

October 12, 2022

***Via Electronic Filing***

Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27699-4300

**RE: Docket No. A-41, Sub 21  
Village of Bald Head Island Exhibits**

Dear Ms. Dunston:

Enclosed please find the following exhibits, which the Village of Bald Head Island introduced and discussed during the hearing on this matter on October 11 and 12, 2022:

- KWO Redirect Exhibit 1
- STG Redirect Exhibit 1
- STG Redirect Exhibit 2
- STG Redirect Exhibit 3
- Roberts Cross Exhibit 1 (Confidential – Attorneys’ Eyes Only)
- Roberts Cross Exhibit 2 (Confidential – Attorneys’ Eyes Only)

The two confidential exhibits will be submitted separately under seal. Should any questions arise in connection with this matter, please do not hesitate to contact this office.

Sincerely,



Craig D. Schauer

**Bald Head Island Transportation, Inc.**  
**Docket No. A-41, Sub 7**  
**Settlement Computation of Parking Revenue Contribution**  
**For the Test Year Ended December 31, 2009**

Line No.	Description	Amount
1	<u>Annual pass revenue:</u>	
2	General	\$520,602 <sup>1/</sup>
3	Overnight parking @ BHI	43,062 <sup>1/</sup>
4	Contractor	31,702 <sup>1/</sup>
5	Interdepartmental	160,207 <sup>1/</sup>
6	Subtotal - annual passes	<u>755,573</u>
7	<u>Daily parking revenues:</u>	
8	General	1,086,011 <sup>2/</sup>
9	Contractor	96,583 <sup>2/</sup>
10	Interdepartmental	17,925 <sup>2/</sup>
11	Subtotal - daily parking	<u>1,200,519</u>
12	Actual parking revenues - 12 months ended June 30, 2010	\$1,956,092
13	Less: Overnight parking @ BHI	(43,062)
14	Add: Imputed Shoals' Club member discounts	46,200 <sup>3/</sup>
15	Adjusted DP parking revenues - 12 months ended June 30, 2010	<u>\$1,959,230</u>
16	Revenue required for cost recovery @ BHIT authorized ROR	1,436,133 <sup>4/</sup>
17	Parking revenue above BHIT authorized ROR	\$523,097
18	Ferry parking revenue as percent of total fee parking @ Deep Point	100.0% <sup>5/</sup>
19	<b>Parking revenue contribution to BHIT</b>	<b><u>\$523,097</u></b>

Footnotes:

- 1/ Response to DR 3-17.  
2/ Response to DR 3-16.  
3/ Response to BHI Club DR 2-11.  
4/ Settlement levelized payment computation.  
5/ Per Settlement.

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Oct 12 2022

Bald Head Island Transportation, Inc.  
 Deep Point Parking Facility  
 Computation of Levelized Payment

	Tax	Book
<u>Parking Facilities by tax class and method:</u>		
Non-Depreciable	0	0
3 year property	751	
5 year property - S/L	14,727	
5 year property - 200 DDB	269,877	
7 year property - S/L	38,934	
7 year property	290,083	
15 year property SL		6,130,035
15 year property 150 DB	5,515,663	
25 year property		3,345,262
39 year property	3,345,262	
Total Cost	<u>9,475,297</u>	<u>9,475,297</u>

Other Rate Base

Book Depreciation Rates

Depreciable life in years	40	
O&M Expenses	311,540	Actual 12 ME Jun 2010 per PS DR 3-14 plus \$6000 adjustment for pot hole repairs
Growth rate O&M + pay taxes	0%	
Payroll taxes	8,540	Annualized Jan - Jun 2010 per PS DR 3-14
Property taxes rate	0.08%	Annualized Jan - Jun 2010 per PS DR 3-14 as a percent of plant
Property tax escalator	0%	

Contract Information

Inception	6/1/2009
Termination Date	5/31/2049

Income Tax Rates:

State Income Tax Rate	6.9%
Federal Inc Tax Rate	34.0%
Composite Inc Tax Rate	38.554%

Cost of Capital and Discount Rate:

Debt % of Capital	50.000%
Equity % of Capital	50.000%
Debt Cost Rate	6.650%
Equity Cost Rate	10.000%
Overall Rate of Return	8.325%
Pre-Tax ROR	11.462%
Net of Tax ROR	7.0431% Discount rate

Bald Head Island Transportation, Inc.  
 Deep Point Parking Facility  
 Computation of Levelized Payment

	Rate Base Treatment of Facilities														Payment Schedule			Cumulative Discounted Cash Flows				
	Plant	Book Depreciation	Depreciation Reserve	Net Plant	ADIT	Net Rate Base	Pre-Tax			O&M Expense	Book Depreciation	Payroll Taxes	Property Taxes	Annual Revenue Reqmnt	Discount Factor	Discounted Cash Flows	Annual Payment	Discount Factor	Discounted Cash Flows	Levelized Payment	Rate Base Treatment	Over (Under) Req Reqd ROR
							Average Rate Base	Return on RB	Return on RB													
1	9,475,297	271,240	(271,240)	9,204,057	(56,762)	9,147,295	9,311,296	1,067,282	311,540	271,240	8,540	7,600	1,666,202	0.96654	1,610,454	1,436,133	0.96654	1,388,083	1,388,083	1,610,454	(222,371)	
2	9,475,297	542,479	(813,719)	8,661,578	(146,763)	8,514,814	8,831,055	1,012,235	311,540	542,479	8,540	7,600	1,882,395	0.90295	1,699,702	1,436,133	0.90295	1,296,752	2,684,834	3,310,156	(625,321)	
3	9,475,297	542,479	(1,356,199)	8,119,098	(203,245)	7,915,853	8,215,334	941,660	311,540	542,479	8,540	7,600	1,811,820	0.84354	1,528,335	1,436,133	0.84354	1,211,430	3,896,264	4,838,491	(942,226)	
4	9,475,297	542,479	(1,898,678)	7,576,619	(222,657)	7,353,962	7,634,907	875,130	311,540	542,479	8,540	7,600	1,745,290	0.78803	1,375,348	1,436,133	0.78803	1,131,722	5,027,986	6,213,838	(1,185,852)	
5	9,475,297	542,479	(2,441,158)	7,034,139	(216,256)	6,817,884	7,085,923	812,204	311,540	542,479	8,540	7,600	1,682,360	0.73618	1,238,529	1,436,133	0.73618	1,057,258	6,085,244	7,452,367	(1,367,124)	
6	9,475,297	542,479	(2,983,637)	6,491,660	(188,408)	6,303,252	6,560,568	751,987	311,540	542,479	8,540	7,600	1,622,147	0.68775	1,115,624	1,436,133	0.68775	987,694	7,072,938	8,567,991	(1,495,054)	
7	9,475,297	542,479	(3,526,116)	5,949,180	(146,982)	5,802,199	6,052,725	693,777	311,540	542,479	8,540	7,600	1,563,937	0.64249	1,004,820	1,436,133	0.64249	922,707	7,995,645	9,572,811	(1,577,167)	
8	9,475,297	542,479	(4,068,596)	5,406,701	(101,174)	5,305,526	5,553,862	636,596	311,540	542,479	8,540	7,600	1,506,756	0.60022	904,385	1,436,133	0.60022	861,996	8,857,641	10,477,196	(1,619,556)	
9	9,475,297	542,479	(4,611,075)	4,864,221	(50,561)	4,813,660	5,059,593	579,942	311,540	542,479	8,540	7,600	1,450,101	0.56073	813,112	1,436,133	0.56073	805,279	9,662,920	11,290,308	(1,627,388)	
10	9,475,297	542,479	(5,153,555)	4,321,742	52	4,321,794	4,567,727	523,563	311,540	542,479	8,540	7,600	1,393,723	0.52383	730,079	1,436,133	0.52383	752,295	10,415,215	12,020,387	(1,605,172)	
11	9,475,297	542,479	(5,696,034)	3,779,262	50,666	3,829,928	4,075,861	467,184	311,540	542,479	8,540	7,600	1,337,344	0.48937	654,452	1,436,133	0.48937	702,796	11,118,011	12,674,839	(1,556,828)	
12	9,475,297	542,479	(6,238,514)	3,236,783	101,279	3,338,062	3,583,995	410,806	311,540	542,479	8,540	7,600	1,280,965	0.45717	585,617	1,436,133	0.45717	656,555	11,774,566	13,260,456	(1,485,890)	
13	9,475,297	542,479	(6,780,993)	2,694,303	151,893	2,846,196	3,092,129	354,427	311,540	542,479	8,540	7,600	1,224,586	0.42709	523,006	1,436,133	0.42709	613,355	12,387,921	13,783,462	(1,395,541)	
14	9,475,297	542,479	(7,323,473)	2,151,824	202,506	2,354,330	2,600,263	298,048	311,540	542,479	8,540	7,600	1,168,208	0.39899	466,100	1,436,133	0.39899	572,999	12,960,920	14,249,562	(1,288,642)	
15	9,475,297	542,479	(7,865,952)	1,609,345	253,120	1,862,464	2,108,397	241,669	311,540	542,479	8,540	7,600	1,111,829	0.37274	414,418	1,436,133	0.37274	535,297	13,496,217	14,663,980	(1,167,762)	
16	9,475,297	338,145	(8,204,097)	1,271,200	287,048	1,558,248	1,710,356	196,045	311,540	338,145	8,540	7,600	861,870	0.34821	300,112	1,436,133	0.34821	500,077	13,996,294	14,964,092	(967,798)	
17	9,475,297	133,810	(8,337,908)	1,137,389	305,567	1,442,956	1,500,602	172,002	311,540	133,810	8,540	7,600	633,493	0.32530	206,075	1,436,133	0.32530	467,173	14,463,467	15,170,167	(706,700)	
18	9,475,297	133,810	(8,471,718)	1,003,579	324,087	1,327,665	1,385,311	158,787	311,540	133,810	8,540	7,600	620,278	0.30390	188,500	1,436,133	0.30390	436,435	14,899,902	15,358,667	(458,765)	
19	9,475,297	133,810	(8,605,529)	869,768	342,606	1,212,374	1,270,020	145,573	311,540	133,810	8,540	7,600	607,063	0.28390	172,345	1,436,133	0.28390	407,719	15,307,621	15,531,012	(223,391)	
20	9,475,297	133,810	(8,739,339)	735,958	361,125	1,097,083	1,154,728	132,358	311,540	133,810	8,540	7,600	593,848	0.26522	157,501	1,436,133	0.26522	380,892	15,688,513	15,688,513	-	
21	9,475,297	133,810	(8,873,150)	602,147	379,644	981,791	1,039,437	119,143	311,540	133,810	8,540	7,600	580,633	0.24777	143,863	1,436,133	0.24777	355,831	16,044,344	15,832,376	211,967	
22	9,475,297	133,810	(9,006,960)	468,337	398,164	866,500	924,146	105,928	311,540	133,810	8,540	7,600	567,418	0.23147	131,339	1,436,133	0.23147	332,418	16,376,762	15,963,715	413,047	
23	9,475,297	133,810	(9,140,771)	334,526	416,683	751,209	808,855	92,713	311,540	133,810	8,540	7,600	554,203	0.21624	119,840	1,436,133	0.21624	310,546	16,687,308	16,083,555	603,753	
24	9,475,297	133,810	(9,274,581)	200,716	435,202	635,918	693,563	79,498	311,540	133,810	8,540	7,600	540,988	0.20201	109,285	1,436,133	0.20201	290,113	16,977,421	16,192,840	784,581	
25	9,475,297	133,810	(9,408,391)	66,905	453,721	520,626	578,272	66,283	311,540	133,810	8,540	7,600	527,773	0.18872	99,601	1,436,133	0.18872	271,025	17,248,446	16,292,441	956,006	
26	9,475,297	66,905	(9,475,297)	-	446,446	446,446	483,536	55,424	311,540	66,905	8,540	7,600	450,009	0.17630	79,337	1,436,133	0.17630	253,192	17,501,639	16,371,778	1,129,861	
27	9,475,297	-	(9,475,297)	-	413,376	413,376	429,911	49,277	311,540	-	8,540	7,600	376,957	0.16470	62,085	1,436,133	0.16470	236,533	17,738,172	16,433,863	1,304,308	
28	9,475,297	-	(9,475,297)	-	380,306	380,306	396,841	45,487	311,540	-	8,540	7,600	373,167	0.15386	57,417	1,436,133	0.15386	220,970	17,959,142	16,491,280	1,467,861	
29	9,475,297	-	(9,475,297)	-	347,236	347,236	363,771	41,696	311,540	-	8,540	7,600	369,376	0.14374	53,094	1,436,133	0.14374	206,431	18,165,573	16,544,375	1,621,198	
30	9,475,297	-	(9,475,297)	-	314,166	314,166	330,701	37,906	311,540	-	8,540	7,600	365,586	0.13428	49,092	1,436,133	0.13428	192,848	18,358,421	16,593,467	1,764,954	
31	9,475,297	-	(9,475,297)	-	281,096	281,096	297,631	34,115	311,540	-	8,540	7,600	361,795	0.12545	45,386	1,436,133	0.12545	180,160	18,538,581	16,638,853	1,899,728	
32	9,475,297	-	(9,475,297)	-	248,025	248,025	264,560	30,325	311,540	-	8,540	7,600	358,005	0.11719	41,956	1,436,133	0.11719	168,306	18,706,886	16,680,809	2,026,077	
33	9,475,297	-	(9,475,297)	-	214,955	214,955	231,490	26,534	311,540	-	8,540	7,600	354,214	0.10948	38,780	1,436,133	0.10948	157,232	18,864,118	16,719,589	2,144,529	
34	9,475,297	-	(9,475,297)	-	181,885	181,885	198,420	22,743	311,540	-	8,540	7,600	350,423	0.10228	35,841	1,436,133	0.10228	146,886	19,011,005	16,755,430	2,255,574	
35	9,475,297	-	(9,475,297)	-	148,815	148,815	165,350	18,953	311,540	-	8,540	7,600	346,633	0.09555	33,121	1,436,133	0.09555	137,222	19,148,227	16,788,551	2,359,676	
36	9,475,297	-	(9,475,297)	-	115,745	115,745	132,280	15,162	311,540	-	8,540	7,600	342,842	0.08926	30,603	1,436,133	0.08926	128,193	19,276,420	16,819,154	2,457,266	
37	9,475,297	-	(9,475,297)	-	82,675	82,675	99,210	11,372	311,540	-	8,540	7,600	339,052	0.08339	28,273	1,436,133	0.08339	119,758	19,396,178	16,847,427	2,548,751	
38	9,475,297	-	(9,475,297)	-	49,605	49,605	66,140	7,581	311,540	-	8,540	7,600	335,261	0.07790	26,118	1,436,133	0.07790	111,879	19,508,057	16,873,545	2,634,512	
39	9,475,297	-	(9,475,297)	-	16,535	16,535	33,070	3,791	311,540	-	8,540	7,600	331,471	0.07278	24,123	1,436,133	0.07278	104,517	19,612,574	16,897,668	2,714,906	
40	9,475,297	-	(9,475,297)	-	0	0	8,268	948	311,540	-	8,540	7,600	328,628	0.06799	22,343	1,436,133	0.06799	97,641	19,710,215	16,920,011	2,790,203	

Ball Head Island Transportation, Inc.  
Deep Point Parking Facility  
Computation of Levelized Payment  
Tax Depreciation

Year of Service	3 Year Property				5 Year Property S1				5 Year Property 2002R				7 Year Property S1				7 Year Property 2002R				15 Year S1				15 Year 150 DR				25 Year S1				20 Year S1				Cumulative Book		Book Base				
	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Rate	Regular	Bonus	Total	Regular	Total	Total	Depreciation		Total					
1	16.88%	-	-	-	10.00%	-	-	-	20.00%	-	-	-	7.14%	-	-	-	14.29%	-	-	-	3.33%	204,334	-	-	204,334	0.00%	-	-	-	2.00%	66,905	-	-	66,905	1.25%	-	-	-	271,240	-	271,240	9,204,057	9,204,057
2	20.33%	-	-	-	20.00%	-	-	-	20.00%	-	-	-	14.29%	-	-	-	14.29%	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	8,691,578	8,691,578
3	33.33%	-	-	-	20.00%	-	-	-	16.20%	-	-	-	14.29%	-	-	-	16.20%	-	-	-	4.99%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	8,119,098	8,119,098
4	16.88%	-	-	-	20.00%	-	-	-	11.50%	-	-	-	14.29%	-	-	-	11.50%	-	-	-	8.29%	-	-	-	408,669	0.00%	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	7,578,619	7,578,619	
5	-	-	-	-	10.00%	-	-	-	14.29%	-	-	-	14.29%	-	-	-	14.29%	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	6,997,140	6,997,140
6	-	-	-	-	-	-	-	-	9.76%	-	-	-	14.29%	-	-	-	9.76%	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	6,441,660	6,441,660
7	-	-	-	-	-	-	-	-	-	-	-	-	14.29%	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	5,891,181	5,891,181	
8	-	-	-	-	-	-	-	-	-	-	-	-	7.14%	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	5,340,701	5,340,701	
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	4,790,222	4,790,222	
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	4,239,742	4,239,742	
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	3,689,262	3,689,262	
12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	3,138,782	3,138,782	
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	2,588,302	2,588,302	
14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	2,037,822	2,037,822	
15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	1,487,342	1,487,342	
16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	936,862	936,862	
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	386,382	386,382	
18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669	0.00%	-	-	-	4.00%	133,810	-	-	133,810	2.50%	-	-	-	542,479	-	542,479	-	-	
41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.07%	408,669	-	-	408,669																			

Bald Head Island Transportation, Inc.  
 Deep Point Parking Facility  
 Computation of Levelized Payment  
 Tax Depreciation

Year of Service	3 Year Property				5 Year Property - SL				5 Year Property - 2002B				7 Year Property - SL				7 Year Property - 2002B				15 Year 150 DB				39 Year SL				Cumulative Tax Depreciation	Tax Basis
	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total	Rate	Recover	Bonus	Total		
1	16.667%	125	-	125	10.000%	1,473	-	1,473	20.000%	53,975	-	53,975	7.143%	2,781	-	2,781	14.286%	41,440	-	41,440	5.000%	275,783	-	275,783	1.262%	42,888	-	42,888	418,466	9,056,831
2	16.667%	250	-	250	20.000%	2,945	-	2,945	32.000%	107,951	-	107,951	14.286%	5,562	-	5,562	28.571%	82,880	-	82,880	10.000%	551,566	-	551,566	2.524%	85,776	-	85,776	876,932	18,113,662
3	16.667%	250	-	250	20.000%	2,945	-	2,945	18.200%	51,816	-	51,816	14.286%	5,562	-	5,562	24.490%	71,041	-	71,041	8.550%	471,589	-	471,589	2.524%	85,776	-	85,776	688,980	14,649,524
4	16.667%	125	-	125	20.000%	1,473	-	1,473	11.500%	31,090	-	31,090	14.286%	5,562	-	5,562	14.694%	42,825	-	42,825	7.700%	424,706	-	424,706	2.524%	85,776	-	85,776	592,829	13,226,353
5	-	-	-	-	20.000%	2,945	-	2,945	11.500%	31,090	-	31,090	14.286%	5,562	-	5,562	6.297%	18,268	-	18,268	6.930%	382,235	-	382,235	2.524%	85,776	-	85,776	526,876	11,700,478
6	-	-	-	-	10.000%	1,473	-	1,473	5.760%	15,545	-	15,545	14.286%	5,562	-	5,562	6.297%	18,268	-	18,268	6.297%	343,826	-	343,826	2.524%	85,776	-	85,776	470,349	10,226,130
7	-	-	-	-	-	-	-	-	-	-	-	-	14.286%	5,562	-	5,562	6.297%	18,268	-	18,268	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	430,030	9,300,000
8	-	-	-	-	-	-	-	-	-	-	-	-	7.143%	2,781	-	2,781	5.910%	325,976	-	325,976	5.910%	325,976	-	325,976	2.524%	85,776	-	85,776	423,666	8,976,324
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	8,650,848
10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	8,326,372
11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	8,001,896
12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	7,677,420
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	7,352,944
14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	7,028,468
15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.900%	325,424	-	325,424	5.900%	325,424	-	325,424	2.524%	85,776	-	85,776	411,200	6,703,992
16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.988%	164,367	-	164,367	2.988%	164,367	-	164,367	2.524%	85,776	-	85,776	250,143	6,379,516
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	95,776	6,055,040
18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	5,730,564
19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	5,406,088
20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	5,081,612
21	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	4,757,136
22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	4,432,660
23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	4,108,184
24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	3,783,708
25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	3,459,232
26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	3,134,756
27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	2,810,280
28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	2,485,804
29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	2,161,328
30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	1,836,852
31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	1,512,376
32	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	1,187,900
33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	863,424
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	538,948
35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	214,472
36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	79,996
37	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	44,520
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	9,044
39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	4,568
40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	912
41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.000%	0	-	0	0.000%	0	-	0	2.524%	85,776	-	85,776	85,776	46
Total	100.000%	751	-	751	100.000%	14,727	-	14,727	100.000%	269,877	-	269,877	100.000%	38,934	-	38,934	100.000%	290,083	-	290,083	#####	5,515,663	-	5,515,663	100.000%	3,345,262	-	3,345,262	9,475,297	199,475,297

Assumed that the plant is fifteen-year property for tax purposes and depreciated using 200% declining balance method with crossover to straight line.



January 27, 2021

The Local Government Commission  
North Carolina Department of State Treasurer  
Attention: Dale R. Folwell, CPA Chairman  
3200 Atlantic Avenue  
Raleigh, North Carolina 27604

Re: Bald Head Island Transportation Authority (“Authority”)

Dear Mr. Folwell:

We write this letter as concerned homeowners, residents, business owners and, most of all, taxpayers of Bald Head Island. We have great concern about the potential adverse impact the sale of the Bald Head Island Ferry to the Bald Head Island Transportation Authority (BHITA). In the nearly three years the BHITA has existed property owners have received little or no information about the process or deliberations. This is troubling. The ferry’s affordability and service levels are critical to the island.

We do not represent any organization in particular, we are just highly concerned Bald Head Island stakeholders. It is unfortunate that the largest homeowner’s association on the island does not believe advocacy for homeowners is their responsibility and that the seller of the ferry system has seen fit to exclude virtually all the BHI property owners from knowledge and information of this transaction. We write this letter of request as concerned ferry system customers.

We request that the transaction be delayed by six months and require during this extension, the BHITA have a series of public meetings disclosing the details of the transaction, the projections for the future in terms of ferry rates, parking fees and operating schedules. Additional information on ferry replacement schedule and capital improvements to the ferry landings in Southport and Bald Head Island would be needed as the current structures are insufficient at busy periods now. These facilities will need significant capital improvements in the next five years, especially given current projections of rising sea level and navigation channel deepening. The information shared with the public by the BHITA is non-existent. The BHITA is a public entity created by the State and should be providing information to the public and seeking public input.

We support the concept of the transaction. The BHITA, as a state entity, is a better long-term solution to own and operate the ferry than the Texas based Mitchell family. The BHITA will have greater interest in the residents and visitors to the state than a non-resident owner. We understand that the ferry system is valuable and a fair value must be paid. However, from our perspective, the BHITA has been more focused on maximizing the amount paid to the Mitchells rather than ensuring a long term, viable transportation system for the island, Brunswick County and the state.

Currently, the ferry system is operated under the oversight of the North Carolina Utilities Commission (NCUC) and service level changes and fare increases are reviewed and approved by that entity. The parking fees and barge fees are not controlled by the NCUC and have risen substantially since operations were relocated to Deep Point. Although not perfect, it allows for changes to ferry ticket price increases to go through a process with customer input as well as input from the Mitchell family. The current price control system has proven to be a good check on the cost and operations of the ferry to keep prices fair and provide a profit that has been acceptable to the owner. We would like to understand how the service levels, schedule and prices will be determined in the future. The scant information provided so far gives us no comfort.



Again, we request a delay of six months of the pending transaction to allow for public education and input. A series of presentations from the BHITA and allowing for stakeholder input would be a positive step in making the transaction effective for all parties. In the attached we outline some of our concerns.

Thank you,

Al Buzzard	Doug Anderson	Lisa Way
Andrea Taylor	Drew Ann Cook	Lori Carey
Antoinette Powell	Elyse Armitage	Louis Welmore
Barbara McQuaide	Gene Douglas	Marlene Carter
Beth Kapil	Gordon Davis	Marty Gaunt
Betsy Barr	Hayler Osborn	Meredith Jeffries
Betsy Carr	James Henderson	Miriam Leonard
Bill Morton	Jason Ainsworth	Missy Anderson
Bill Way	Joan Guilkey	Norman Armitage
Bob Carter	Joe Brawner	Pam Ridings
Brett Belch	Johanna Ainsworth	Patricia Barnard
Browse Barnard	John Day	Patrick Smithey
Carmen Mugge	John Jeffries	Paul Carey
Cathy Sigal	John Register	Paul Mugge
Chris Taylor	Joseph Elphick	Richard Beavers
Chuck Hunter	Joyce Douglas	Richard Nelson
Cindy Belch	Joyce Lambert	Richard Swaim
Cindy Gaunt	Joyce Nelson	Rick Anderson
Cindy Swaim	Judith Osborn	Robert Nixon
Claude Pope III	Judy Brawner	Robert White
Courtney Callihan	Jules Showalter	Sean Callihan
Cynthia Henderson	Kathey Anderson	Shari Beavers
Dale Krapf	Kay Carwile	Stephen Cook
David Guilkey	Kay Murphy-Brown	Susan Nance
David Hunter	Ken Ridings	Suzi Buzzard
David Showalter	Larry Leonard	Virginia White
Dennis Carwile	Leigh Day	Watts Carr
		Wayne Lambert

Copy:

Sharon Edmundson, Deputy Treasurer  
Tim Romocki, Director Debt Management  
Susan Rabon, Chair, Bald Head Island Transportation Authority  
Village of Bald Head Island Council  
K. Christopher McCall, Village Manager  
Chad Paul, CEO, Bald Head Island Limited, LLC

## Some Bald Head Island Ferry Concerns

### **Cost and schedule:**

Apparently the BHITA will increase fares immediately upon acquisition of the assets. Cost increases at this point will all be built into the price paid to the Mitchell's and does not increase available cash flow for the authority to spend on operations and capital improvements. Will the schedule be that same as it has been for years? The island has thrived on a set schedule of the ferry system overseen by the NCUC.

### **Capital improvements (boats):**

What is the schedule for replacing and/or maintaining the ferry vessels? The vessels have recently had sporadic performance issues and have had to be pulled out of service a number of times in the past year. Is there capital available to support improved ferry schedule performance?

### **Capital improvements (ferry terminals):**

How much capital is available for needed improvements at the terminals. Deep Point needs to have the baggage handling system replaced as it has not been used as was designed originally for years because of design flaws. New parking has to be built as the parking lot is overflowing in the busy summer months. The Bald Head terminal is woefully inadequate. Issues including one of the docks is under water at monthly high tides (and tides are projected to continue to increase even more rapidly as a result of global warming and increased dredging of the shipping channel) and is un-useable at those times. The baggage handling and vehicle service areas are too small and poorly designed resulting in failure at busy times. Bags piled on top of bags as they are loaded and off loaded. This building should be completely rebuilt. The BHI terminal area available for trams, tram parking, arriving and departing passengers, and baggage drop-off and pick-up is not currently adequate and requires redesign, improvement, and possibly relocation.

### **Management:**

Who is going to manage the ferry system going forward? As the Mitchell family has sold off a number of businesses and real estate in the past few years the ferry service levels have deteriorated culminating in an unusually poor 2020 service levels. In addition to the abandoned baggage handling system at Deep Point the ticket system utilizes paper tickets purchased only at the Deep Point terminal and there is no reservation system to allow for planning by travelers. Frankly, it is hard to believe that these antiquated systems are still in place in 2020. The process for deciding the management structure and company should solicit and fully consider user input.

### **Operating capital:**

How much operating capital is available to the authority in the event of lower-than-expected demand or unforeseen capital needs? From the available information it appears that there is little cushion for those possibilities. With the bond rating of BBB- it would be fair to assume that any additional capital would be difficult to find and, if found, likely very expensive. In that event it is likely the authority would have to increase fares dramatically or decrease service which would further reduce demand. Since the ferry and the island's economic viability are closely linked it could create a downward economic spiral for both entities.

**Additional signatures January 28, 2020**

Andrew Aronson  
Ann Elder  
Anna Hattaway  
Anne Berry  
Annemarie Marinelli  
Ashley Jones  
Beth Fordham-Meier  
Betsy Nelson  
Betty Lawrence  
Bill Linebarger  
Bob Price  
Bob Vaughan  
Braden Holloway  
Buddy Lawrence  
Buddy Reger  
Chip Berry  
Chris Hoke  
Chris Parrish  
Colleen Parrish  
Dan Boyce  
Dan Nelson  
Dave Stuver  
David Elder  
Deborah L Wildgoose  
Douglas B. Eberle  
Elizabeth Bellucci  
Gail Liesegang  
Garnett Kelsoe  
Gordon Holmes  
Hobart Corwin  
Hollis King  
James A. Koch  
Jerry Maggio

Jim Bourdon  
Joan Maggio  
Joe Barnard  
Joe Snee  
Joep van Huystee  
John Marinelli  
John Richter  
Joseph Novia  
Judy Richter  
June Beasley  
June Beasley  
Karen Stuver  
Kate King  
Kathleen T. Koch  
Kathy Linebarger  
Kim Scagnelli  
Kris Clark Aronson  
Kris Riley  
L. Darryl Quarles  
Lee Gutshall  
Lee Weaver  
Lewis Beasley  
Linda St Jean Carlow  
Lynn Barnard  
Marcella Kelsoe  
Marijke van Huystee  
Mark King  
Mark Scagnelli  
Mary Beth Snee  
Mary Holloway  
Mary Mears  
Mary Taylor

Melanie Robbins  
Merry Vaughan  
Michael Caufield  
Michael Jones  
Mike Becker  
Mike Stevens  
Mitch Boyd  
Natalie Boyd  
Patricia J Miller  
Paula Corwin  
Phil Ross  
Prudy Weaver  
Randy Novia  
Randy Riley  
Robert B Liesegang JR  
Robert B Liesegang Sr  
Robert Iseman  
Robert Taylor  
Robert Vaughn  
Roger Mustian  
Roxann Mustian  
Sandy Hattaway  
Scott Mears  
Sherry Becker  
Stephen M Cobb  
Steve Smalley  
Sue Stevens  
Suzanne Price  
Tammy Holmes  
Terry Reger  
Theresa Bourdon  
Wyndham E. Eberle

**Additional signatures January 29-31, 2020**

Abby Brotherton	FA Mcleod	Phil Ross
Ainsley Moyer	Frank Klaine	Rex Osborne
Ann Cathcart	Gage Bennington	Richard Allison
Ann Haglund	Gail Gaukel	Rick Zelina
Anne Gardner	Gene O'Callaghan	Robert Blau
Ben Bonifant	Gene Ramm	Robert Drumheller
Bill Grantmyre	Heather Ruland	Ruth Young
Bill Michels	Jane Mago	Ryland Pruett
Brian Geraghty	Jeanmarie Dellosso	Sandra Yancey
Cam McIntyre	Jennifer Golwyn	Sarah Neuwirth
Carmen Mugge	Jim Roese	Scott Ingersoll
Carolyn Bell	Joe Snee	Scott Yancey
Catherine McIntyre	John Jeffries	Sharon McCoy
Charles Gaukel	Karen Klaine	Sherry Roese
Christine Osborne	Kelly Pruett	Steve Kennedy
Chuck Ruland	Kurt Haglund	Steve Terrio
Claire Bonifant	Kurtis Moyer	Sue Kennedy
Clinton Young	Lisa Zelina	Susan Allison
Conn Sharp	Mark Dellosso	Susan Terrio
Dan Golwyn	Marvin Neuwirth	Susan Weaver
David Bennington	Mary Beth Snee	Suzanne Whitmeyer
Deb Geraghty	Mary Michels	Tim Bell
Debra Drumheller	Mary Sue Smith	Tim Brotherton
Delores O'Callaghan	Maryann Ingersoll	Tim Smith
Dixon McLeod	Mike Stocum	Tina Bullard
Drew Bullard	Palmer Sugg	Wendy Stocum
Erica Grantmyre	Paul Mugge	



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**Beth A. Wood, CPA**  
State Auditor

November 15, 2021

The Honorable Dale Folwell  
North Carolina State Treasurer  
3200 Atlantic Avenue  
Raleigh, NC 27604

Dear Treasurer Folwell:

I am writing this letter to **insist** that you, as the Chairman of the Local Government Commission, remove from the December 2021 agenda both applications to sell bonds to purchase the assets of the Bald Head Island Transportation System.

N.C.G.S. § 159-52(a) lists thirteen criteria that the Commission **should** consider when deciding to approve an application to sell bonds. Specifically, item (8) references the consideration of the "appraised and assessed value of the property subject to taxation."

Additionally, N.C.G.S. § 159-52(b) states "(b) The Commission shall approve the application **if**, upon the information and **evidence** it receives, it finds and determines... (2) That the amount proposed is **adequate** and **not excessive** for the proposed purpose of the issue." (*Emphasis added*).

To date, the Commission has **not** received the **evidence**, required by statute, that supports the value of the assets, and provides adequate support for Commission member consideration verifying that the amount proposed is adequate and not excessive.

The two valuations/appraisals of the assets of the Bald Head Island Transportation System that have been submitted used assumptions that have raised a number of questions, have used estimates of asset values supplied by the seller, and has garnered so many other questions that have gone unanswered, even after multiple requests. Until the applications to sell bonds to purchase the assets of Bald Head Island Transportation System is supported by a valuation/appraisal that accurately and reliably sets the value of the assets, no application should be allowed on the Commission agenda at any time.

**NO** other unit of government, nor any authority that has to go through the Commission for approval to sell bonds, is allowed to appear on the agenda without the evidence to support the sale. Why are the two applications for the sale of bonds to purchase the Bald Head Island Transportation System assets being treated differently?



The Honorable Dale Folwell  
November 15, 2021  
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As a voting member of the Commission, N.C.G.S. § 159 requires that I have the information/evidence I need to approve or reject the application. Thus far, I have not been provided that information.

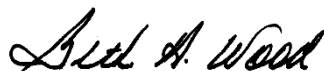
As the State Auditor, I question the preferential treatment of these applicants and the precedent that will be set for other units applying for approval to sell bonds.

Also, it is imperative to note that the Commission just lost three Commissioners, whose term ended June 30, 2021 and were not reappointed. These three terminated Commissioners have been intricately involved in all the discussions, issues, history of the application for the bond sale, and all the associated problems. There is absolutely not enough time for the new appointees to educate themselves well enough to make an informed vote at the December meeting, especially since the appointments for the vacated positions have not been made as of this date.

While I have seen, first-hand, the **extreme pressure** put upon you to get the application(s) on the Commission agenda, that cannot be the reason for putting them on the December 2021 agenda. The application(s) to purchase the Bald Head Island assets should not be back on the agenda until the Commission has the evidence, required by state statute, to make informed decisions and the new appointees to the Commission have had an opportunity to become well versed in the details of the bond sale so they can make an informed vote.

Again, I **insist** the two applications for the approval of the sale of bonds to purchase the Bald Head Island Transportation System be removed from the December 2021 agenda.

Best regards,



Beth A. Wood, CPA  
STATE AUDITOR







BETH A. WOOD, CPA  
STATE AUDITOR

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January 12, 2022

The Honorable Dale Folwell  
North Carolina State Treasurer  
3200 Atlantic Avenue  
Raleigh, NC 27604

Dear Treasurer Folwell:

I am writing to follow up on my letter, dated November 15, 2021 regarding applications submitted to the Local Government Commission (Commission) to sell bonds to purchase the assets of the Bald Head Island Transportation System.

While the applications for approval to sell bonds were removed from the December 2021 agenda, I insist that "no" applications should be included in the Commission agenda, in the future, for approval, without the support of a valuation/appraisal that provides a credible AND reliable value of the assets.

I will reiterate the statutory requirements for Commission Members to approve "any" application related to the sale of bonds:

- N.C.G.S. § 159-52(a) lists thirteen criteria that the Commission **should** consider when deciding to approve an application to sell bonds. Specifically, item (8) references the consideration of the "appraised and assessed value of the property subject to taxation."
- Additionally, N.C.G.S. § 159-52(b) states "(b) The Commission shall approve the application **if**, upon the information and **evidence** it receives, it finds and determines... (2) That the amount proposed is **adequate** and **not excessive** for the proposed purpose of the issue." (*Emphasis added*).

Most importantly, **no other** unit of government, nor authority is allowed to appear on the Commission agenda without meeting the criteria/requirements of N.C.G.S. § 159-52 and without providing the required evidence to support the sale of bonds. To allow "any" application to be included on the agenda, without meeting all the requirements of the above referenced statute, will set a dangerous precedence and undermines the integrity of the Commission's responsibility in the approval process for units of government and authorities to sell bonds.

Therefore, until "any/all" applicant(s), who wish to sell bonds for the purpose of purchasing the assets of the Bald Head Island Transportation System meets the criteria of N.C.G.S. § 159-52, the applications should "not" be included in the Commission agenda for Member approval.



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Oct 12 2022

The Honorable Dale Folwell  
January 12, 2022  
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I recognize that there will be renewed efforts to apply pressure to get one or both of the previous applications (or possibly others) on the Commission agenda; however, I trust that you, as the Chairman of the Commission, will ensure that does not happen until the application(s) meet all criteria required by North Carolina Statutes and the policies and procedures of the Commission.

Sincerely,

A handwritten signature in black ink that reads "Beth A. Wood". The signature is written in a cursive, flowing style.

Beth A. Wood, CPA  
STATE AUDITOR



**ROBERTS CROSS EXHIBIT 1**

**CONFIDENTIAL**

(Submitted separately under seal)

**ROBERTS CROSS EXHIBIT 2**

**CONFIDENTIAL**

(Submitted separately under seal)