican Real Property, LLC, and BHIL/BHIT have reached agreement for Holdings, BHIFT, and Pelican Real Property, LLC to purchase BHIT and all remaining operating assets of BHIL, subject to Commission approval.<sup>3</sup> BHIFT, as

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<sup>3</sup> Following closing, the buyers contemplate that Holdings will convey the intellectual property acquired in the transaction to Pelican IP, LLC.

ultimately managed by SharpVue<sup>4</sup>, has the financial resources and technical capability to provide adequate utility service, has obtained employment commitments from Mr. Paul, Ms. Mayfield, and Capt. Stewart and intends to hire nearly all current employees of BHIT for continuity, and is fit, willing, and able to serve the utility customers. Under these circumstances, and subject to the Regulatory Conditions, the Stipulating Parties agree that the transaction should have no adverse impact on customers; the utility's customers should be protected as much as possible from potential costs and risks resulting from the transaction; and there should be sufficient benefits from the proposed transaction to offset the potential costs and risks.

- B. The Stipulating Parties agree that the Regulatory Conditions are reasonable and appropriate protections to the public regardless of whether the parking and barge operations are subject to Commission regulation as a matter of law. The Regulatory Conditions include, among other things, key conditions related to parking and barge rates, the availability of adequate parking at the Deep Point ferry terminal, the imputed revenue from the 2010 rate case, on-time ferry departures, and the obligation to seek to maintain and improve the current level of integrated customer service for ferry, parking, and tram customers. The Regulatory Conditions will apply to the Applicants, Holdings, SharpVue, and "SharpVue Affiliates" as defined in the Regulatory

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<sup>4</sup> SVP Pelican Partners, LLC (Partners) is the manager of Holdings though, via a to-be-executed Management Agreement among Partners, Holdings, and SharpVue, SharpVue is to manage Holdings, and therefore, BHIFT.

Conditions, regardless of the outcome of the appeal of the Commission's final order in Docket No. A-41, Sub 21. The Regulatory Conditions acknowledge that affiliate transactions are subject to Commission approval pursuant to N.C.G.S. § 62-153. The Regulatory Conditions also provide that, because no change in current rates for parking and barge services will be sought (beyond inflation-based increases allowed pursuant to Regulatory Condition 4), a rate base determination is not necessary at this time.

- i. In particular, if on appeal the parking and/or barge operations are determined to fall outside the regulatory authority of the Commission, BHIFT will continue to provide adequate parking at the Deep Point Terminal as provided in the Regulatory Conditions and will maintain the current aggregate parking and barge rates for six years, with rate increases at no more than the annual rate of inflation determined as specified in the Regulatory Conditions.
- ii. If the final order in Docket No. A-41, Sub 21, is upheld on appeal, regulated parking or barge rates would be subject to Commission approval. Regardless of the outcome of the Sub 21 appeal, the Stipulating Parties agree that parking and barge rates may be increased by the annual rate of inflation upon 3-month's notice to the Commission and Public Staff. The Public Staff agrees that it will not oppose a request to increase the parking and barge rates no more than the annual rate of inflation as specified in the Regulatory Conditions.



- C. The Stipulating Parties agree that it is appropriate and reasonable for BHIFT to enter into long-term leases to operate its parking and barge services. Any such leases will be subject to advance approval by the Commission pursuant to N.C.G.S. § 62-153, which will occur prior to closing of the transfer and before any rents are paid.
- D. The Stipulating Parties intend to file a joint proposed order. They further agree that the joint proposed order submitted for Commission consideration will contain provisions incorporating the requirements of the Regulatory Conditions.

### III. AGREEMENT TO SUPPORT SETTLEMENT; NON-WAIVER

- A. The Stipulating Parties will act in good faith to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket. The Stipulating Parties further agree that this Stipulation is in the public interest because it reflects a give-and-take settlement of contested issues.
- B. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties but reflect instead the compromise and settlement between the Stipulating Parties. No Stipulating Party waives any right to assert any position in any future proceeding or docket before this or any other Commission and in any court except where the Commission is addressing litigation arising out of the implementation of the terms herein or the approval of this Stipulation. In addition, either Stipulating Party may propose for the Commission's consideration, or object to, a

finding/conclusion in the alternative, that addresses the appropriate rate base valuation for parking and barge services should the Commission determine that a rate base determination is necessary at this time. This Stipulation shall not be cited as precedent by any of the Stipulating Parties regarding any issue in any other proceeding or docket before this Commission or in any court.

- C. This Stipulation is a product of negotiation between the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Party.

#### IV. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on the Stipulating Parties unless the entire Settlement Agreement and Stipulation is accepted by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Stipulating Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Stipulation, each Stipulating Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues



addressed by the Stipulation and the transfer in general, and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

#### V. COUNTERPARTS

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Execution by facsimile or digital signature shall be deemed to be, and shall have the same effect as, execution by original signature.

The foregoing is agreed and stipulated to this the 10<sup>th</sup> day of May, 2023.

#### **Electronically Submitted**

Bald Head Island Transportation, Inc.

**By: /s/ M. Gray Styers, Jr.**

**/s/ Elizabeth Hedrick**

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Bald Head Island Ferry Transportation, LLC

**By: /s/ David Ferrell**

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**Public Staff - North Carolina Utilities Commission**

**By: /s/ Christopher J. Ayers**

Executive Director, Public Staff

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Raleigh, NC 27699-4300

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### CERTIFICATE OF SERVICE

I hereby certify that the foregoing Settlement Agreement and Stipulation, filed on behalf of Bald Head Island Transportation, Inc., Bald Head Island Ferry Transportation, LLC, and the Public Staff of the North Carolina Utilities Commission, has been this day served upon each of the parties and counsel of record in this proceeding by e-mail / electronic transmission or by deposit of same in the U. S. Mail, postage prepaid.

This 10th day of May, 2023.

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## REGULATORY CONDITIONS – DOCKET NO. A-41, SUB 22

These Regulatory Conditions set forth requirements imposed upon Pelican Legacy Holdings, LLC (Holdings), Bald Head Island Ferry Transportation, LLC (BHIFT), a wholly owned subsidiary of Holdings, SharpVue Capital, LLC (SharpVue), and other entities that invest in Holdings that are owned or controlled by SharpVue or its principals, Lee H. Roberts and Douglas Vaughn, being “SharpVue Affiliates” comprised of SVC Pelican Partners, LLC (Partners), SharpVue Real Estate Partners II, LP, Pelican Co-Invest, LLC, and SharpVue Real Estate Partners II AI, LP (as well as any successor entities) as a condition of approval of the application by BHIL, BHIT, and BHIFT pursuant to N.C. Gen. Stat. § 62-111 and Commission Rule R2-8.1 for authority (1) to transfer BHIT’s Common Carrier Certificate to BHIFT to operate the passenger ferry transportation services to and from Bald Head Island, the tram services on the island, and, the parking, barge, and tug operations (collectively, the Transportation Assets) (the Transfer), and for BHIFT or SharpVue to pledge assets and borrow or issue debt pursuant to N.C.G.S. §§ 62-160 and 62-161 secured by the Transportation Assets as may be necessary to finance the Transfer (the Pledging of Assets, and collectively with the Transfer, the Proposed Transaction).

These Regulatory Conditions, which become effective only after approval by the Commission and upon closing of the Transfer, shall apply jointly and severally to Holdings, BHIFT, SharpVue, and SharpVue Affiliates, and shall be interpreted in the manner that ensures BHIFT’s customers (a) are protected from any known adverse effects from the Transfer, (b) are protected as much as possible from potential costs and risks resulting from the Transfer, and (c) receive sufficient known and expected benefits to offset any potential costs and risks resulting from the Transfer. These Regulatory Conditions do not apply, however, to how the SharpVue Affiliates operate or manage cash for other investments separate from and unrelated to their investment in Holdings and that have no effect on the rates and services provided by BHIFT.

For purposes of these Regulatory Conditions, the North Carolina Utilities Commission is referred to as “the Commission,” and the Public Staff – North Carolina Utilities Commission is referred to as “the Public Staff.” For purposes of these Regulatory Conditions, the term “affiliated” or “Affiliate” (other than previously defined SharpVue Affiliate) shall mean Holdings, BHIFT, and any business entity of which 10% or more is owned or controlled, directly or indirectly, by Holdings or BHIFT, including but not limited to Pelican Real Property, LLC, Pelican Logistics, LLC, and Pelican IP, LLC.

Each entity bound by these Regulatory Conditions must acknowledge and consent to these Regulatory Conditions and is further required not to cause any subsidiary entities to violate such Regulatory Conditions, nor to prevent any bound entity from taking action to comply with the Regulatory Conditions, as long as the Regulatory Conditions remain in effect. The consent and acknowledgment as set forth above does not constitute a general consent to expansion of the Commission’s jurisdiction over such entity (entities) beyond that established by Chapter 62 of the North Carolina General Statutes. Further, as long as SharpVue and its affiliates own or operate ferry, tram, parking, barge, and tug



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operations, SharpVue and the SharpVue Affiliates agree to submit to the Commission's regulation and oversight of those operations as set forth in the Regulatory Conditions herein and the Commission's December 30, 2022, Order in Docket No. A-41, Sub 21, to the extent it is upheld on appeal.

The Commission retains the right to impose future limitations on BHIFT that the public interest requires.

**1. Transfer-related Direct Costs and Expenses.** Direct costs and expenses associated with the Transfer will be excluded from the regulated expenses of BHIFT for Commission financial reporting and ratemaking purposes. Direct Transfer expenses are change-in-control payments made to terminated executives, Transfer-related bonuses, severance payments, regulatory process costs, and transaction fees (such as, but not limited to, acquisition, architectural, broker, environmental, financing, investment banker, and legal fees for due diligence, transaction structuring, financial market analysis, and fairness opinions based on formal agreements with investment bankers). BHIFT will file a summary report of its final accounting for direct Transfer and Transfer-related -expenses within 120 days after the close of the Transfer, and supplemental reports within 60 days after each quarter until such expenses cease.

**2. Non-Consummation of Transfer.** If the Transfer is not consummated, neither the costs associated with the Transfer nor the receipt of any termination payment shall be allocated to BHIL or BHIT or included in regulated expenses of BHIL or BHIT for Commission financial reporting and ratemaking purposes. BHIL's and BHIT's customers shall not otherwise bear any direct expenses or costs associated with a non-consummated Transfer.

**3. Acquisition Adjustments.** SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall neither pursue nor recover an acquisition adjustment in any future rate case for ferry or tram services that have historically been regulated. Because no change in current rates for parking and barge services will be sought (beyond inflation-based increases allowed pursuant to Regulatory Condition 4), a rate base determination is not necessary at this time.

**4. Parking and Barge/Tug Operations Rates.** The current parking and barge/tug rates and operation schedules are attached as an Addendum to the Applicants' rebuttal testimony. Regardless of whether the Commission's December 30, 2022, Order in Docket No. A-41, Sub 21 is overturned or not, Holdings and BHIFT will continue to provide reasonably priced parking and barge/tug operations, with aggregate rates allowed to increase by no more than the overall rate of inflation based on the CPI-U for a period of six (6) years following closing of the Transfer

**5. Parking Availability.** Regardless of whether the Commission's December 30, 2022 Order in Docket No. A-41, Sub 21 is overturned or not, Holdings and BHIFT will

**REGULATORY CONDITIONS – DOCKET NO. A-41, SUB 22**

continue to provide adequate parking for ferry passengers. For purposes of this Regulatory Condition, “adequate parking” is what is currently provided, i.e., 1,955 paved, lined spaces and 347 unpaved overflow parking spaces adjacent to the Deep Point Terminal (regardless of whether in the current surface lots or in new parking decks or garages, so long as the capital cost of constructing any replacement decks or garages are not recovered through increases in rates that are subject to the Commission’s jurisdiction). Any provision of “adequate parking” as defined herein at any location further from the Deep Point Terminal than the furthest currently available space (other than for temporary <12 months for accommodation of on-site construction) must be approved by the Commission.

**6. Hold Harmless Commitment.** The Transfer shall be effectuated in a manner designed to prevent harm to BHIFT’s ratepayers. Notwithstanding this, SharpVue, SharpVue Affiliates, Holdings, and BHIFT (as well as any successor entities directly or indirectly owning or controlling BHIFT assets, operations, or its employees) shall take all such actions as may be reasonably necessary and appropriate to hold BHIFT’s customers harmless from the effects of the Transfer.

**7. Imputed Parking Revenue.** Regardless of whether the Commission’s December 30, 2022 Order in Docket No. A-41, Sub 21, is overturned, \$523,725 of annual revenues (including regulatory fee impact) from the parking will continue to be imputed to the revenue requirement of the ferry and tram utility with respect to the existing Commission-approved rates.

**8. Distributions to SharpVue, SharpVue Affiliates, and Holdings.** BHIFT shall not pay to SharpVue, SharpVue Affiliates, Holdings, or their members or managers any distribution exceeding 100% of BHIFT’s net income calculated on a two-year rolling average basis. In addition, BHIFT shall limit cumulative distributions paid to SharpVue, SharpVue Affiliates, and Holdings subsequent to closure of the Transfer to (i) the amount of its retained earnings on the day prior to the closure of the Transfer, plus (ii) any future earnings recorded by BHIFT subsequent to closure of the Transfer.

**9. Common Equity Capital.** Until a final order is issued in BHIFT’s first general rate case, BHIFT shall maintain common equity capital at levels equal to or greater than 40% of total adjusted booked capital (including common equity, preferred stock, long-term debt, and long-term capital leases). On Day 1 after closing of the Transfer, booked capital will be regarded as invested common equity. No equity distributions, whether by dividend or other form, such as the management fees of SharpVue, may be made that would result in invested equity capital of BHIFT falling below this minimum 40% level without prior approval of the Commission. Notwithstanding the foregoing, BHIFT may petition the Commission for an exception to this Regulatory Condition.

**10. Notice of BHIFT-related Investments.** Whenever SharpVue, SharpVue Affiliates, or Holdings makes any new or increased direct or indirect investment in a business entity



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other than Holdings and/or BHIFT where: (a) such investment appears or will appear on the books of BHIFT, or will otherwise have a direct effect on the books, costs, rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT, and (b) the amount of such investment is equal to 10% or more of BHIFT's book capitalization, then BHIFT shall file or cause to be filed, as soon as practicable following Board or other approval of the subject transaction and any public announcement thereof if any, a notice of the investment with the Commission. The notice shall include a full description of the investment and an explanation of how it will appear on the books of BHIFT, or will otherwise have an effect on the rates, revenues, charges, obligations, services, capitalization, or indebtedness of BHIFT.

**11. Notice of Default or Bankruptcy.** If SharpVue or SharpVue Affiliates experiences a material default on a Holdings or BHIFT-related obligation or files for bankruptcy, Holdings and BHIFT shall notify the Commission of the event in advance, if possible, or, if not, as soon as possible but not later than ten days after such event.

**12. Non-attribution or Forgiveness of Intercompany "Loan."** To the extent that closing of the Transfer memorializes any intercompany "loan" between BHIL and BHIT (see \$19,808,223 of Related Party Loan(s) as reported in BHIT's Financial Report of December 31, 2021), SharpVue, SharpVue Affiliates, Holdings, and BHIFT must disclaim any such "loan" and any such "loan" or indebtedness shall not be binding upon Holdings and BHIFT and shall not be presented for Commission consideration whatsoever, whether for rate base purposes or otherwise. This requirement applies to all existing or subsequent indebtedness of BHIL or BHIT through closing, including any cumulative negative retained earnings as shown on BHIT's balance sheet prior to closing, for which there is no attribution to any party post-closing.

**13. Post-Closing Financial Information.** Holdings and BHIFT shall file pre-and post-Transfer closing balance sheets and the associated closing journal entries, including relevant descriptions and disclosures for the transactions recorded as soon as practicable but not later than the end of the second full quarter following the close of the Transfer, and shall provide to the Public Staff closing documents for the consummation of the Proposed Transaction, including closing statements for Holdings and BHIFT.

**14. Meetings with Public Staff.** Holdings and BHIFT management shall meet annually with the Public Staff to discuss Holdings' financial condition, BHIFT's financial condition and results, service quality metrics and maintenance initiatives and results, any changes and potential improvements, new tariffs, and other issues related to compliance with these conditions and/or regulated utility services in general.

**15. Access to Books and Records.** In accordance with and to the extent provided by North Carolina law, the Commission and the Public Staff shall have access to the books and records of Holdings and BHIFT.



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**16. Management.** SharpVue, Holdings, and BHIFT have indicated that they intend to maintain current management comprised of existing key BHIL and BHIT employees Charles A. Paul, Shirley A. Mayfield, and Captain Bion Stewart. Holdings and BHIFT shall notify the Commission at least 30 days prior to any termination of agreements (except for termination for cause) with or resignation by these key personnel or as soon as practicable following any such termination for cause or their knowledge of any such resignation.

**17. Regulatory Reporting Requirements.** BHIFT shall comply with all regulatory reporting requirements for its regulated utility operations, including Annual Report, Quarterly Report, and Quarterly Financial Report of monthly information.

**18. Regulatory Staffing.** Holdings and BHIFT shall maintain sufficient, adequately trained personnel to ensure that regulatory reporting requirements are complied with in a timely and accurate manner. BHIFT shall notify the Public Staff when there is any change in regulatory or compliance personnel at the management level.

**19. Overall Service Quality and On-Time Performance.** Upon consummation of the Transfer, SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall continue to provide safe and reliable parking, ferry, barge, tug, and tram services consistent with current practices. Holdings and BHIFT shall have a goal of on-time ferry departures of 90%, within five minutes of scheduled departure time, excluding delays caused by force majeure events beyond their control including, but not limited to, adverse weather conditions, consecutive container vessels or military river and port traffic, requested emergency response and evacuation services, and dredging by third-parties that affect transit to and from Bald Head Island. BHIFT shall evaluate service delivery and related components and make needed changes to improve overall ridership experience. BHIFT shall report findings of its evaluation to the Public Staff at meetings pursuant to Regulatory Condition #14 and at public meetings conducted pursuant to Regulatory Condition #22.

**20. Affiliated Agreements.** Holdings and BHIFT shall file with the Commission agreements pursuant to N.C.G.S. § 62-153. All such agreements that involve payment of fees or other compensation by Holdings or BHIFT shall require acceptance and authorization by the Commission and shall be subject to any other Commission action required or authorized by North Carolina law and the Rules and orders of the Commission. Holdings, and BHIFT shall file with the Commission any proposed amendments to, assignment of, or transfer of management rights under the Management Agreement (referred to by BHIFT as an "Investment Management Agreement") among SharpVue, Partners, and Holdings as well as any event in which SharpVue Managing Partners Lee Roberts and Douglas Vaughn will no longer be leading the provision of management services under the Management Agreement.

**21. Intellectual Property.** All intellectual property currently used in parking, ferry, barge, tug, and tram operations shall continue to be available for use by BHIFT at no additional

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charge. To the extent that intellectual property of BHIL conveyed to Pelican IP, LLC, at closing is currently used in parking, ferry, barge, tug, or tram operations, BHIFT shall have the continued right to utilize such intellectual property and shall not be charged a licensing fee or any other sum associated with such use.

**22. Public meetings with Stakeholders.** Management of Holdings and BHIFT shall meet at least semi-annually in a noticed public meeting (one of which must be on Bald Head Island) with ferry, barge, tug, and tram service constituents to receive input on all aspects of such services.

**23. Ferry Terminals, Barge, and Parking Access.** Unless and until such time as BHIFT owns such real property and facilities, BHIFT shall continue to maintain the long-term lease for ferry terminal facilities on the mainland and island (Terminal Lease) and the right to secure and maintain a perpetual easement(s) or long-term lease(s) or otherwise ensure ownership or control of all property necessary for regulated parking and barge and tug operations at reasonable rates, with escalations not to exceed the greater of 3% or the annual increase in the Consumer Price Index for Urban Consumers, CPI-U, as published by the U.S. Bureau of Labor Statistics, unless any such rent escalation at a different rate is approved by the Commission. In the event that any such easement or lease is terminated, expires, or is rendered inoperable, the grantor/lessor shall file written notice in this docket at least 90 days in advance and BHIFT shall be granted access (for example, by new easement or lease) to such facilities necessary for regulated operations at reasonable rates.

**24. Supplemental Assets.** The subsequent sale, assignment, lease, easement, or other transfer of any right or interest in and to supplemental assets (assets other than regulated assets) under the Asset Purchase Agreement (APA) for the Transfer shall not materially impact customers of regulated operations for the ferry, tram, parking, barge, or tug.

**25. Mergers and Acquisitions.** For any proposed merger or other business combination that would affect BHIFT, Holdings, or SharpVue, BHIFT shall file an application for approval pursuant to N.C.G.S. § 62-111(a) at least 90 days before the proposed closing date for such merger or other business combination.

**26. Vessel Maintenance, Capital Improvements, and Replacement.** Within one year of the closing of the Transfer, Holdings and BHIFT shall file a ten-year plan for the maintenance and capital improvements to or replacement of any of BHIT's current ferry vessels, including the proposed financing of any capital expenditures related to the vessels.

**27. Transfer Pricing Between Affiliates.** For untariffed goods and services provided by Holdings, BHIFT, SharpVue, or Sharp Affiliates to a non-utility Affiliate, the transfer price paid shall be set at the higher of market value or Holdings', BHIFT's, SharpVue's, or SharpVue Affiliates' cost. For untariffed goods and services provided to Holdings, BHIFT,



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SharpVue, or SharpVue Affiliates by a non-utility Affiliate, the transfer price charged by a non-utility Affiliate to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be set at the lower of market value or the non-utility Affiliate's cost. Services provided by Holdings, BHIFT, SharpVue, or SharpVue Affiliates to utility Affiliates or by utility Affiliates to Holdings, BHIFT, SharpVue, or SharpVue Affiliates shall be transferred at the supplier's cost, unless otherwise directed by order of the Commission.

**28. Rate Increases.** BHIFT agrees not to seek an increase in rates for at least one year following the closing of the Transfer, except as allowed under Condition 4 above.

**29. Existing Affiliate Agreements.** BHIFT shall continue to have the right to maintain the existing affiliate contracts filed in Docket No. A-41, Sub 4 (filed August 15, 2007), and Docket No. A-41, Sub 7 (filed January 14, 2011). Copies of assignments for any such leases shall be filed with the Commission within 30 days of the consummation of the transaction. BHIFT, Holdings, SharpVue, or any SharpVue Affiliates acknowledge that (1) any proposed change to the regulated utility rates could trigger an investigation of and report related to justification for current affiliate costs, (2) any order approving the transfer of the certificate in this proceeding does not constitute approval of the current level of cost, and (3) these costs will be examined and adjudicated in the next filed rate case. Any new affiliate agreements, or amendments to existing affiliate agreements, shall be filed with the Commission in accordance with the "Affiliated Agreements" condition above and N.C.G.S. § 62-153.

**30. Successors, Other.** The respective successors and assigns of Holdings, BHIFT, SharpVue, and SharpVue Affiliates shall be bound by these regulatory conditions, Commission rules, and Commission jurisdiction established by Chapter 62 of the North Carolina General Statutes. Any successor or assign shall file in this docket consent to submit to the Commission's jurisdiction for the limited purpose of allowing the Commission to oversee and enforce these regulatory conditions. Entities bound by these regulatory conditions may seek confidential treatment of filings with the Commission in accordance with N.C. Gen. Stat. Chapter 132.

**31. Customer Experience.** Regardless of whether the Commission's December 30, 2022 Order in Docket No. A-41, Sub 21, is overturned, SharpVue, SharpVue Affiliates, Holdings, and BHIFT shall seek to maintain and improve the current level of integrated customer service for ferry, parking, and tram customers.